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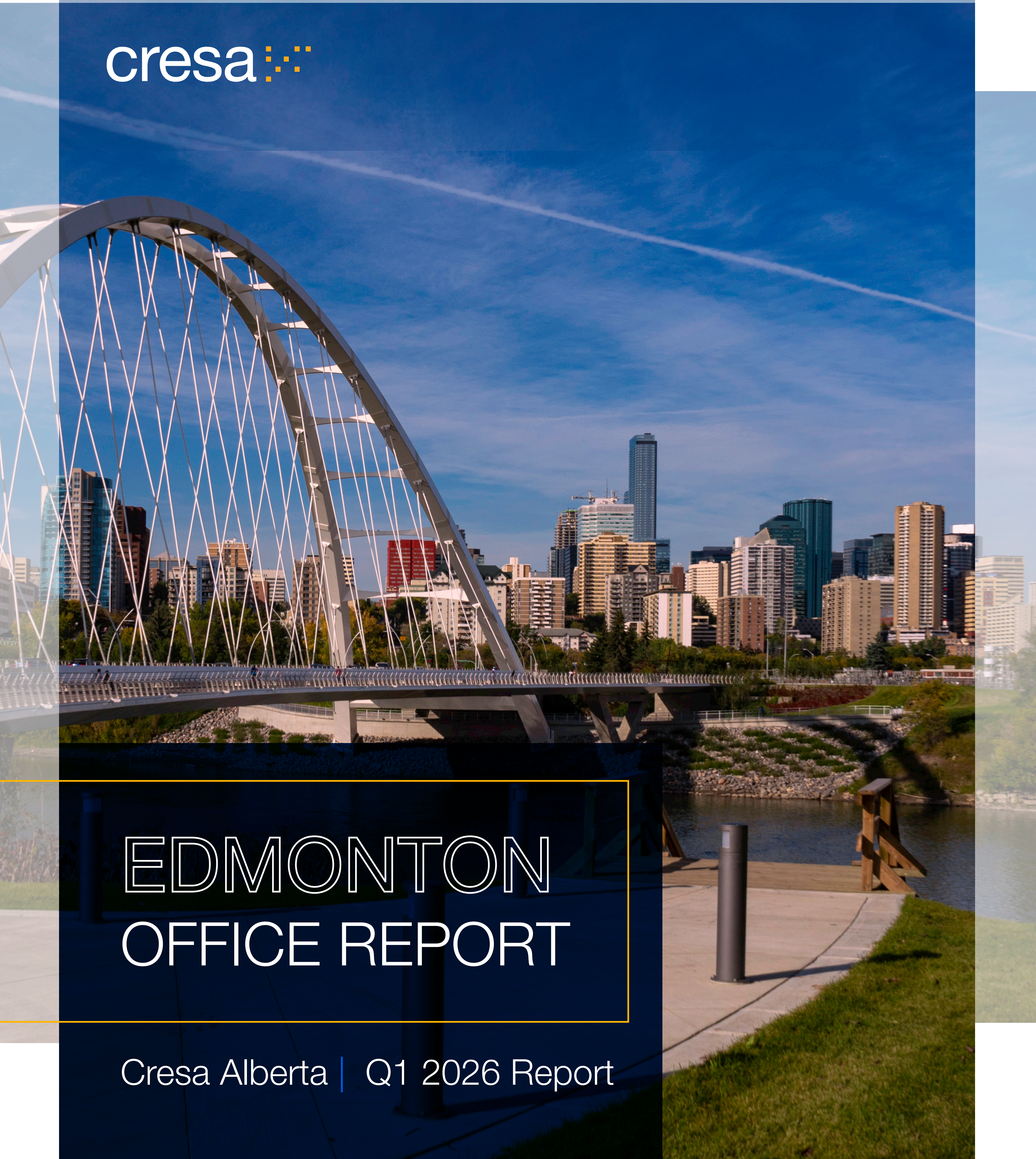

EDMONTON OFFICE REPORT

Cresa Alberta | Q1 2026 Report

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Edmonton - Q1 2026

OFFICE REPORT

Q1 2026 Market Summary & Q4 2025 Comparisons

OVERALL MARKET

The Edmonton office market continued its recovery trajectory through Q1 2026, with overall vacancy falling to 16.03% — a decline of 0.92 percentage points from 16.95% in Q4 2025. This improvement reflects sustained leasing activity across both downtown and suburban markets and reinforces the broader positive trend that has been building over recent quarters.

