

Suburban market posts lowest vacancy in over a decade

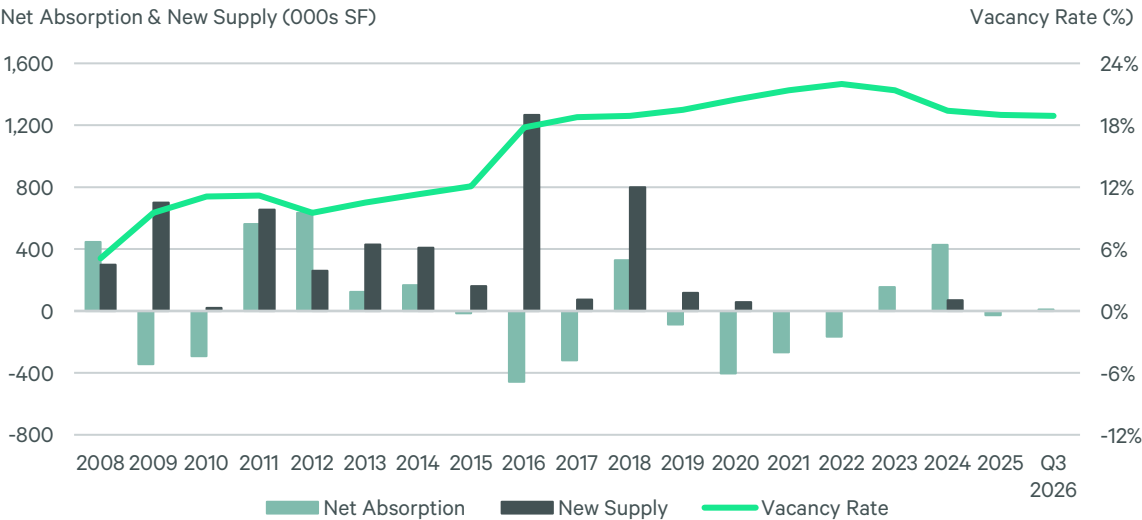


Note: Arrows indicate change from previous quarter.

Executive Summary

- The Edmonton office market recorded 6,300 sq. ft. of positive net absorption in Q3 2026, indicating overall vacancy rate stability quarter-over-quarter.
- Following a strong Q2 2026 the Downtown submarket in Q3 saw approximately 137,000 sq. ft. of sublease space return to the market. However, total sublease space remains below the 10-quarter average.
- With more than 93,000 sq. ft. of positive net absorption, the Suburban market posted its lowest vacancy rate in over a decade, with vacancy currently sitting at 15.1%.
- Downtown vacancy increased by 50 basis points (bps) during the quarter; however, the flight-to-quality trend remained evident from the continued leasing activity witnessed within the submarket.

FIGURE 1: Historical Leasing Fundamentals
Net Absorption & New Supply (000s SF)



Source: CBRE Research, Q3 2026.

Suburban vacancy falls to decade low

Edmonton’s Suburban office market continued to build momentum in Q3 2026, recording more than 93,000 sq. ft. of positive net absorption, its strongest quarterly performance since Q4 2024. This activity contributed to a 90 bps decline in the vacancy rate to 15.1%, its lowest level in over a decade. Demand remained concentrated on high quality, built-out space requiring minimal tenant improvements. This allowed tenants to accelerate occupancy timelines while reducing upfront costs.

Class B demand drives growth

Robust leasing activity in the Suburban market, particularly within Class B and C properties, drove positive absorption in Q3 2026 and allowed overall absorption to remain stable quarter-over-quarter.

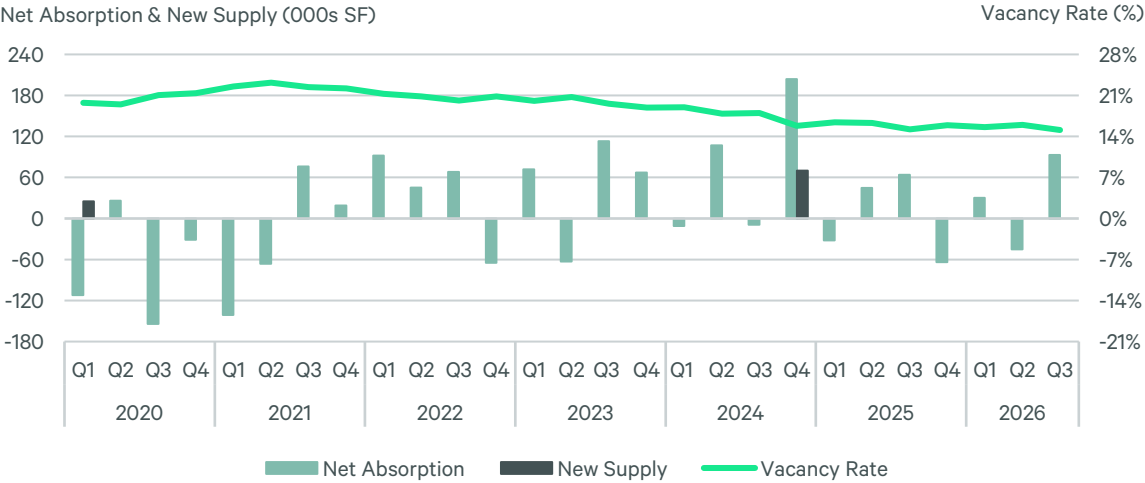
The West End and Southside submarkets drove leasing activity in Class B properties with vacancy decreases of 320 bps and 480 bps, respectively. The West End submarket also marked its best quarter in over a decade for Class B absorption with approximately 32,000 sq. ft of absorption.

