

# MARKET REPORT

Industrial  
Edmonton Metro Area

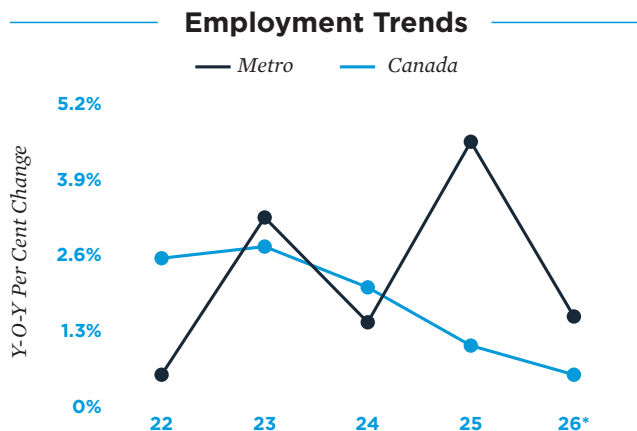
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2Q/26

## Fundamentals Gain Traction as Supply Tightens and Demand Gradually Rebuilds

**Trade dynamics remain a key driver.** Space demand in Edmonton softened in the first quarter of this year, with net absorption turning negative. Tenant sentiment remained cautious amid persistent trade uncertainty, particularly in the large-bay segment. That said, demand for small-bay spaces has held up well, as these facilities are typically occupied by more locally oriented tenants that are relatively insulated from cross-border trade frictions. While the surge in energy prices in March and April may support leasing momentum in the near term, international trade dynamics — including negotiations with the United States and progress toward broader trade diversification — are expected to play a more influential role in shaping the longer-term outlook.

**Development constrained by high costs.** Elevated construction expenses have materially slowed building activity in Edmonton's industrial sector, nearly halting speculative construction. Completions in 2026 are projected to fall for the fourth consecutive year, and the subdued build pipeline suggests continued new supply constraints in the coming years. Most current projects are built-to-suit developments, underscoring a limited appetite for speculative risk. A sustained rebound in construction activity will likely require stronger rent growth to justify higher development costs. Against this backdrop of sharply reduced completions, the vacancy rate is expected to decline this year amid a modest pickup in net absorption.



\* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

## Industrial 2026 Outlook



**13,000  
JOBS**

*will be created*

### EMPLOYMENT

Edmonton will continue generating jobs at a pace exceeding the national average. Ongoing population gains, rising oil output, and stable public-sector employment should help sustain a resilient labour market, even as conditions soften elsewhere in Canada.



**620,000  
SQ. FT.**

*will be completed*

### CONSTRUCTION

Deliveries are projected to stabilize after three years of decline, as elevated costs gradually constrain development. The largest project will be a 220,000-square-foot facility in Nisku-Leduc, where the majority of new, larger-bay openings are concentrated.



**20  
BASIS POINT**

*decrease in vacancy*

### VACANCY

The vacancy rate is projected to sit around 2.5 per cent by year-end, as fewer completions and improving net absorption reduce the share of available space. Vacancy may remain low until construction activity begins to recover.



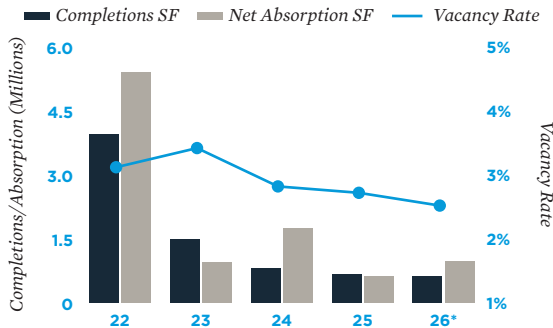
**3.2%  
INCREASE**

*in asking rent*

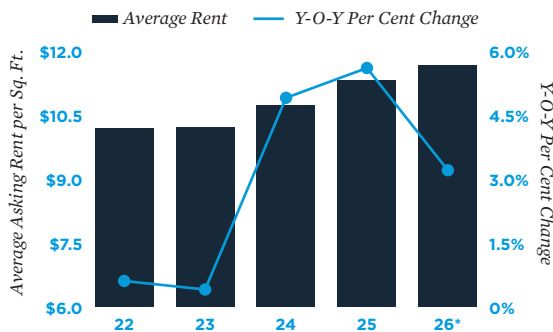
### RENT

Industrial rents are expected to continue rising as vacancy tightens. However, rent growth is likely to be driven primarily by the small-bay segment, while large-bay facilities are expected to see more modest increases.

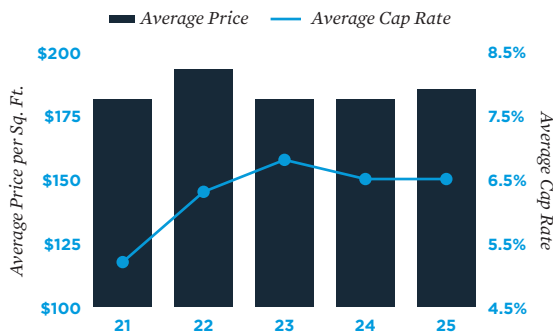
## Supply and Demand



## Rent Trends



## Sales Trends



\* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

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## 1Q 2026: Trailing 12-Month Period



### CONSTRUCTION

**403,000 sq. ft. completed**

- Deliveries declined by more than 50 per cent year-over-year, with most new projects completed between October 2025 and March 2026. Completions peaked in 2022 and have since been contracting.
- The Nisku-Leduc area remains a key focus for developers, with last year's largest completion being a 360,000-square-foot facility at 41 Business Park.



### VACANCY

**60 basis point decrease in vacancy Y-O-Y**

- While the vacancy rate declined in the third quarter of 2025 after jumping 60 basis points to 3.1 per cent in June, softer net absorption in subsequent quarters pushed vacancy back to 3.1 per cent by March of this year.
- The Nisku-Leduc submarket recorded a 140-basis-point increase, driven by an above-average pace of completions.



### RENT

**1.9% increase in the average asking rent Y-O-Y**

- The average asking rent continued to edge higher, though the pace of annual growth moderated notably. This largely reflects the sharp 8.6 per cent increase recorded in the first quarter of 2025.
- Industrial rents were lowest in Edmonton proper, with outlying regions commanding premiums of roughly 30 to 40 per cent.

## Investment Highlights

- Transaction activity recorded a significant increase last year, with total dollar volume surging 44 per cent alongside a 5.0 per cent rise in the number of trades. This wide gap between growth in dollar volume and deal count signaled a renewed flow of capital into larger facilities, which was most pronounced in the first quarter before trade tensions escalated. Despite lingering trade risks through the remainder of 2025, transaction volumes held up through year-end, pointing to still-positive investor sentiment.
- The average sale price continued to edge higher last year, reaching \$185 per square foot, while the average cap rate remained stable at around 6.5 per cent. Compared with the slight decline in sale prices observed nationally, rising valuations in Edmonton signal sustained investor confidence, partially supported by the prospect of robust rent growth in the coming years as supply constraints have intensified.
- While domestic private investors remained the dominant participants in the transaction market, acquisitions by public investors rose sharply last year, jumping from \$3 million to \$58 million. This sharp increase suggests growing institutional interest in the market.