DOWNTOWN MARKET

Downtown vacancy improved from 17.91% in Q4 2025 to 17.03% in Q1 2026 — a 0.88 percentage point reduction. While this decrease may appear incremental, it's the strengthening demand for office space that that is relevant: activity downtown appears to be genuinely taking hold. Day-to-day foot traffic has also increased noticeably in the pedway system, largely attributable to the return of provincial government employees to in-office work, which is translating into real body counts and a renewed energy in the core.

Financial Core

The Financial Core was the primary engine of downtown leasing momentum. Total vacancy in the Financial district fell 1.15 percentage points to 16.55%, driven by strong leasing across multiple class tiers. The Financial A category saw a notable 2.33 point decline, from 19.46% to 17.13%, while Financial AA remained at 12.14%, demonstrating the resilience of top-tier product.

EDMONTON DOWNTOWN OFFICE HIGHLIGHTS

	Q4 2025	Q1 2026	
Average Net Asking Rate (per sf)	$18.67	$18.70	▲
Net Absorption (sf)	+406K	+160K	▲
Vacancy Rate	17.91%	17.03%	▼
Vacancy (sf)	3.25M	3.10M	▼
Office Supply (sf)	18.13M	18.13M	▬

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The biggest deal to take place was ATCO's announcement that it will be relocating to the former CWB building at 10303 Jasper Avenue. Renamed ATCO Place, this 140,000 sf lease deal has led to speculation about the future of the existing 285,461 square foot property that ATCO will be vacating in about a year. Located at 10035 – 105 street, this property will be completely vacant once ATCO relocates. Perhaps this property has run its course as an office building and a residential conversion may be in order.

Several notable residential conversion projects are reshaping the Financial Core's long-term identity which have contributed to a contraction in the size of the office market. These conversions, combined with an increase in leasing activity, have driven the decline in vacancy. The former Phipps McKinnon Building, now Connect Tower, conversion has emerged as a meaningful success story — office leasing within the project is tracking at 82% leased, and the residential component got off to a strong start with 33% leased in its first month. CN Tower is poised for residential redevelop which could further reduce the size of the office market by over 300,000 square feet, adding to the pipeline of mixed-use transformation in the core.

EDMONTON VACANCY SUMMARY: Q4 2025 vs Q1 2026

Submarket	Q4 2025 Vacancy	Q1 2026 Vacancy	Change	Avg. Rental Rate	Avg. Op Costs
Financial AA	12.13%	12.14%	+0.01%	$26.88	$21.40
Financial A	19.46%	17.13%	-2.33%	$19.94	$19.65
Financial B	22.31%	22.71%	+0.40%	$14.60	$14.78
Financial C	27.24%	26.16%	-1.08%	$16.54	$15.42
Total Financial	17.70%	16.55%	-1.15%	$20.18	$17.81
Government A	19.45%	19.64%	+0.19%	$19.30	$15.73
Government B	17.90%	17.20%	-0.70%	$11.87	$15.38
Government C	16.22%	17.13%	+0.91%	$13.03	$13.07
Total Government	18.48%	18.30%	-0.18%	$15.54	$14.73
Downtown Total	17.91%	17.03%	-0.88%	$18.70	$16.27
Southside	16.63%	14.96%	-1.67%	$15.62	$13.92
West End	15.13%	13.86%	-1.27%	$17.00	$11.60
Eastgate	23.85%	24.34%	+0.49%	$14.36	$11.29
118th Avenue	11.10%	11.18%	+0.08%	$14.86	$15.71
149th Street	12.70%	10.18%	-2.52%	$13.23	$15.66
Ellerslie	4.33%	4.64%	+0.31%	$20.90	$17.73
Whyte Avenue	13.84%	12.04%	-1.80%	$17.22	$15.98
Total Suburban	15.38%	14.40%	-0.98%	$15.43	$17.04
Edmonton Total	16.95%	16.03%	-0.92%	$17.55	$16.65

