

A modern office interior with large windows and potted plants. The space features a polished floor, several large potted plants, and a view of a cityscape through the glass walls.

The Office Occupier

Q1 2025 Edmonton Office Market Report

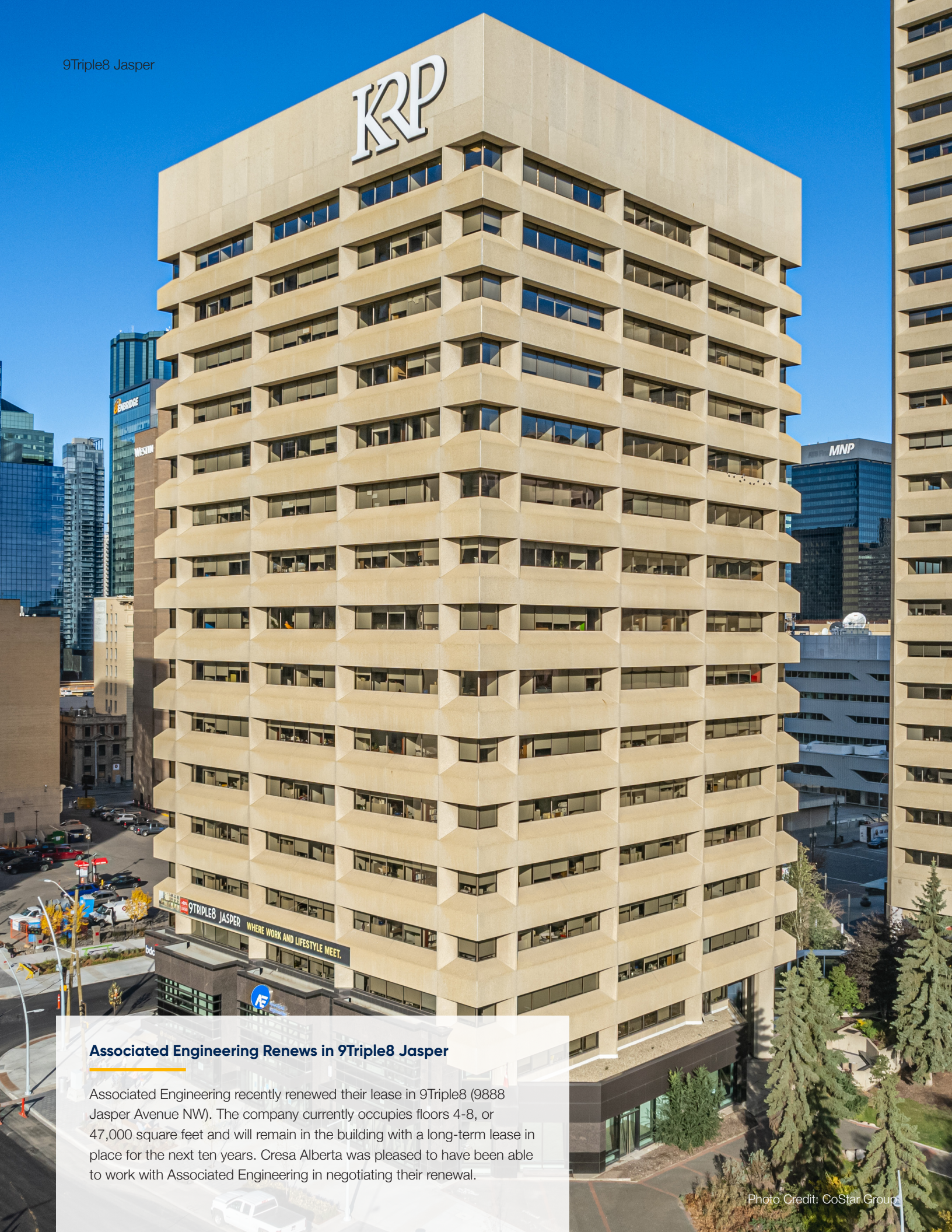
An Insight into the Edmonton Office Market

cresa

The Office Occupier Q1 2025

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KRP

MNP

9TRIPLE8 JASPER

WHERE WORK AND LIFESTYLE MEET.

Associated Engineering Renews in 9Triple8 Jasper

Associated Engineering recently renewed their lease in 9Triple8 (9888 Jasper Avenue NW). The company currently occupies floors 4-8, or 47,000 square feet and will remain in the building with a long-term lease in place for the next ten years. Cresa Alberta was pleased to have been able to work with Associated Engineering in negotiating their renewal.

Market Overview



Edmonton Office
Supply

30,724,897 SF



Edmonton Overall
Vacancy

18.32%



Downtown Vacancy

19.18%



Suburban Vacancy

17.12%

Performance of the Edmonton office market remained relatively idle in the first quarter of the year, with minimal movement and an overall vacancy rate for Edmonton was recorded at 18.32%. Downtown continued to face challenges but maintained vacancy below 20%, reporting 19.18% at quarter-end, a marginal change of 46,952 square feet. The suburban market continued its trend of yearly improvement, posting a vacancy rate of 17.12%.