Data centres drive new demand

Several data centres which are currently under construction and planned throughout the Greater Edmonton Area are generating positive impacts for Downtown Edmonton’s office market. A large Downtown office sublease by a construction and project management firm supporting a regional data center development provides an early example of this trend, with the space being utilized as a temporary project office.

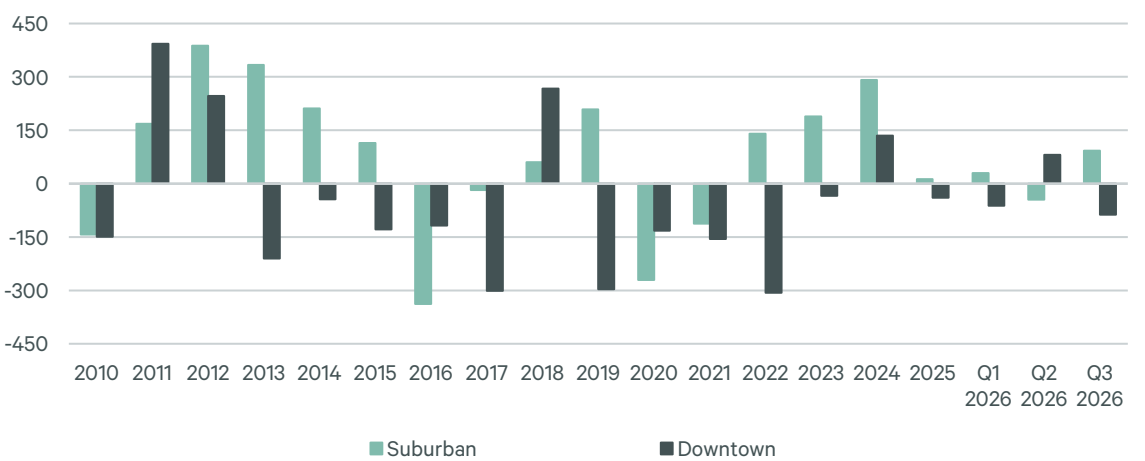
Major infrastructure investments can generate office demand while creating opportunities for supporting occupiers, including engineering, construction, project management, technology, and professional services firms. Beyond these sectors, expanding data centre infrastructure has the potential to attract new technology-focused occupiers, support the expansion of existing firms, and reinforce Edmonton’s role as a leading centre for technology and innovation.

FIGURE 2: Suburban Historical Leasing Fundamentals



Source: CBRE Research, Q3 2026.

FIGURE 3: Suburban & Downtown Net Absorption (000s SF)



Source: CBRE Research, Q3 2026.

Demand remains despite vacancy increase

The Downtown submarket recorded a 50 bps increase in vacancy during the quarter, offsetting the positive net absorption and corresponding 50 bps decline reported in Q2 2026. Despite this increase, the flight-to-quality trend remained firmly in place, with tenant demand for high-quality space continuing to support leasing activity across the submarket.

Tenant relocation adds quality sublease options

Q3 2026 saw approximately 137,000 sq. ft. of sublease space return to Edmonton’s Downtown office market, marking the first increase in sublease inventory in five quarters. Despite this rise, total sublease availability remains below the 10-quarter average, highlighting continued constraints in sublease supply relative to longer-term market trends.