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Combined, the CN Tower and 10405 Jasper Avenue conversations would equate to 3.5% drop in vacancy in the Financial Core which is 13,134,062 square feet in size. These kinds of redevelopments reflect how landlords are coping with dated defunct office space and evolving occupier expectations.

Government District

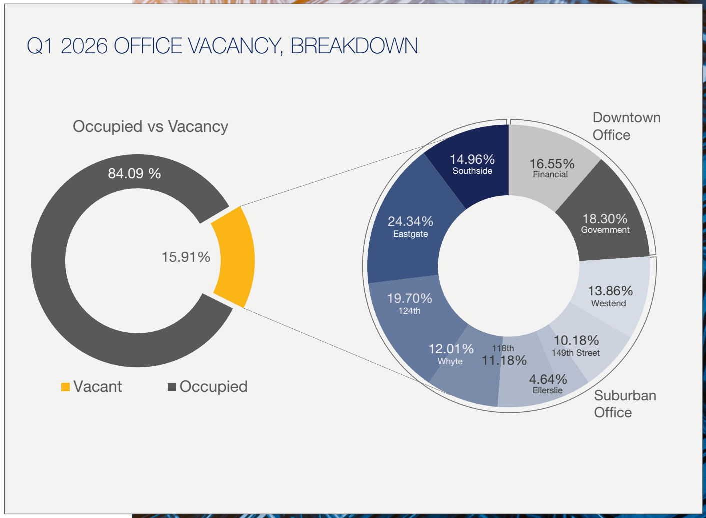
The Government District tells a more measured story. Overall Government vacancy edged up slightly to 18.30% — a modest 0.18 percentage point increase from Q4 2025 — with Government A rising to 19.64%. The ongoing concentration of leasing activity in the Financial Core is occurring, to some degree, at the expense of the Government District.

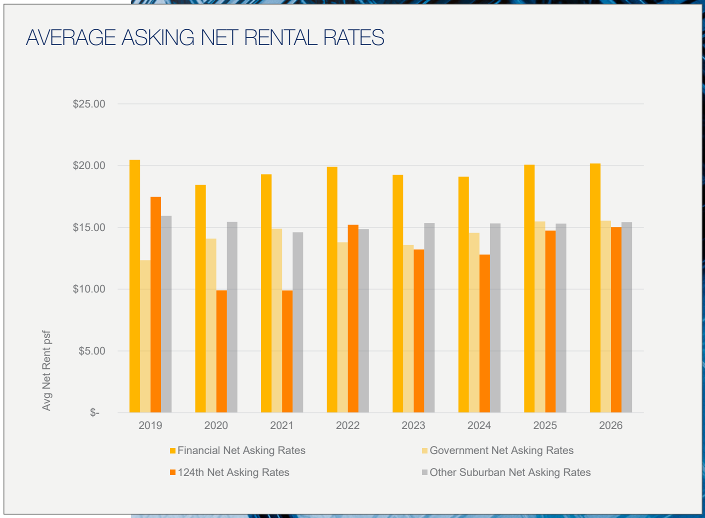
The most consequential forward-looking development here is ATCO's relocation of approximately 140,000 sf to the former CWB building, to be renamed ATCO Place, in the Financial Core. With that move not expected to fully crystallize in the data until the trailing lease obligations come due in 2028, the real impact on Government District vacancy is still ahead. As the market watches this play out, questions around the long-term use of the former ATCO building are emerging — current sentiment suggests it is probably not viable as an office building going forward.