Downtown - 18,135,803 square feet tracked

- Total vacancy: 19.18%, down from 19.33% quarter-over-quarter, and up from 18.62% year-over-year.

There was a slight uptick in interest in the Downtown market, specifically within the Financial Core. While vacancy in the Financial Core was stable at 19.31%, touring activity increased—particularly in Class A towers. Two large tenant renewals were completed in Q1: Field Law at Enbridge Centre and Associated Engineering at 9Triple8. Both firms committed to remaining in their current spaces, indicating confidence in the downtown market.

Activity in the Downtown market reflected a mix of new deals and relocations. Supporting this trend, the Phipps McKinnon Building was re-branded as Connect Tower, securing approximately 27,000 square feet of new leases. Notable tenants included Berlin Communications (joining Kaz Law) and landlord Josan Properties, who moved their offices within the building. Josan Properties remained the most active downtown landlord at the time, pushing leasing momentum in an otherwise static market.

Financial District - 13,134,062 square feet tracked

- Total vacancy: 19.31%, up from 19.28% quarter-over-quarter, and up from 18.11% year-over-year.
- Financial AA vacancy rate: 13.28%, up from 12.80%.
- Financial A vacancy rate: 22.05%, slightly down from 22.44%.
- Financial B vacancy rate: 23.06%, slightly down from 23.11%.
- Financial C vacancy rate: 20.86%, up from 18.87%.

Affordability concerns and a growing need for layout flexibility are prompting more tenants to explore sublease opportunities. This trend reflected a broader shift toward adaptable leasing strategies in response to rising occupancy costs. Meanwhile, the Downtown market remains in transition—Manulife Place is undergoing renovations in preparation for the arrival of CWB and National Bank, while Telus is expected to downsize, potentially adding more space to the market in the near term.

Government District - 5,001,741 square feet tracked

- Total vacancy: 18.86%, down from 19.47% quarter-over-quarter, down from 19.95% year-over-year.
- Government A vacancy rate: 20.45%, down from 21.60%.
- Government B vacancy rate: 17.81%, slightly down from 17.94%.
- Government C vacancy rate: 15.73%, slightly up from 15.62%.

By contrast, the Suburban market continued its steady trend of improvement, posting a slight quarter-over-quarter decrease and recording 17.12% vacancy.

Although Suburban markets continued to outperform Downtown, the Southside remains a clear leader in tenant interest. South Central, despite a vacancy rate of 20.11%, has limited inventory due to pre-committed tenants and ongoing interest in new developments like Ever Square, located in the heart of the Southside. Increased foot traffic across several Suburban buildings—supported by the continuation of return-to-office mandates—signals gradual recovery. Leasing continues to be concentrated in renewals and select new tenancies.

The Southside has continued to see steady traction over the past few years, and this market was the most active in the previous quarter. If this momentum continues, available options—particularly for tenants seeking spaces over 15,000 to 20,000 square feet—will become increasingly limited. Ellerslie held the lowest headlease vacancy in the city at approximately 3%, highlighting the overall shortage of supply in this submarket. In the current environment, tenants may face challenges securing space in high-demand areas with

minimal vacancy. In response, landlords may need to offer more competitive tenant improvement allowances to remain attractive, especially in premium assets where rental rates have remained stable. While top-tier properties continue to outperform the broader market, enhanced incentives may be required to sustain leasing momentum.

Suburban – 11,077,031 square feet tracked

- Total vacancy: 17.12%, up from 16.38% quarter-over-quarter, and down from 18.65% year-over-year.
- 124th Street vacancy rate: 17.53%, down from 18.26%.
- Southside vacancy rate: 20.11%, up from 18.12%.

- Westend vacancy rate: 15.91%, slightly up from 15.10%.
- Eastgate vacancy rate: 22.55%, slightly down from 22.56%.
- 118th Street vacancy rate: 13.16%, up from 12.23%.
- 149th Street vacancy rate: 15.32%, slightly down from 15.86%.
- Ellerslie vacancy rate: 5.45%, up from 4.10%.
- Whyte Ave vacancy rate: 19.08%, slightly down from 19.61%.

