INVESTMENT FORECAST

Industrial

Edmonton

IPA | INSTITUTIONAL PROPERTY ADVISORS

2026

Leasing Strength and Limited Supply Power a Constructive Outlook

Fundamentals poised for continued gains. Edmonton was one of the few metros in Canada that did not see a notable rise in vacancy last year. Demand from logistics, manufacturing and energy-related firms, as well as support services, fuelled leasing activity. Notably, small-bay units under 20,000 square feet made up 90 per cent of all signed deals. The metro's lower rents, as well as less restrictive development and permitting processes, also drew tenants and investors from higher-cost markets, adding another layer of strength to space demand. This healthy net absorption did not translate into a rise in development, however. Builders turned cautious first in 2023 when fundamentals began to soften nationally, and again last year when trade-related uncertainties weighed on sentiment. As a result, completions dropped to their lowest level since 2021 last year, helping to keep vacancy below 3.0 per cent. The construction pipeline for 2026 points to another year of subdued openings. With lower interest rates, increased oil production and above-average population growth supporting an outperforming economy and space demand, the vacancy rate is likely to continue declining amid this muted supply growth.

INVESTMENT TRENDS

- Investment activity last year was characterized by a rise in premium asset sales, aided by strong demand for flex industrial properties combining office and warehouse space.
- Edmonton's new Guaranteed Industrial Development Timelines promises a 40-day decision window for new projects. It is set to accelerate starts and boost investment over the coming years.

2026 Industrial Trends

265,000 SQUARE FEET
will be completed

CONSTRUCTION:

Completions are expected to decline for the fourth straight year, reaching an all-time low. Additions will consist primarily of small-bay units, concentrated in the city of Edmonton and the Nisku-Leduc region.

40 BASIS POINT
decrease in vacancy

VACANCY:

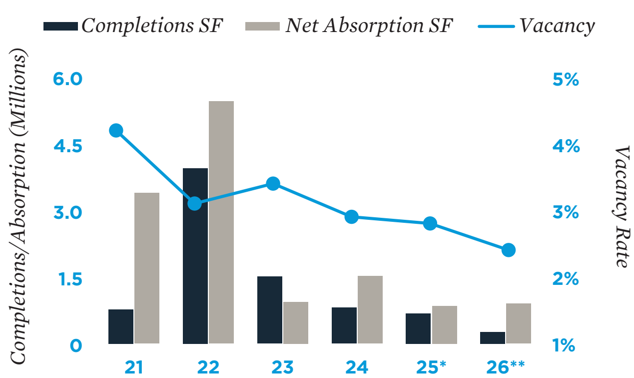
With tenants actively absorbing available space and fewer completions materializing, industrial fundamentals should remain solid, helping to sustain a tight vacancy rate at around 2.5 per cent.

2.0% INCREASE
in asking rent

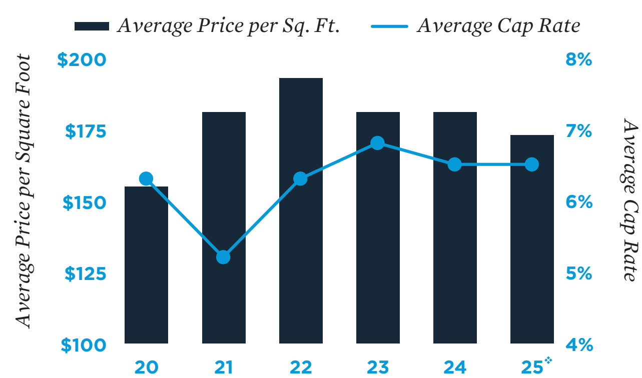
RENT:

Leasing momentum and limited supply growth are expected to keep rents on the rise. The average asking rate is forecast to reach roughly $11.20 per square foot by year-end, marking a record high.

Supply and Demand



Price and Cap Rate Trends



** Estimate; ** Forecast; ✣ Trailing 12 months through 3Q*

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

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