CBRE

Robust absorption tightens supply-constrained market

▼ 4.5%
Availability Rate

▲ 538K
SF Net Absorption

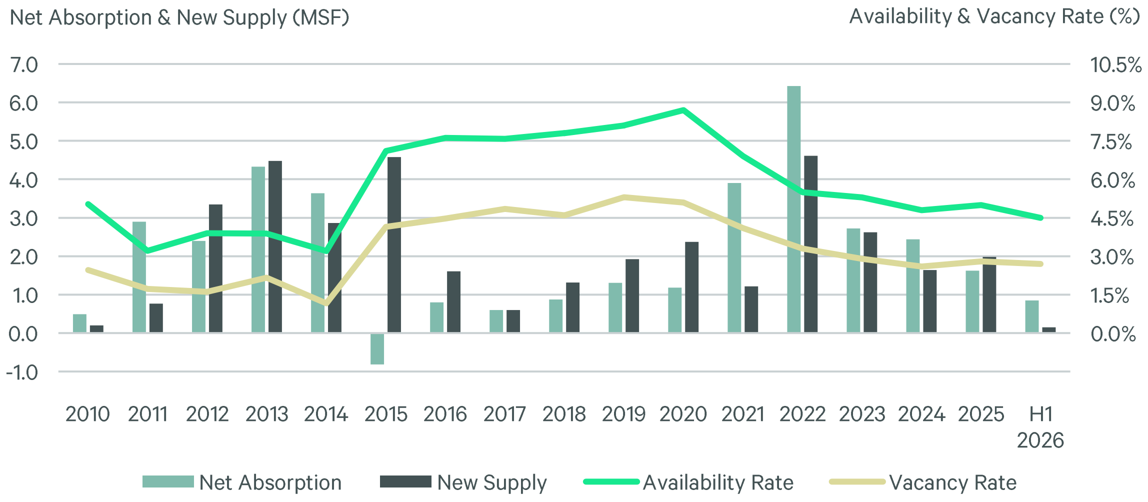
▲ 1.8M
SF Under Construction

Note: Arrows indicate change from previous quarter.

Executive Summary

- Edmonton's industrial market recorded 538,000 sq. ft. of positive net absorption this quarter, contributing to a 30-basis point (bps) decline in availability and a 20 bps decrease in vacancy. Vacancy has now remained below 3.0% for seven consecutive quarters, while the overall availability rate sits at 4.5%, marking its lowest level in over a decade.
- Transactions of 25,000 sq. ft. and under accounted for 91.2% of total deal count this quarter. Activity in larger format space showed modest improvement, with five transactions exceeding 50,000 sq. ft., up from three last quarter.
- Development activity continued its slight upward trajectory, with one new project breaking ground. Seven speculative projects totaling approximately 880,000 sq. ft. are scheduled for completion by year-end, providing incremental relief to ongoing availability constraints across the market.
- Limited supply caused by persistently low vacancy and recent lower levels of construction have shifted the market in favour of landlords. As a result, renewal probabilities are increasing. Upward pressure on rental rates is also being noted, having now risen 1.8% quarter-over-quarter and 3.5% since year-end 2025.

FIGURE 1: Historical Leasing Fundamentals



Source: CBRE Research, Q2 2026.

Healthy absorption through first half of 2026

Continuing the positive momentum of Q1 2026, the market recorded 538,000 sq. ft. of positive net absorption in the quarter, driving a 30 bps reduction in availability and a 20 bps decline in vacancy. Vacancy has now remained below 3.0% for seven consecutive quarters, underscoring sustained tenant demand. Overall availability tightened to 4.5%, its lowest level in more than a decade, reflecting increasingly constrained supply conditions.