Notable Office Transactions

Tenant	Building	Area (sf)	Type
*Associated Engineering Group	9Triple8 Jasper	47,000	Renewal
*Field Law	Enbridge Centre	45,500	Renewal
Goodmorning.com	Ledgeview Business Centre	14,200	Relocation
BILD Edmonton Metro	124 Street Place	6,300	New Headlease
*Skyline Property Management	Broadmoor Plaza	5,200	New Headlease

*Cresa Transactions

Looking Ahead

Rising tariffs and construction costs, particularly those related to U.S.-sourced materials, are expected to remain a key topic throughout 2025. While a 5% increase in construction pricing is anticipated, the impact may be somewhat tempered by the availability to source Canadian-based labour. These factors are putting added pressure on deal economics, especially when it comes to landlords' base building work. In response, landlords may need to offer more aggressive tenant improvement allowances to stay competitive—especially in premium assets where rental rates are holding. While these top-tier properties are performing better than the broader market, enhancing TI allowances may be necessary to maintain momentum.

The political landscape on both sides of the border will remain a topic of discussion, with potential impacts on business confidence and market activity. In the face of these evolving challenges, creativity and flexibility in deal-making will continue to be essential.

Landlords must remain competitive—not only to attract new tenants but to retain existing ones. Tenants continue

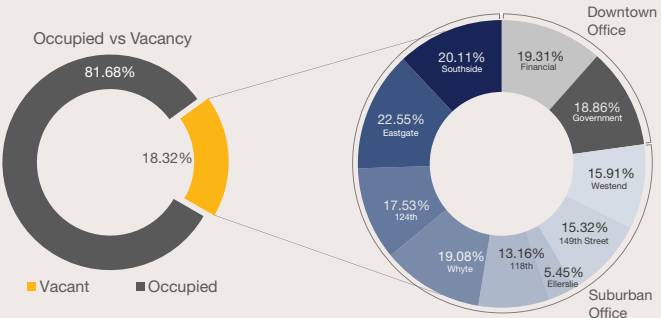
to prioritize value in high-quality spaces that justify making relocation worthwhile. On a positive note, lower interest rates are helping reduce landlord costs when financing tenant improvements, allowing for stronger deal terms without significantly increasing investment.

The ability to deliver large, contiguous blocks of space that align with modern tenant requirements will remain a key differentiator in 2025. As demand for in-person work, flexibility, and scalability grows, these larger spaces are becoming increasingly sought after. However, as availability tightens within the markets, tenants may face reduced flexibility and limited options when seeking sizable space in future markets.

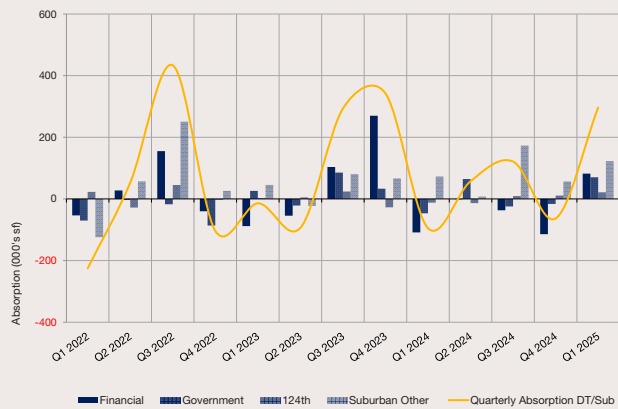
Foot traffic across the market continues to increase, now reaching approximately 60% of pre-pandemic levels. This upward trend is largely driven by the continuation of hybrid return-to-office mandates, as more organizations reinforce in-person workplace policies. While still below historical norms, the growing presence of employees in buildings is a positive indicator of renewed activity and tenant confidence in the market.