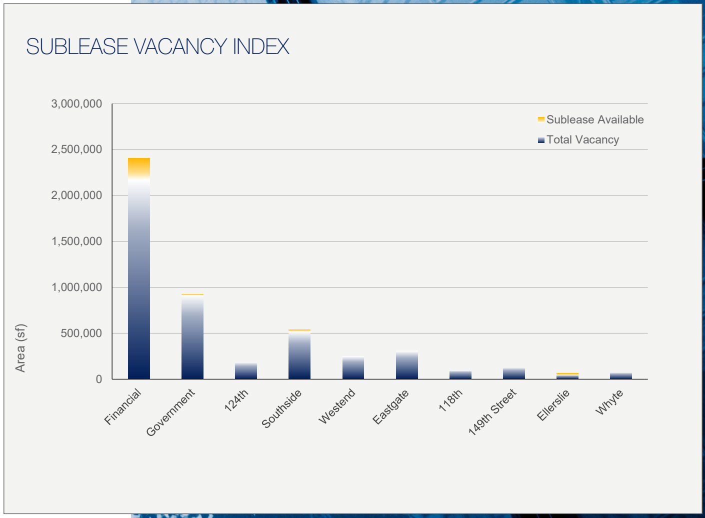
This raises a broader question worth monitoring: as leasing energy gravitates toward the Financial Core, what is the future of the Government District? Residential conversion is a legitimate possibility for several assets. The Intact Building, for example, may be a partial conversion candidate, similar to Connect Tower, as NorQuest College has become an increasingly dominant anchor tenant in that node.

Sublease Vacancy & Market Depth

One encouraging structural indicator was the low sublease vacancy across downtown. Sublease availability in the Financial Core sat at just 1.77%, and was nearly non-existent across the suburban markets. This suggests tenants are not walking away from their commitments and that there is limited shadow supply sitting on the market — a healthy sign for long-term supply/demand balance.







Suburban Office Market

Total suburban vacancy declined from 15.38% to 14.40% — while only a slight drop in vacancy, this market is now entering a phase where there is limited built out quality space available. The concentration of remaining vacancy is in large, non-demisable blocks or in genuinely undesirable, functionally obsolete space meaning that the cost of construction needs to be factored into lease rates, resulting in higher rental rates and the need for longer lease terms to offset these costs. In the west and south submarkets, asking rates on Class A inventory have moved into the mid-to-high $20s per square foot range. Rising operating costs are also complicating matters, (approaching $20/sf, driven primarily by property tax increases) are creating real sticker shock for occupiers.

If Suburban Market demand continues, we may witness an increase in demand for downtown office space, where there is more inventory. The market is already witnessing the narrowing of the cost delta that has traditionally existed between the core and the suburban market, primarily because of the high cost of construction of office space.

Southside

The Southside posted the second-largest submarket improvement of the quarter, with total vacancy declining 1.67 percentage points to 14.96%. Leasing activity was healthy across the submarket, with multiple transactions closing in the quarter. There are several buildings carrying vacancy rates in the 43–73% range, but these are primarily distressed assets facing structural quality or ownership challenges rather than evidence of weak market demand. Once the quality inventory that remains is absorbed — and that process appears to be accelerating — the southside is poised to become genuinely difficult for tenants.

NOTABLE TRANSACTIONS: EDMONTON OFFICE MARKET

Tenant	Building	Area (sf)	Type
ATCO	ATCO Place	80,174	Sale
ARC Engineering	Roper Ridge Business Park North	47,583	Sale
Bredin Centre for Career Advancement	First & Jasper	23,263	Lease
Government of Alberta	TELUS House	22,473	Lease
iGaming	Ford Credit Building	17,486	Lease
Pulsemedica	MNP Tower	14,425	Lease
MNP	MNP Tower	14,070	Expansion

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Asking rates for Class A space in the south are currently ranging from $24–$28/sf, with newer construction asking north of $30/sf. Office condominiums in high demand suburban areas are asking $550/sf — further evidence of the confidence sophisticated capital has in the submarket.