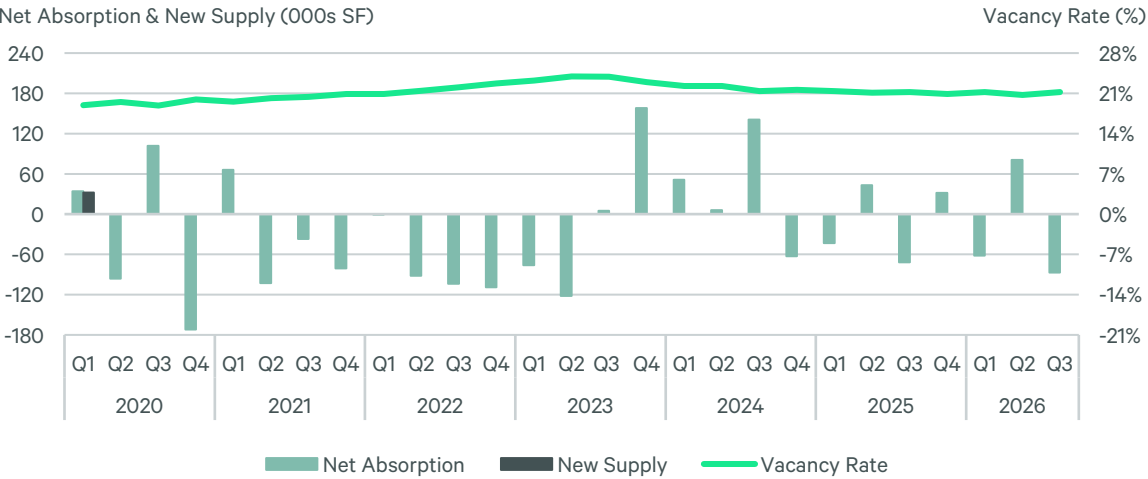
This was driven primarily by a single, energy-sector tenant relocating its operations within the Financial Core. The move highlights the continued strength of this submarket, as large tenants continue to justify major relocations to optimize their workplace offerings, while creating an opportunity for a future occupier through the availability of quality turnkey sublease space.

Major transactions reinforce downtown strength

Downtown Edmonton accounted for five of the ten largest office lease transactions completed in Q3 2026. All five of these transactions exceeded 14,000 sq. ft., with several additional major lease deals anticipated to close before year-end.

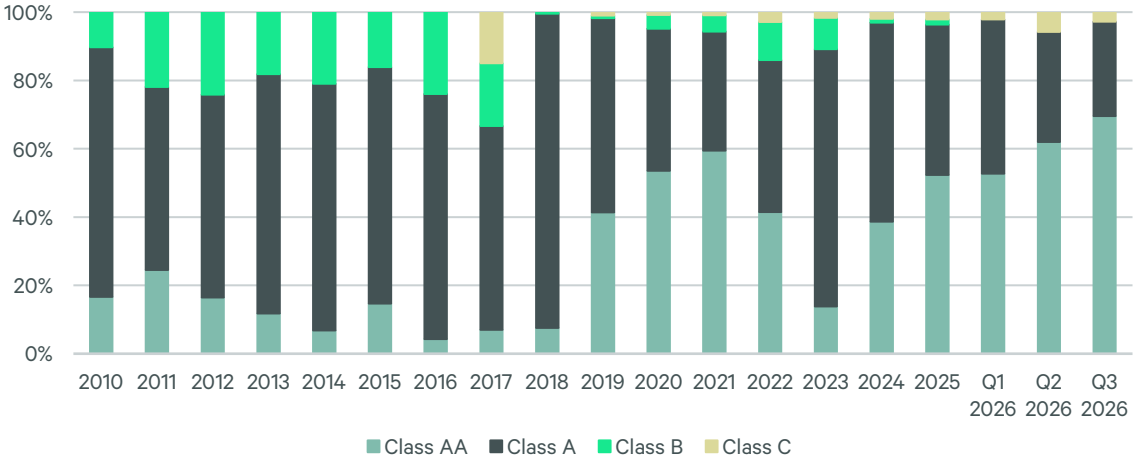
The quarter was further underscored by the commitment of one of the largest new office occupiers to enter the downtown market in recent history. This level of leasing activity highlights growing tenant confidence and reinforces the positive momentum underway in the Downtown office market.

FIGURE 4: Downtown Historical Leasing Fundamentals



Source: CBRE Research, Q3 2026.

FIGURE 5: Downtown Sublet Vacancy by Class (%)



Source: CBRE Research, Q3 2026.

FIGURE 6a: Q3 2026 Market Statistics - Suburban

SUBMARKET	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	Sublease Space (SF)	Net Rental Rate (PSF)
118 Avenue/Kingsway	609,489	12.8%	0	-1,281	0	\$15.10
124 Street	809,140	20.4%	-5,490	-6,333	3,858	\$14.82
149 Street	912,234	9.2%	-4,653	12,477	0	\$14.18
Eastgate	1,146,499	20.1%	3,434	-2,158	0	\$16.36
Southside	2,901,952	16.9%	12,572	24,729	19,735	\$14.56
South Henday	941,075	4.7%	2,062	11,567	9,901	\$24.43
West End	2,005,446	15.9%	74,725	48,251	6,518	\$14.18
Whyte Avenue	444,852	14.2%	10,360	-9,777	0	\$15.49
SUBURBAN TOTAL	9,770,687	15.1%	93,010	77,475	40,012	\$15.08
SHERWOOD PARK TOTAL	1,227,768	8.8%	12,243	806	3,245	\$17.01

