

# INVESTMENT FORECAST

Retail  
Edmonton

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2026

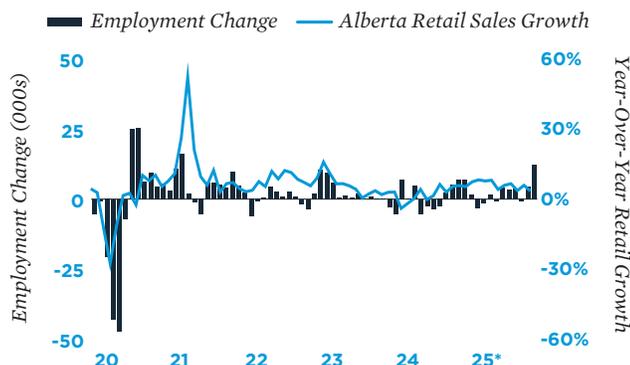
## Space Demand to Stay Soft as Cautious Retailers Hold Back on New Leases

**Vacancy rate set to rise modestly in 2026.** Retail space demand in Edmonton moderated through 2025 as trade disruptions weighed on business confidence, prompting many retailers to pause or scale back expansion plans. Entering 2026, leasing activity is expected to remain soft even as consumer spending holds relatively firm, supported by steady wage growth and easing inflation. Retailers, however, are likely to stay cautious for several reasons. Lingering trade uncertainties continue to cloud import costs and supply chain stability, discouraging new leasing commitments. At the same time, population growth — while still positive — is slowing from the post-pandemic surge, tempering demand in emerging suburban nodes where new retail projects have been concentrated. In the downtown core, persistently high office vacancy is limiting daytime foot traffic and weighing on retailer confidence, further restraining expansion activity. As a result, the metro's overall retail vacancy rate is projected to edge higher in 2026. Even so, completions are expected to fall notably as the construction pipeline continues to taper, and this moderation in new supply should help cap further increases in vacancy rates.

## INVESTMENT TRENDS

- Despite trade risks, Edmonton's retail sector continued to attract national and local investors last year, with activity concentrated in well-located malls, urban centres and value-add plazas.
- Investor demand is expected to remain steady in 2026, particularly for high-quality urban and mixed-use retail assets, even as the vacancy rate is projected to edge higher.

### Employment vs. Retail Sales Trends



\* Employment through November, retail sales through September; \*\* 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.

## 2026 Retail Trends



**700,000**  
**SQUARE FEET**  
*will be completed*

### CONSTRUCTION:

After several community, neighbourhood and strip centres were completed last year, construction is expected to slow notably in 2026, with most deliveries concentrated in suburban submarkets.



**20**  
**BASIS POINT**  
*increase in vacancy*

### VACANCY:

Space absorption is anticipated to lag behind completions, pushing the vacancy rate higher. However, vacancy is likely to be capped around 4.0 per cent as supply growth is still limited compared to past years.

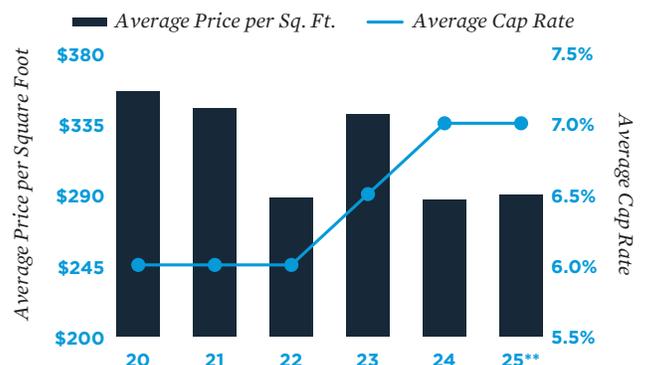


**1.3%**  
**INCREASE**  
*in asking rent*

### RENT:

Year-over-year rent growth peaked at 5.8 per cent in the final quarter of 2024 and has since decelerated. This year, annual rent growth is expected to continue slowing amid rising vacancy and lingering trade risk.

### Price and Cap Rate Trends



**Edmonton Office:**  
**Michael Heck** | Senior Managing Director -  
Market Leader, Western Canada  
10175 101 Street, Suite 1820  
Edmonton, Alberta T5J 0H3  
Tel: (587) 756-1600  
michael.heck@marcusmillichap.com