A notable owner-user transaction occurred in the Roper Ridge submarket this quarter, with ARC Engineering purchasing a building (47,583 sf) for its own occupancy. This kind of owner-user commitment reflects the premium occupiers are placing on securing their own long-term real estate certainty in a tightening market.

West End

The West End saw total vacancy improve from 15.13% to 13.86%, a 1.27 point decline. Leasing was active across the submarket, with deals closing in several buildings. As with the Southside, the remaining pockets of high vacancy are concentrated in specific assets that have been carrying stubborn vacancy for structural reasons — underinvestment, poor quality, or the need for significant retrofit capital. West Campus A and West Campus B in particular are carrying elevated vacancy, though there are reportedly pending deals covering a significant portion of the remaining availabilities in both buildings, which would materially tighten conditions further.

Asking rates for West End Class A are currently at $22 to $25/sf, reflecting the competitive position of quality suburban product versus downtown.

Whyte Avenue

Whyte Avenue continued its impressive tightening trend, with vacancy improving 1.80 percentage points to 12.04%. The Campus Tower recorded a notable lease on the second floor during the quarter. This submarket is increasingly supply-constrained for quality space, and with limited development pipeline, conditions will only become more challenging for tenants requiring new or right-sized space.

Ellerslie / Deep South

Ellerslie remains the tightest submarket in Edmonton at 4.64% total vacancy, effectively full occupancy by any practical measure. This node has been absorbing demand from tenants and will continue to face an acute shortage of available product. New supply in this area would find ready demand.

149th Street

149th Street was the quarter's standout performer, with vacancy dropping 2.52 percentage points from 12.70% to 10.18%. This is one of the larger single-quarter moves in the market and reflects strong absorption in a corridor that has quietly become one of the more active leasing zones in suburban Edmonton.

ASKING RATES

Asking rates reflect the two-speed nature of this market: downtown landlords with quality product are pushing rates, while the suburban market is experiencing even stronger upward pressure driven by scarcity.

Market	Class	Asking Rate (per sf)
Downtown	AA New	$26.00 - $30.00
	AA Existing	$21.00 - $23.00
	A	$16.00 - $18.00
Suburban	West A	$25.00
	South A	$26.00 - $28.00
	South New Construction	$34.00

Operating costs are an increasingly important dimension of occupier economics and deserve attention alongside net rental rates. Across most submarkets, operating costs are approaching $20/sf — driven primarily by significant property tax increases that landlords are flowing through to tenants. Effective gross occupancy costs for Class A suburban space are now regularly landing in the $45–$48/sf range, a material shift from where the market was even two to three years ago.

FORWARD-LOOKING CONSIDERATIONS

Several strategic questions will shape how this market evolves through the balance of 2026 and into 2027:

- Will a tightening suburban market drive more groups downtown? As suburban quality inventory is depleted and rates continue to rise, price-sensitive tenants may begin to reconsider downtown options. This could represent one of the more compelling catalysts for accelerated downtown recovery — particularly in the Financial Core where amenity-rich, upgraded product is readily available.

- Are property tax assessments improving? Given the out-sized role property taxes are playing in driving operating cost increases, changes in assessed values — particularly for downtown assets that have seen market value declines — could materially affect the economics of occupancy and landlord ability to attract and retain tenants.

- Can high-vacancy landlords execute deals? Some of the buildings carrying stubborn high vacancy are owned by landlords whose financial capacity to fund tenant improvement allowances (currently estimated at $105 to $120/sf for new construction-grade buildouts) is unclear. This creates real risk that even willing tenants cannot transact because the landlord cannot finance the deal.

- Residential conversion pipeline and its effect on office supply: The conversion of poorly positioned office assets to residential use is removing obsolete supply from the market and improving overall vacancy optics. The pace of this trend will influence how quickly the market reaches equilibrium, particularly downtown where supply reduction through conversion may matter as much as organic leasing demand.