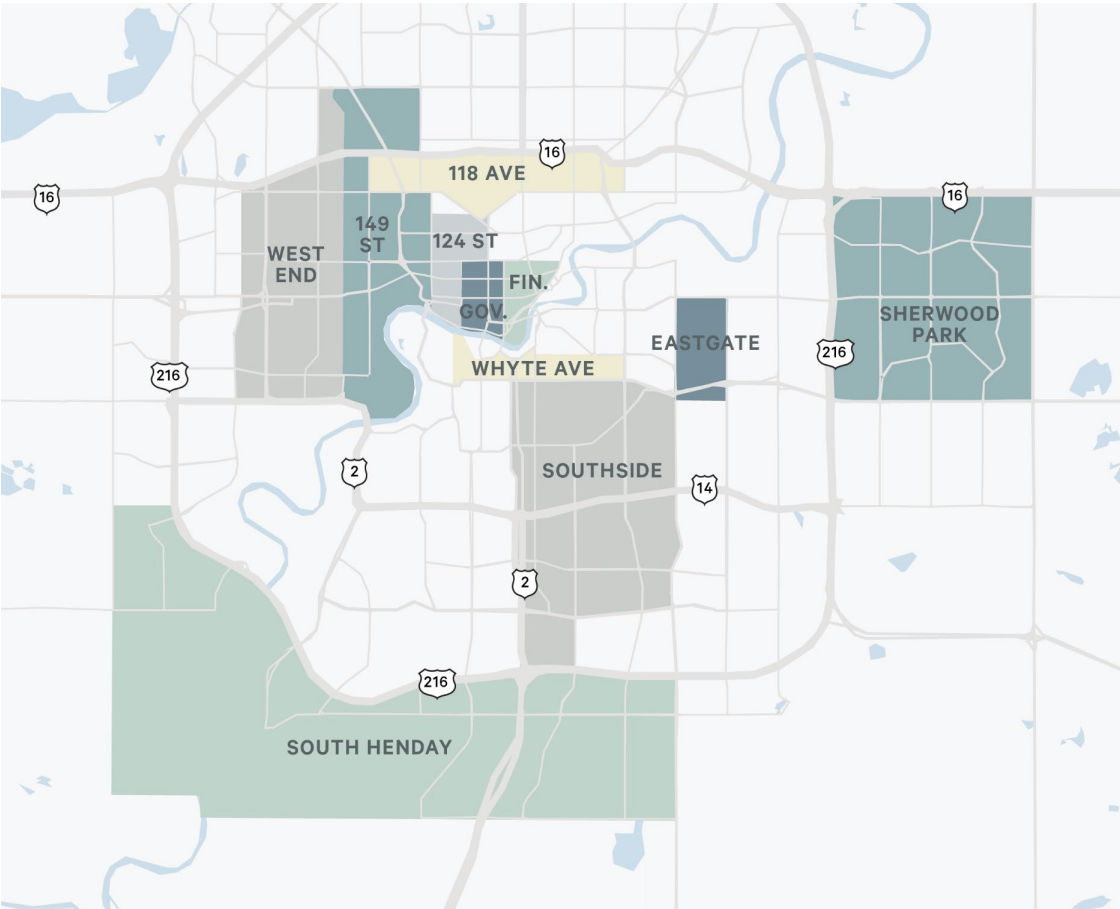
Source: CBRE Research, Q3 2026.

FIGURE 6b: Q3 2026 Market Statistics - Downtown

SUBMARKET	Class	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	Sublease Space (SF)	Net Rental Rate (PSF)
Financial	AA	4,495,042	14.3%	-75,635	4,673	140,464	\$24.55
	A	4,906,727	20.6%	9,388	342,590	46,355	\$17.42
	B	1,122,780	59.2%	11,870	-318,130	0	\$14.13
	C	323,233	39.5%	2,307	7,130	5,629	\$12.18
	Total	10,847,782	22.6%	-52,070	36,263	192,448	\$17.75
Government	A	2,277,303	25.2%	-46,625	-31,026	9,353	\$16.18
	B	2,282,205	10.2%	9,293	-70,671	0	\$15.44
	C	342,672	26.5%	2,721	-2,406	0	\$9.73
	Total	4,902,180	18.3%	-34,611	-104,103	9,353	\$15.33
DOWNTOWN TOTAL		15,749,962	21.2%	-86,681	-67,840	201,801	\$17.07
EDMONTON TOTAL		25,520,649	18.9%	6,329	9,635	241,813	\$16.44

Source: CBRE Research, Q3 2026.

Market Area Overview



Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. 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. Vacant Sq. Ft.: Space that can be occupied within 90 days.

Survey Criteria

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

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