

# MARKET REPORT

Multifamily  
Edmonton Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS  
A DIVISION OF  
MARCUS & MILLICHAPE, BROKERAGE

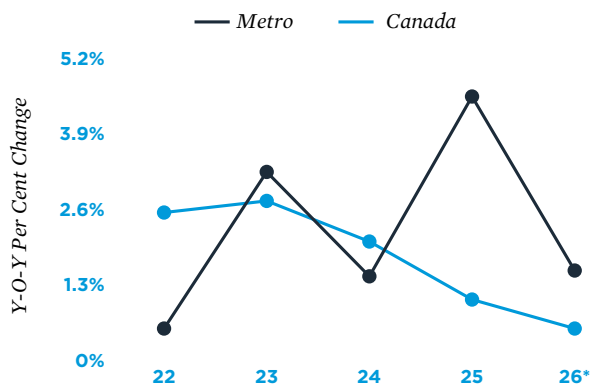
2Q/26

## Strong Growth Supports Absorption as Backfilling Progresses at a More Favourable Pace

**Resilient economy to continue fuelling space demand.** Leasing momentum remained strong last year. Despite the closure of five Hudson's Bay department stores — removing roughly 750,000 square feet — net absorption was still positive at 470,000 square feet. The pace of backfilling has also outperformed many other metros. At Londonderry Mall, Zellers now occupies 60,000 square feet of former Hudson's Bay space, while the remaining area is expected to be subdivided into smaller mid-format units. This strategy is to attract a broad mix of tenants, including value retailers, entertainment concepts, and grocery operators. Looking ahead, Edmonton's population growth and resilient local economy should help sustain retail space demand despite ongoing trade-related uncertainty. If oil prices remain elevated for an extended period, stronger employment and income growth could further support consumer spending and leasing activity.

**Vacancy rate to climb as supply growth accelerates.** On the supply side, roughly 300,000 square feet of retail space scheduled for completion last year was delayed into this year. As a result, total deliveries in 2026 are expected to surpass last year's level, which could place modest upward pressure on the vacancy rate in the near term. However, Edmonton's strong economic backdrop and the relatively fast pace of backfilling should support additional absorption. Combined with steady population inflows and solid consumer fundamentals, these factors could allow net absorption to strengthen and help restore a vacancy rate below 4.0 per cent over the coming years.

### Employment Trends



\* Forecast

## Retail 2026 Outlook



**13,000  
JOBS**  
*will be created*

### EMPLOYMENT

Edmonton is expected to continue posting job gains, outpacing the national average. Still-positive population growth, higher oil production, and steady public-sector employment should support a resilient labour market despite softer conditions elsewhere in Canada.



**1 MILLION  
SQ. FT.**  
*will be completed*

### CONSTRUCTION

Completions are projected to increase modestly, with most projects delivered outside downtown. Mixed-use developments, along with suburban strip, community, and neighbourhood centres, will continue to be the main build formats this year.



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

### VACANCY

Following last year's 60-basis-point increase, the vacancy rate is expected to stabilize. Although space vacated by the former Hudson's Bay will keep the rate above the 2024 level in the short term, it is projected to fall below 4.0 per cent over the coming years.

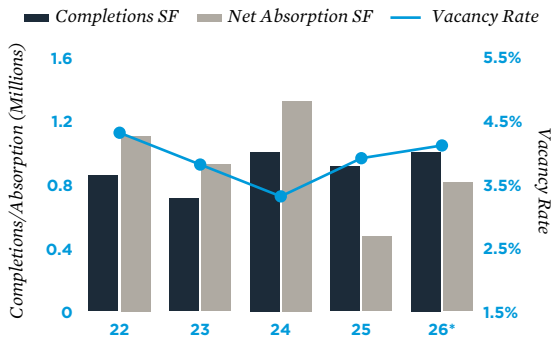


**1.7%  
INCREASE**  
*in asking rent*

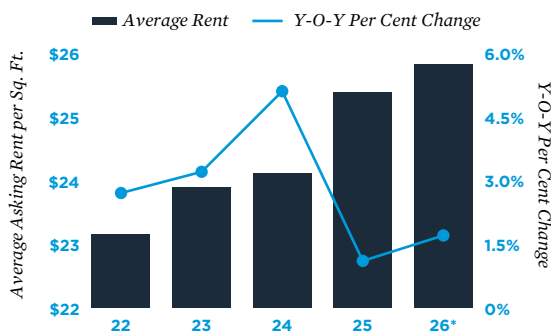
### RENT

Robust leasing momentum will keep asking rents on an upward trajectory, particularly for well-located and recently upgraded spaces. Rent growth is projected to accelerate modestly in 2026, supported by strong space demand, while secondary properties may see slower increases.

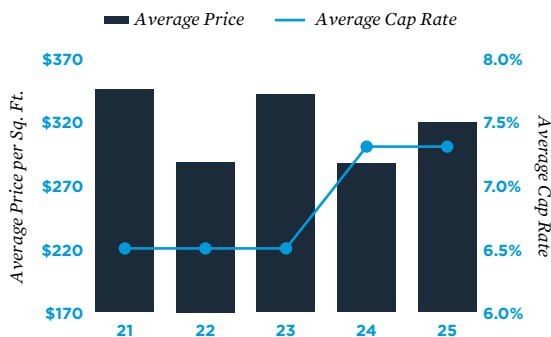
## Supply and Demand



## Rent Trends



## Sales Trends



\* Forecast

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## 4Q 2025: Trailing 12-Month Period



### CONSTRUCTION

**907,000 sq. ft. completed**

- Completions recorded a modest annual decrease as the pace of delivery slowed in the second half of the year. Approximately 300,000 square feet of projects were delayed, likely due to economic uncertainty.
- Suburbs accounted for 98 per cent of completions, led by 304,000 square feet in South Edmonton and 242,000 square feet in the West submarket.



### VACANCY

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

- The rise in the vacancy rate was largely driven by a drop in net absorption following the closure of Hudson's Bay in the second quarter.
- Amid multiyear revitalization efforts, the vacancy rate declined by 110 basis points in the Whyte Avenue-Old Strathcona submarket and 90 basis points in the Central submarket.



### RENT

**1.1% increase in the average asking rent Y-O-Y**

- Annual rent growth decelerated sharply due to significantly higher increases in the fourth quarter of 2024. However, the average rent for the whole year rose at a faster pace of 3.6 per cent.
- Whyte Avenue-Old Strathcona saw the highest rent growth at 1.4 per cent, supported by recovering foot traffic amid ongoing revitalization efforts.

## Investment Highlights

- Retail investment remained strong last year. Even with reporting delays for the final quarter, full-year dollar volume has already exceeded the 2024 level. The jump in transaction volume was driven by several high-profile sales above \$20 million. The largest transaction was Primaris REIT's \$208 million acquisition of Southgate Centre from Ivanhoe Cambridge. Compared with 2024, the rise in large deals highlights growing investor confidence in Edmonton's retail market, supported by strong population growth and a diversifying economy despite tepid growth elsewhere in Canada.
- The average retail sale price rose 9.0 per cent, driven by a strong increase in multi-tenant property sale prices. Strong investor demand for stabilized, income-producing assets supported pricing, particularly for grocery-anchored and necessity-based centres.
- The average cap rate held firm at 7.3 per cent despite rising prices. This suggests that stronger investor demand helped support valuations even as borrowing costs remained elevated. In particular, well-leased multi-tenant centres with stable cash flows continued to attract buyers, keeping pricing firm across many transactions.