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MARKET AT A GLANCE

Q1 2026 VACANCY SUMMARY, EDMONTON

SUBMARKET	TOTAL INVENTORY (sf)	LEASE (sf)	SUBLEASE (sf)	LEASE (%)	SUBLEASE (%)	TOTAL VACANCY
FINANCIAL						
FINANCIAL AA	4,264,649	435,554	82,242	10.21%	1.93%	12.14%
FINANCIAL A	6,649,354	992,396	146,574	14.92%	2.20%	17.13%
FINANCIAL B	1,853,560	420,875	0	22.71%	0.00%	22.71%
FINANCIAL C	366,499	92,063	3,802	25.12%	1.04%	26.16%
TOTAL FINANCIAL	**13,134,062**	**1,940,888**	**232,618**	**14.78%**	**1.77%**	**16.55%**
GOVERNMENT						
GOVERNMENT A	2,276,308	437,654	9,353	19.23%	0.41%	19.64%
GOVERNMENT B	2,355,266	405,070	0	17.20%	0.00%	17.20%
GOVERNMENT C	370,167	63,416	0	17.13%	0.00%	17.13%
TOTAL GOVERNMENT	**5,001,741**	**906,140**	**9,353**	**18.12%**	**0.19%**	**18.30%**
DOWNTOWN TOTAL	**18,135,803**	**2,847,028**	**241,971**	**15.70%**	**1.33%**	**17.03%**
SUBURBAN						
124th A	374,555	60,237	0	16.08%	0.00%	16.08%
124th B	444,968	121,112	0	27.22%	0.00%	27.22%
124th C	118,005	3,326	0	2.82%	0.00%	2.82%
TOTAL 124th	**937,528**	**184,675**	**0**	**19.70%**	**0.00%**	**19.70%**
SOUTHSIDE	3,461,447	496,227	21,584	14.34%	0.62%	14.96%
WESTEND	1,792,631	248,402	0	13.86%	0.00%	13.86%
EASTGATE	1,267,512	308,453	0	24.34%	0.00%	24.34%
118TH	859,144	96,043	0	11.18%	0.00%	11.18%
149TH STREET	1,226,272	124,780	0	10.18%	0.00%	10.18%
ELLERSLIE	943,205	23,931	19,797	2.54%	2.10%	4.64%
WHYTE	589,562	71,006	0	12.04%	0.00%	12.04%
TOTAL SUBURBAN (INCL 124TH)	**11,077,301**	**1,553,517**	**41,381**	**14.02%**	**0.37%**	**14.40%**
EDMONTON TOTAL	**29,213,104**	**4,400,545**	**283,352**	**15.06%**	**0.97%**	**16.03%**
SHERWOOD PARK	**1,511,793**	**200,247**	**3,606**	**13.25%**	**0.24%**	**13.48%**
OVERALL EXISTING TOTAL	**30,724,897**	**4,600,792**	**286,958**	**14.97%**	**0.93%**	**15.91%**