Market Summary

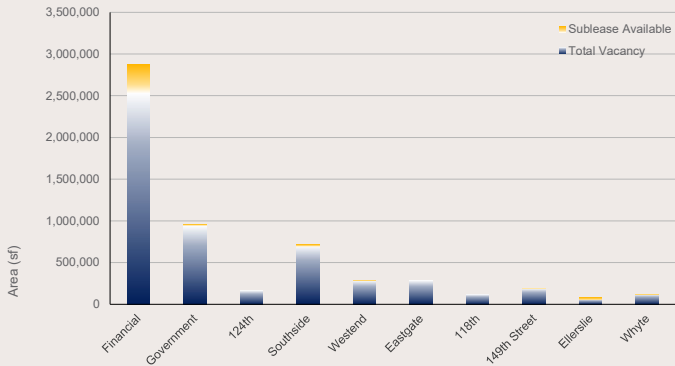
Current Office Vacancy



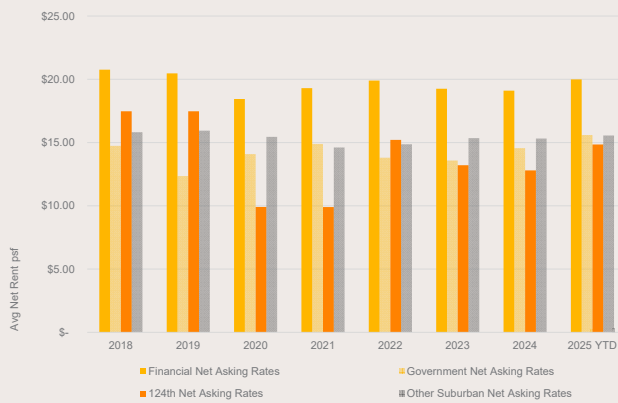
Historical Office Absorption



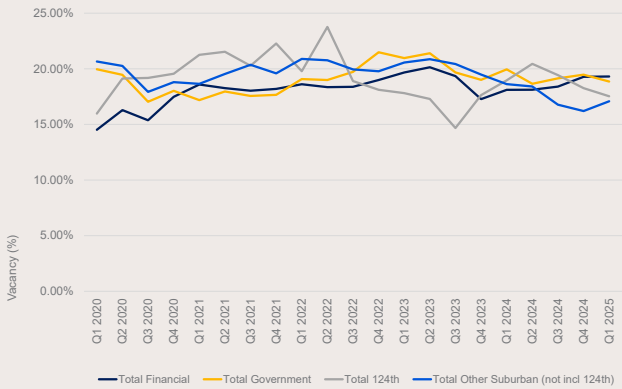
Sublease Vacancy Index



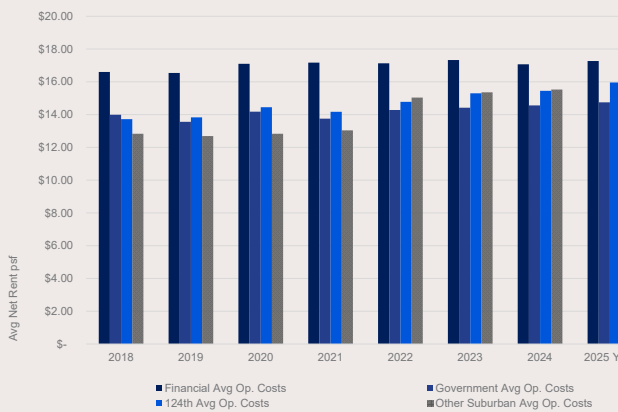
Average Asking Net Rental Rates



Comparative Historical Vacancy



Average Historical Operating Costs



Q1 2025 Vacancy Summary, Edmonton

SUBMARKET	TOTAL INVENTORY (sf)	LEASE (sf)	SUBLEASE (sf)	LEASE (%)	SUBLEASE (%)	TOTAL VACANCY
FINANCIAL						
FINANCIAL AA	4,264,649	430,936	135,280	10.10%	3.17%	13.28%
FINANCIAL A	6,649,354	1,274,925	191,092	19.17%	2.87%	22.05%
FINANCIAL B	1,853,560	421,626	5,759	22.75%	0.31%	23.06%
FINANCIAL C	366,499	76,439	0	20.86%	0.00%	20.86%
Total Financial	13,134,062	2,203,926	332,131	16.78%	2.53%	19.31%
GOVERNMENT						
GOVERNMENT A	2,276,308	456,167	9,353	20.04%	0.41%	20.45%
GOVERNMENT B	2,355,266	418,151	1,227	17.75%	0.05%	17.81%
GOVERNMENT C	370,167	56,363	1,865	15.23%	0.50%	15.73%
Total Government	5,001,741	930,681	12,445	18.61%	0.25%	18.86%
DOWNTOWN TOTAL	18,135,803	3,134,607	344,576	17.28%	1.90%	19.18%
SUBURBAN						
124th A	374,555	62,839	0	16.78%	0.00%	16.78%
124th B	444,968	86,493	0	19.44%	0.00%	19.44%
124th C	118,005	15,035	0	12.74%	0.00%	12.74%
Total 124th	937,528	164,367	0	17.53%	0.00%	17.53%
SOUTHSIDE	3,461,447	675,092	20,940	19.50%	0.60%	20.11%
WESTEND	1,792,631	283,302	1,978	15.80%	0.11%	15.91%
EASTGATE	1,267,512	285,810	0	22.55%	0.00%	22.55%
118TH	859,144	113,023	0	13.16%	0.00%	13.16%
149TH STREET	1,226,272	181,375	6,498	14.79%	0.53%	15.32%
ELLERSLIE	943,205	25,758	25,645	2.73%	2.72%	5.45%
WHYTE	589,562	110,766	1,741	18.79%	0.30%	19.08%
TOTAL SUBURBAN (incl 124th)	11,077,301	1,839,493	56,802	16.61%	0.51%	17.12%
EDMONTON TOTAL	29,213,104	4,974,100	401,378	17.03%	1.37%	18.40%
SHERWOOD PARK	1,511,793	242,782	9,878	16.06%	0.65%	16.71%
OVERALL EXISTING TOTAL	30,724,897	5,216,882	411,256	16.98%	1.34%	18.32%

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**Thinking
strategically.**
**Acting
objectively.**