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What can a new government mean for Quebec real estate?

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The Parti Québécois (PQ) has been elected and now governs with 60 of the National Assembly's 127 seats, four short of a majority. CBRE Research has identified four PQ policies with potential implications for commercial real estate in Quebec:

- a lower corporate income tax rate,
- changes to the Fonds de développement économique (FDE) and business subsidies,
- lower immigration targets, and
- restraint in public-sector payroll costs.

These measures remain proposals, and impact will depend on whether they are implemented as-is, or evolve as the PQ's term unfolds.

This study focuses exclusively on the potential real estate implications if the announced policies take effect.

Figure 1: Announced PQ measures, implementation route and main real estate channel

Measure	As announced	Implementation route	Main real estate connection
Corporate tax cut	Rate falls from 11.5% to 9.5% over one term	Budget or fiscal bill	Strong benefit across the board
FDE and subsidy reduction	Total five-year reduction plan of $8.89B that will be implemented with a phased reduction starting at $635M	Bill and budget	Possibility to hinder foreign, large user attraction
Immigration	Temporary residents cut by half; 35,000 permanent admissions a year	Executive plan	upward pressure on purpose built rental vacancy
Public payroll	2.5% cut in public and parapublic pay costs	Executive decision and budget	Government office occupancy

Note: Implementation route is CBRE Research's reading. Measures that need a vote depend on opposition support.
Sources: PQ fiscal framework and campaign materials; CBRE Research, November 2026.

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Corporate tax reduction

The PQ has proposed gradually lowering the corporate income tax rate from 11.5% to 9.5% over one term (PQ release). The target is to help small and medium sized businesses (SMEs) and the party's example uses a $10,000 saving for a firm with $1 million of taxable income and $90,000 for one with $5 million, reconcile only if the first $500,000 stays at the small-business rate. This corporate tax rate would apply to all companies. The effect on leasing would likely be gradual and secondary to financing costs, labour availability and broader economic conditions. As a result, this policy won't be a tailwind for leasing expansion, but can help SMEs particularly by not reducing their existing real estate footprints.

Business subsidies and the FDE

The PQ has proposed abolishing or substantially reducing the FDE and curtailing direct support to large corporations. The FDE is a **funding and accounting vehicle used to deliver multiple forms of government-authorized business assistance**. The FDE is established within Québec's Ministry of Economy Development, Innovation and Energy under section 25 of the **Loi sur Investissement Québec**. It is used to administer and distribute financial assistance provided through government programs and mandates entrusted to **Investissement Québec**. This can include financing for investment, productivity, innovation and projects considered economically important to Québec.

This can help offset the loss revenue generated by the corporate tax reduction and focuses on helping Quebecois SMEs specifically. The fiscal framework has an objective to cut over $8.89 billion in five years. The phased reduction starts with a decrease of $635 million in 2026-2027 and will incrementally increase up to $2.54 billion by 2030-2031. (PQ fiscal framework; The National Observer). Because it describes a reduction in the FDE and business subsidies, the final form could be a redesign rather than a full abolition, with support kept for firms affected by U.S. tariffs (PQ release).

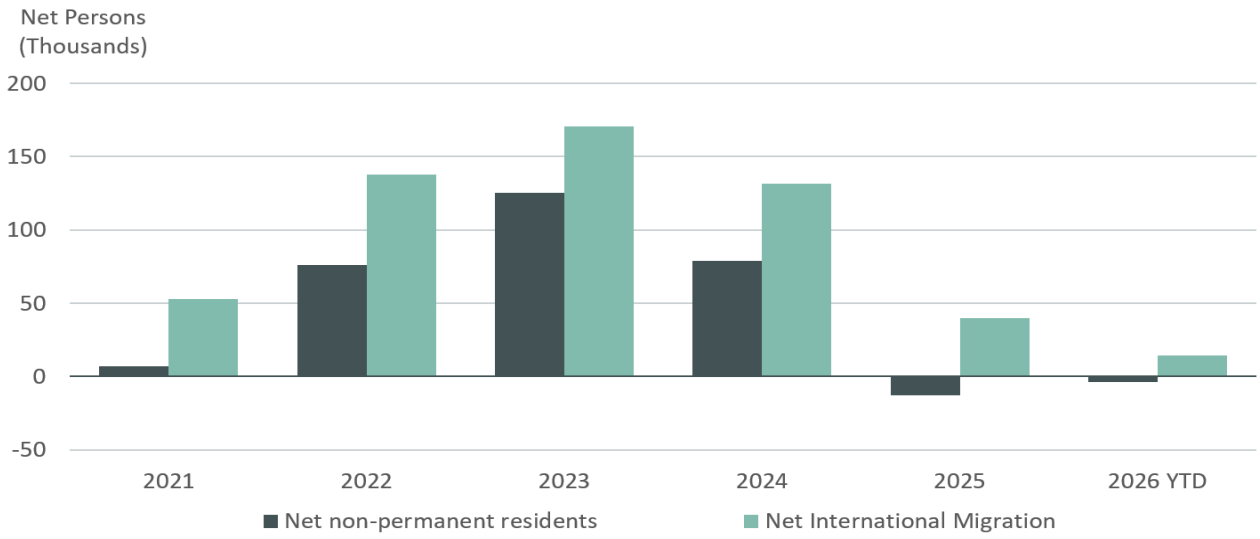
For real estate, the key issue is Quebec's ability to attract and retain large occupiers whose investment decisions depend on public support. Airbus, who has an industrial facility in Mirabel, was supported by the FDE for the A220 program for aircraft assembly and engineering. For life sciences, the FDE helped Delpharm with a $30 million loan and $30 million equity investment to modernize and continue operations of their major sterile-injectable pharmaceutical facility in Boucherville. In CBRE Research's view, reduced assistance could make some major industrial, life sciences, technology and head-office projects less competitive against other jurisdictions. A greater focus on SMEs could support smaller-bay industrial and smaller office requirements. The impact will depend on which programs are reduced, whether existing commitments are honored, and what replacement incentives remain.