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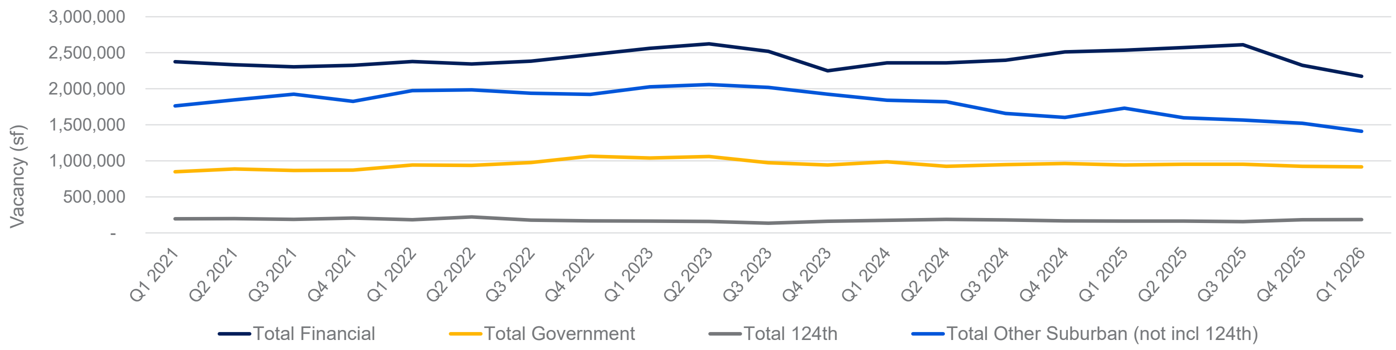
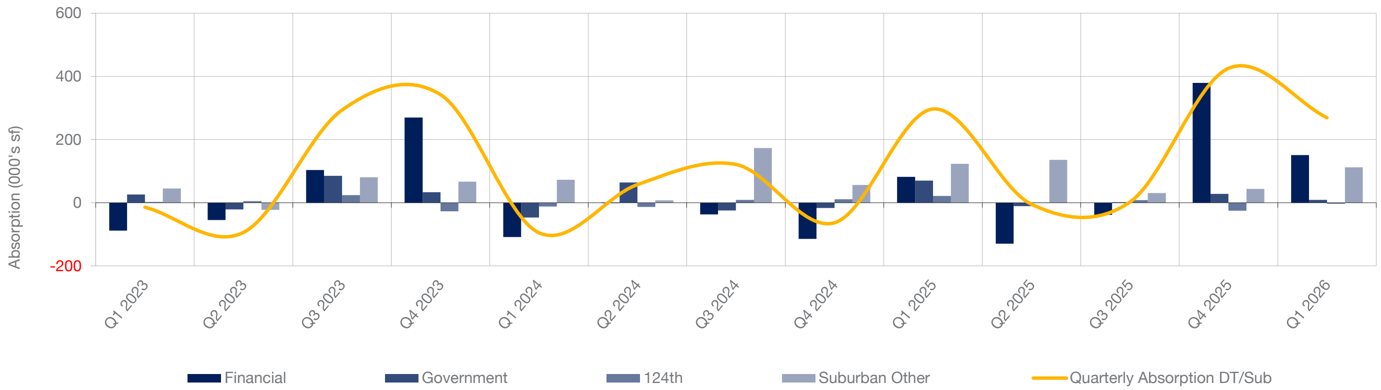
MARKET AT A GLANCE

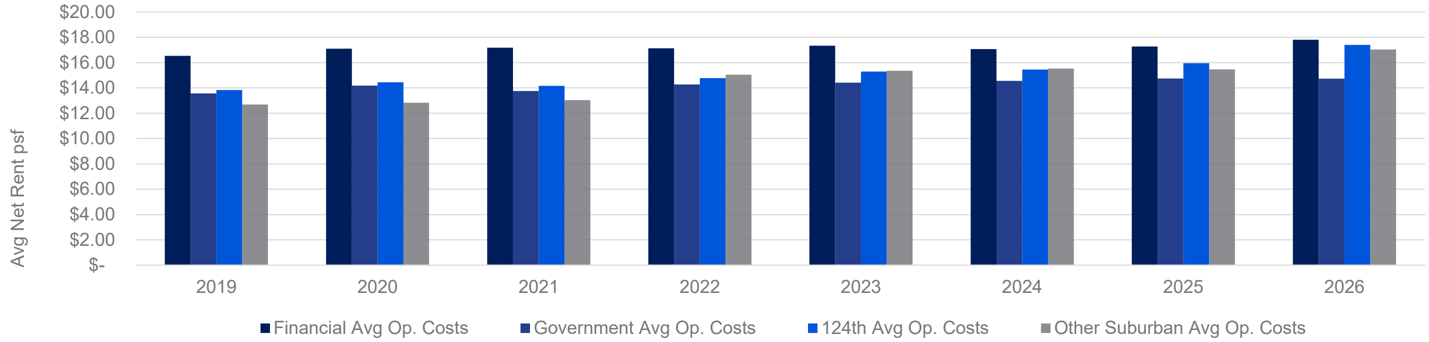
COMPARATIVE HISTORICAL VACANCY (SF)



HISTORICAL ABSORPTION



AVERAGE HISTORICAL OPERATING COSTS



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