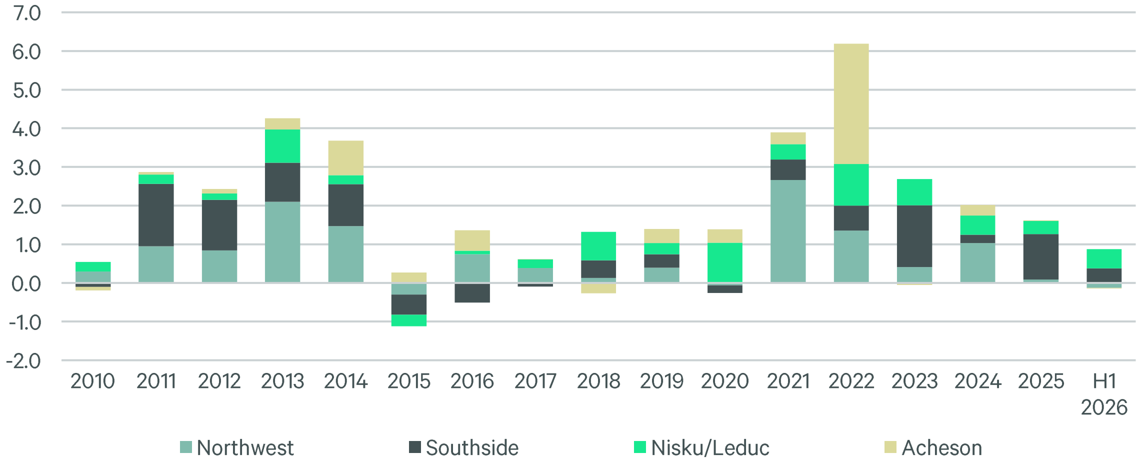
Leasing activity remained concentrated in two core submarkets this quarter, mirroring trends observed in Q1 2026 and accounting for the majority of overall market absorption. The Southside submarket led performance with 427,000 sq. ft. of positive net absorption, including multiple large-format transactions exceeding 50,000 sq. ft., which decreased availability quarter-over-quarter by 80 bps to its lowest level since Q1 2013 and reduced this quarter by 70 bps to a near 20-year low. Nisku–Leduc maintained its strong momentum from last quarter, recording over 218,000 sq. ft. of positive net absorption and driving availability down by 100 bps to its lowest point since Q3 2023.

Positive net absorption through the first half of 2026 has outpaced levels recorded over the same period in both 2024 and 2025, underscoring sustained occupier demand. Edmonton, and Alberta more broadly, continues to stand out within the Canadian economic landscape, supporting ongoing leasing momentum.

Small-bay activity increases

Leasing activity remained heavily concentrated in the small-bay segment this quarter, with transactions of 25,000 sq. ft. and under accounting for 91.2% of total deal count, an increase from 83.3% last quarter. This continued shift underscores the depth of demand from local and regional users, particularly service-oriented and light industrial occupiers. While smaller formats continue to drive overall velocity in the market, activity in larger-format space showed signs of stabilization. Five transactions exceeding 50,000 sq. ft. were recorded this quarter, up from three last quarter, indicating a modest rebound in requirements from larger tenants.

FIGURE 2: Net Absorption in Select Submarkets (MSF)



Source: CBRE Research, Q2 2026.

FIGURE 3: Edmonton Industrial Market Statistics

	Inventory (SF)	Vacancy Rate (%)	Sublease Space (SF)	Availability Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)
Central	7,366,600	0.0%	0	0.0%	11,196	5,196
Northwest	57,420,485	3.5%	674,074	6.0%	-130,627	-127,430
Northeast	2,462,331	3.1%	0	3.3%	-14,856	-21,509
Southside	52,913,201	1.0%	227,094	3.0%	427,001	377,707
Nisku/Leduc	22,311,031	6.9%	137,426	8.1%	218,439	494,078
Acheson	11,675,216	0.9%	133,477	2.9%	-11,372	-20,349
Sherwood Park	7,005,911	0.5%	0	0.6%	37,839	141,880
Total Market	**161,154,775**	**2.7%**	**1,172,071**	**4.5%**	**537,620**	**849,573**

Source: CBRE Research, Q2 2026.

