Market Report

INDUSTRIAL 3Q/26

Edmonton Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

A New Leg of Industrial Growth Could Be Emerging Amid Strong Economic Outlook

Underlying momentum provides a strong foundation. Edmonton is positioned to remain one of Canada's fastest-growing metropolitan economies over the medium term, with GDP growth expected to exceed 3 per cent annually beginning in 2027. This growth is also becoming increasingly broad-based, with the construction, retail, distribution, and transportation sectors expected to contribute meaningfully. Combined with continued population gains, this expansion is likely to support business formation, goods movement, and occupier requirements, providing a favourable backdrop for industrial space demand.

Infrastructure investment expands Edmonton's reach. Major transportation projects are reinforcing the region's role as a Western Canadian logistics and energy hub. The planned Alberta Corridor Export Rail Terminal in Alberta's Industrial Heartland will improve the movement of propane and butane to West Coast export terminals. The first phase of Edmonton International Airport's 2,000-acre International Cargo Hub is also expected to expand cargo capacity and support new domestic and international trade routes. Together, these investments are likely to strengthen supply-chain connectivity and create additional opportunities for logistics, distribution, and industrial users across the

2026 FORECAST

EMPLOYMENT

12,000	1.4%
Jobs will be created	Increase Y-O-Y

CONSTRUCTION

980,000	40%
Sq. ft. will be added	More than last year

VACANCY

2.6%	10
Vacancy rate	BPS decrease Y-O-Y

RENT

$11.70	3.5%
Average asking rent by year-end	Increase Y-O-Y

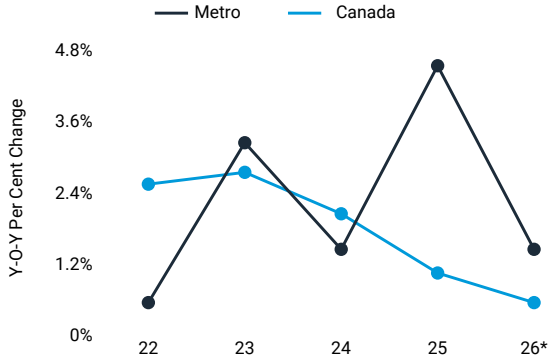
EMPLOYMENT

Edmonton's labour market holds a solid energy-dominant base, along with broad economic diversification. This positions the metro for steadier growth over the coming years. More importantly, the metro's medium-term expansion is expected to be supported by construction as well as retail, distribution, and transportation — sectors with direct industrial space requirements. This favourable employment mix should help sustain occupier demand even as Canada's broader economy faces elevated uncertainty.

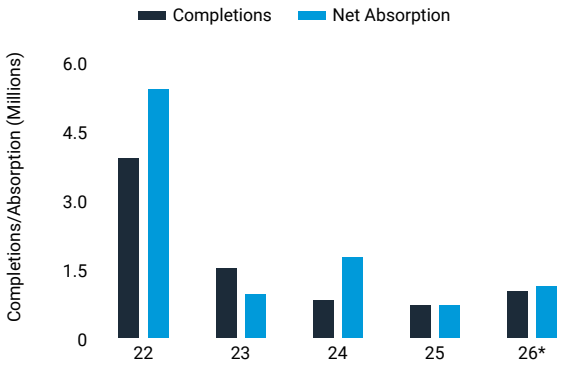
CONSTRUCTION

Development has moderated considerably from its 2022 peak, with both annual completions and the under-construction pipeline trending lower. However, deliveries are expected to edge higher in 2026, while the development pipeline has begun to rebuild through the first half of the year. With demand remaining healthy and available space increasingly constrained, developers are gradually responding. However, the pipeline remains measured compared to recent highs, which limits the risk of significant near-term oversup-