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Immigration targets

The PQ has announced an objective of halving the number of temporary residents within four years, equivalent to a reduction of approximately 200,000 to 250,000 people, while setting permanent immigration at 35,000 admissions annually, down from the current target of 45,000. Québec had an estimated 514,000 non-permanent residents as of January 1, 2026 according to (CTV; CBC; Statistique Quebec). Delivery would depend partly on the respective powers of Quebec and Ottawa, which issues work and study permits.

Figure 2: Net non-permanent residents and net international migration by year, Quebec

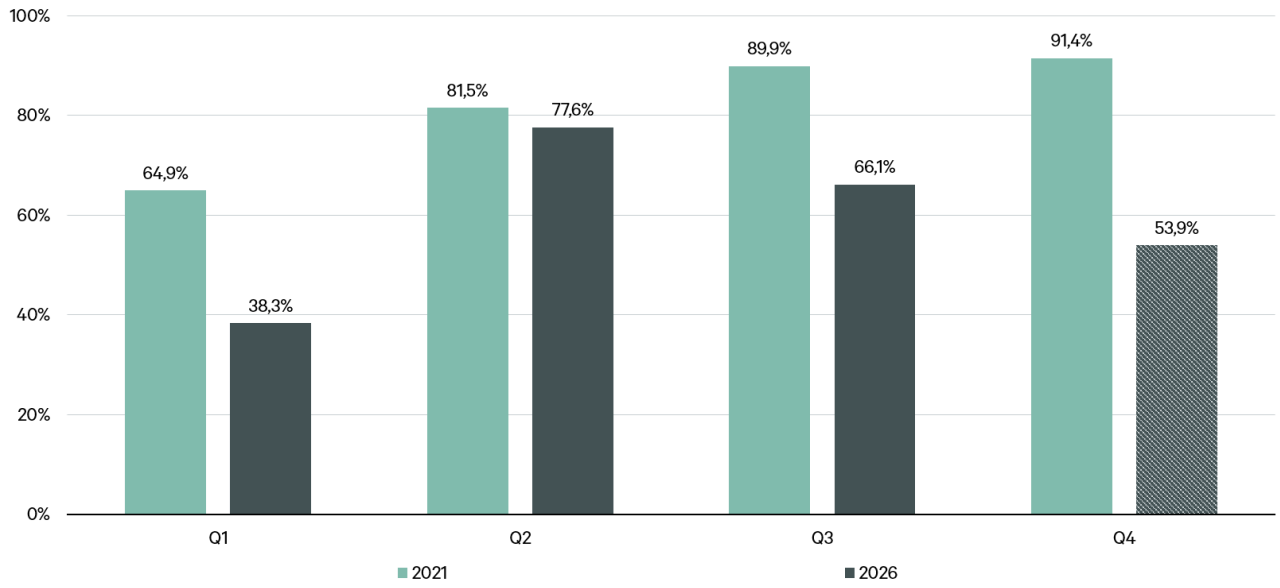


Source: Statistics Canada, Q2 2026.

If population growth slows materially, the most direct effect would be on rental housing, particularly newer purpose-built units, where CBRE Research expects skilled workers and international students to be a meaningful source of demand. Lease-up periods could lengthen and vacancy could rise. This is already the case looking at CMHC's figures for absorbed new construction in 2026, which trails 2021 figures across the board and is expected to continue down this path in Q4 2026 (Figure 3).

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Figure 3: Apartment units absorbed at completion (%), 2021 and 2026 (Q4 2026 forecast)



Sources : CBRE Research, CMHC, 2026.

Slower immigration could also tighten labour availability in construction, hospitality and logistics, raising operating and development costs even as demand growth moderates. The net effect would vary by asset class and location.

Public-sector payroll restraint

The PQ has proposed reducing public and parapublic payroll costs by 2.5%, primarily through attrition and without layoffs. This equates to approximately $1.6 billion a year (Radio-Canada; Le Devoir). Any decline in government space needs would be gradual, following lease expiries and portfolio reviews. Québec City would have the greatest direct exposure given its concentration of provincial government employment, while Montréal could see targeted effects in buildings with significant public-sector occupancy.

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Real estate outlook

This analysis has shown that the suggested policies would not affect all asset types equally. A lower tax rate and a stronger emphasis on SMEs is a benefit to help encourage the local economy. Quebec City for example is an industrial market that mainly consists of SMEs, and speculatively speaking, this could help maintain strong demand in an already tight small bay market. Montreal's industrial sector has shown signals of softening in the small bay sector, so this policy can help spur demand.

The FDE removal or re-structuring remains a concern for major corporate projects and could weaken demand for large-format industrial space, life sciences, major office requirements and development sites tied to international investment. The magnitude of this effect would depend on which programs survive under another structure. Until the details are known, the conclusion is directional rather than definitive.

Lower immigration could create near-term headwinds for multifamily absorption, and public-sector restraint could gradually reduce provincial government office demand, particularly in Quebec City where the provincial government remains a major occupier of space.

Amidst this uncertainty, what is known is that the mixed potential outcomes will not have a drastic, over-reaching impact on commercial real estate. Some pockets of the industry can see tailwinds or headwinds, but the overall interpretation by CBRE Research is a neutral grading. Key variables to watch are the final design and timing, the treatment of existing commitments, federal-provincial interaction and the economic update expected later in November.



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