Construction activity slow, but steady

Development activity continued to trend modestly upward this quarter, with one new project commencing construction. A total of seven speculative developments, representing approximately 880,000 sq. ft., or a 0.55% increase in inventory, are slated for delivery by year-end. Upon completion, this incoming supply is expected to provide incremental relief to persistent availability constraints across the market.

Tight market conditions favour landlords

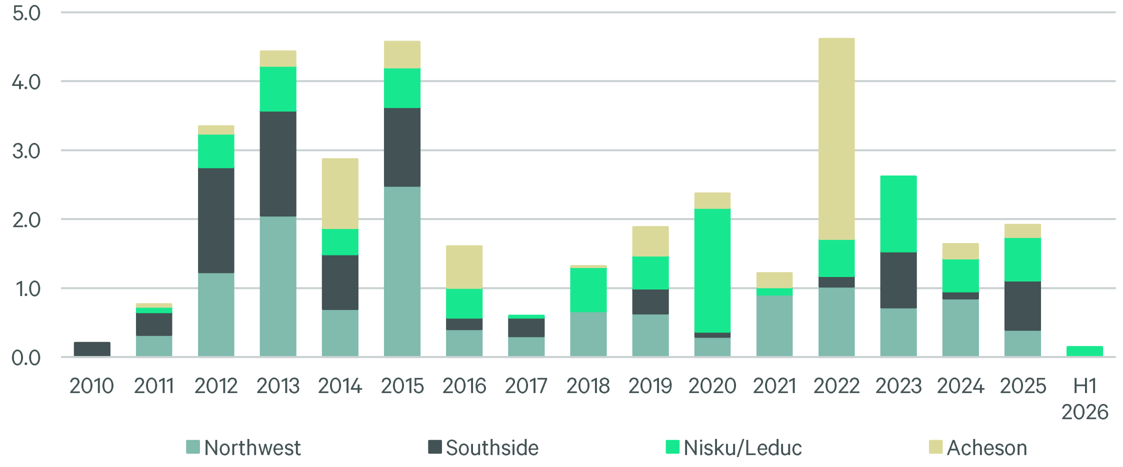
The supply-constrained market, characterized by persistently low vacancy and muted recent construction activity, has continued to shift conditions in favour of landlords. A lack of choice in the market is leading to increased tenant retention rates and reduced incentives on renewal. Rental rates have also come under upward pressure, increasing 1.8% quarter-over-quarter and 3.5% since year-end 2025.

Logistics capabilities set to expand across Edmonton Region

Keyera Corp., in partnership with AltaGas Ltd. and Canadian National (CN) Railway, has announced plans to develop the $240M Alberta Corridor Export (ACE) Rail Terminal in Alberta's Industrial Heartland northeast of Edmonton. Keyera will construct and own the facility on its existing land base, supported by long-term commercial agreements with AltaGas and CN. The terminal is designed to handle approximately 45,000 barrels of propane and butane per day, facilitating efficient rail transport to west coast export terminals. The project aims to enhance loading efficiency, streamline logistics, and reduce overall transportation costs. Commercial operations are targeted for mid-2028.

The Government of Canada, through the National Trade Corridors Fund, has broken ground on the $160M first phase of the 2,000-acre International Cargo Hub at Edmonton International Airport, a project that will expand airfield infrastructure, relieve capacity constraints, and enhance the movement of goods across domestic and international markets. The development will increase cargo throughput, support new trade routes, and strengthen the region's supply chain competitiveness, while generating approximately 800 construction jobs and 250 permanent positions.

