

INVESTMENT FORECAST

Office
Edmonton

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Suburban Strength and the Return of the Provincial Government Aid Sector

Suburbs continue to shine. Edmonton's office vacancy rate has largely trended down since 2022, supported by limited supply growth and some office-to-residential conversions. However, leasing volumes also slowed over that period, which stabilized the vacancy rate around 14.5 per cent last year. That said, suburban areas continued to outperform. This strength stemmed from population growth in surrounding areas and strong demand from mid-to-large engineering, construction and professional-service firms seeking amenity-rich modern buildings with proximity to industrial corridors and ample parking. By contrast, the downtown core remained weighed down by hybrid work policies from major government occupiers and ongoing tenant rightsizing. Looking ahead, leasing is expected to edge higher and rents should tick up this year, with suburban assets leading the way. Limited new supply, a handful of office-to-residential conversions, and the provincial government's recently announced return-to-work mandate starting in February will all help vacancy gradually trend lower. However, the downtown recovery will likely continue to lag as obsolete towers face structural headwinds.

INVESTMENT TRENDS

- Over the trailing 12 months ended September 2025, dollar volume transacted increased by nearly 30 per cent compared to the prior yearlong period, with private capital driving this trend.
- Edmonton has no government incentives for office conversions. Even so, some investors are beginning to undertake the task amid favourable pricing and multifamily demand tailwinds.

2026 Office Trends

0
SQUARE FEET
will be completed

CONSTRUCTION:

Edmonton's office market has underperformed since the 2014 oil crash. Developer confidence has waned since, with almost no new supply since 2018. This year will mark the second straight with no openings.

20
BASIS POINT
decrease in vacancy

VACANCY:

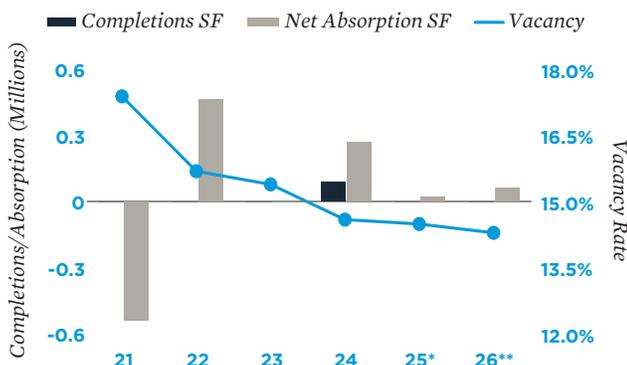
Leasing is expected to pick up amid lower interest rates, growing trade clarity and return-to-work mandates. Along with no openings and some office conversions, the vacancy rate will fall to just above 14 per cent.

1.5%
INCREASE
in asking rent

RENT:

Office rents are projected to rise in 2026, marking the first meaningful uptick since 2022. The modest increase reflects growing leasing momentum and tightening conditions in well-located suburban nodes.

Supply and Demand

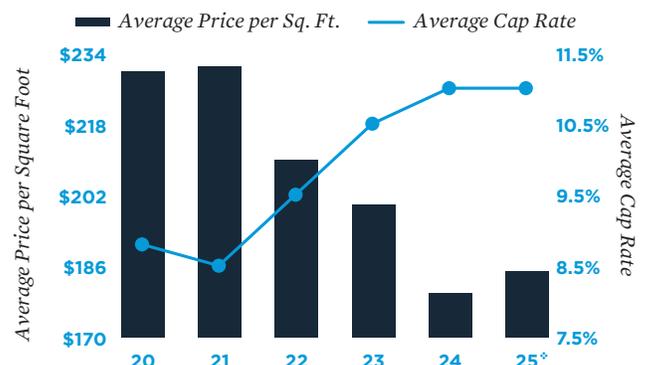


* Estimate ** Forecast; * Trailing 12 months through 3Q

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

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. 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.

Price and Cap Rate Trends



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