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



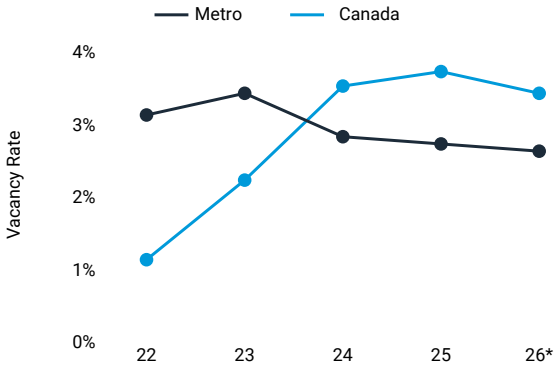
* Forecast

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

VACANCY

Vacancy has remained historically tight, sitting below 3 per cent for much of the past two years and declining to 2.7 per cent in the second quarter. Demand has been particularly deep across small-bay properties, with commitments below 25,000 square feet accounting for most recent leasing activity. This broad base of local and regional occupiers, combined with a still-measured development pipeline, will keep available space constrained and vacancy near current levels over the near term.

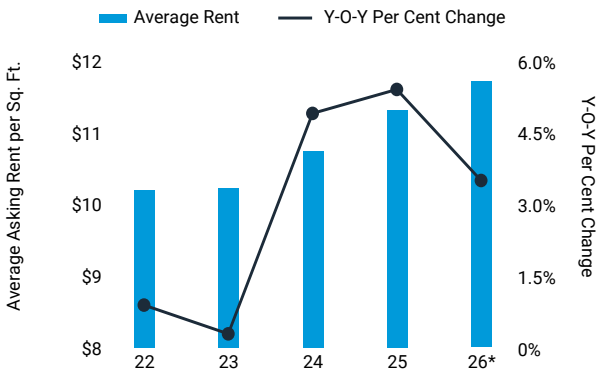
VACANCY TRENDS



RENT

Tight market conditions continue to support industrial rents, with the average asking rate reaching $11.60 per square foot in the second quarter, up 3.4 per cent year-over-year. Limited availability, particularly across smaller-bay properties where leasing activity remains concentrated, should preserve investors' pricing power and support further gains. While the gradual rebuilding of the construction pipeline may provide some relief, vacancy is expected to remain tight enough for rent growth to continue in the near term.

RENT TRENDS



* Forecast; ** Through 2Q

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

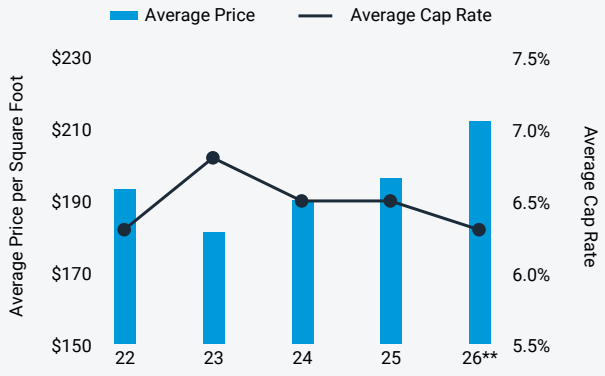
INVESTMENT HIGHLIGHTS

- Investor demand for Edmonton industrial assets strengthened considerably in 2025, with nearly 190 transactions totalling roughly $1.2 billion, up 16 per cent and 63 per cent, respectively, from 2024. This marked the highest annual dollar volume on record, slightly surpassing the previous peak in 2022. Activity was supported by liquidity across deal sizes, although larger transactions played an important role, with assets above $20 million accounting for nearly 40 per cent of total dollar volume.

- Industrial investment remains overwhelmingly driven by domestic private buyers, which accounted for 75 per cent of dollar volume over the past year ended March. Owner-users represented another 10 per cent, while Canadian public investors represented 9 per cent. The depth of domestic private capital highlights Edmonton's appeal to buyers seeking tight fundamentals and comparatively attractive yields. At the same time, meaningful owner-user activity provides another source of liquidity as operators want better control over real estate expenses.

- Property values continued to strengthen in 2026, with the average sale price reaching a record high of $212 per square foot, up from $196 in 2025. At the same time, the average cap rate has compressed by 20 basis points compared to last year at 6.3 per cent. Rising values alongside modest cap-rate compression point to sustained investor demand, supported by tight leasing fundamentals and Edmonton's favourable medium-term economic outlook.

SALES TRENDS



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