FIGURE 4: Completed Construction in Select Submarkets (MSF)



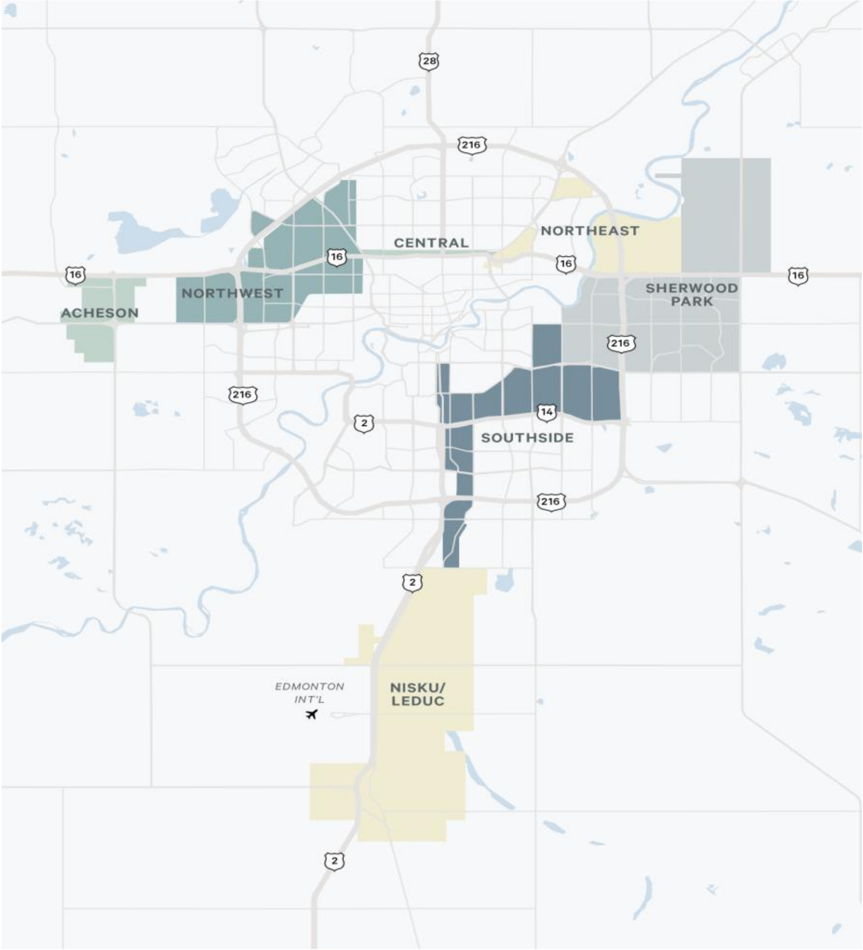
Source: CBRE Research, Q2 2026.

FIGURE 5: Select Projects Under Construction

Development	Development Type	Market	Approx. Size (SF)	Est. Completion Date
Farm 40 – Building 2	Speculative	Nisku/Leduc	217,100	Q3 2026
UFA Distribution Center	Design Build	Nisku/Leduc	200,000	Q4 2026
A.R Thompson Facility	Design Build	Nisku/Leduc	163,342	Q4 2026
Capital Industrial Park	Speculative	Southside	120,000	Q4 2026
Ranchland Business Park – Building 1	Speculative	Acheson	214,500	Q4 2026
Tower Industrial Park – Building 1	Speculative	Acheson	112,000	Q4 2026
Mistatim Business Park – Buildings 1 & 2	Speculative	Northwest	90,000	Q4 2026
Prairie Sky Business Park	Speculative	Sherwood Park	80,000	Q3 2026

Source: CBRE Research, Q2 2026.

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.
Availability Rate: Total Available Sq. Ft. divided by the total building Area.
Net Absorption: The change in Occupied Sq. Ft. from one period to the next, based on Availability Rate.
Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate.
Occupied Sq. Ft.: Building Area not considered vacant.
Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.
Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in Edmonton, as well as buildings that have begun construction as evidenced by site excavation or foundation work.

Contacts

Mark Anderson
Managing Director
+1 780 293 6275
Mark.Anderson2@cbre.com

Chelsea Davidson
Senior Research Analyst
+1 780 917 4635
Chelsea.Davidson@cbre.com

Adam Hundert
Research Analyst
+1 780 917 4629
Adam.Hundert@cbre.com

Kora Martin
Sales Associate
+1 780 229 4650
Kora.Martin@cbre.com