

Small bay remains steady despite large bay supply shock

▲ 8.5%
Availability Rate

▼ -101K
SF Net Absorption

▼ 0K
SF Under Construction

▼ \$13.41
PSF Net Rental Rate

Note: Arrows indicate change from previous quarter.

Overview

- Availability rate in the Greater Québec City Area (GQA) recorded an increase of 80 basis points (bps) quarter-over-quarter, reaching 8.5% in Q1 2026.
- More large bay spaces from the Transrapide Group portfolio was added to the market in Q1 2026. As a result, average net asking rates were reduced to \$13.41 per sq. ft.
- Net asking rates in the <26’ clear height range experienced the largest quarter-over-quarter decrease.
- Availability remains tight in the under 5,000 sq. ft. category. This segment of the market has a more balanced landlord–tenant dynamic. Landlords with options for sub-divisibility in this size range will be able to accommodate this space crunch.

FIGURE 1: GQA Supply & Demand



Source: CBRE Research, Q1 2026.

Large bay disruption in Q1 2026

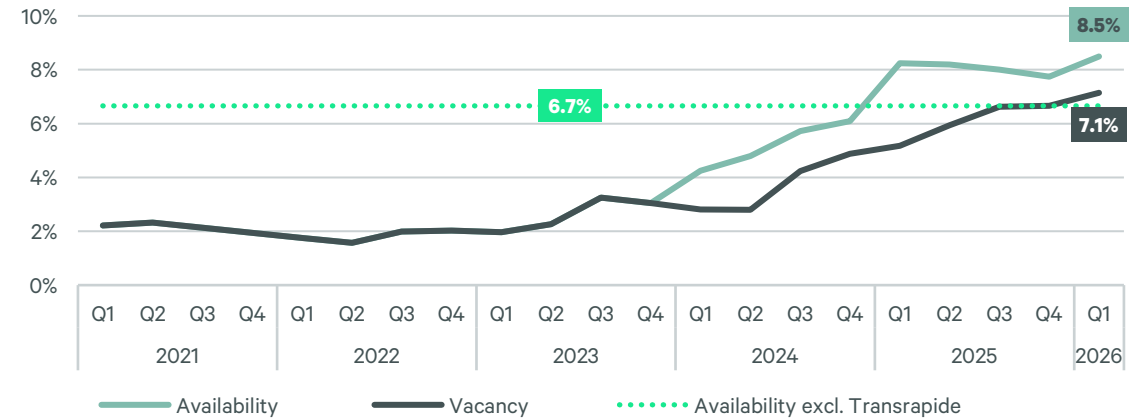
A portfolio of Class A large bay assets owned by Transrapide Group was brought to market in Q1 2026, totalling over 450,000 sq. ft. A portion of this portfolio had already been on market but now the entirety of the campus is available. This addition has strongly impacted leasing metrics across the GQA. Availability grew 80 bps quarter-over-quarter, reaching 8.5%. Now, properties of 15,000 sq. ft. and above account for 81.1% of total available space. The Transrapide portfolio is responsible for 28.5% of this share.

This concentration in large bay product has compressed the average net asking rates by 16.2% to \$13.41 per sq. ft. Properties in the <26' clear height range saw the most pronounced shift. Transrapide accounts for 60.5% of available space in this category, effectively eliminating the premium previously demanded by higher clear height product. Further compression in Class A net rents can be expected as the competitive pricing of this portfolio exerts downward pressure on the market. Existing large bay availabilities listed at \$15.50 per sq. ft. net and above may face increased leasing headwinds.

Asking net rents for properties 15,000 sq. ft. and above have a wide and competitive price range spanning from \$8.50 to \$17.00 per sq. ft., while those below 5,000 sq. ft. are quoted between \$12.00 and \$16.00 per sq. ft. On a year-over-year basis, the GQA recorded a 4.4% decline in average asking rents.

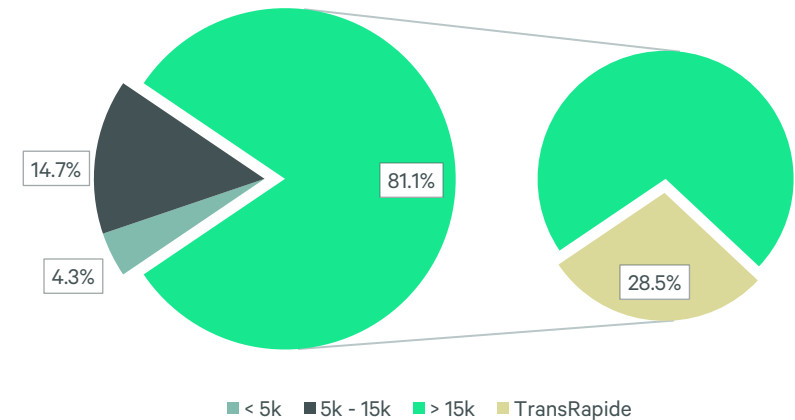
Availability remains limited in the below 5,000 sq. ft. category. This segment of the market is stabilized, with a more balanced landlord-tenant dynamic. Landlords in the mid and small bay size ranges who have the flexibility to subdivide could help provide more options in an increasingly tight sub 5,000 sq. ft. category.

FIGURE 2: Availability Rate and Vacancy Rate with Transrapide Portfolio (%)



Source: CBRE Research, Q1 2026.

FIGURE 3: Availability Distribution by Size Range (%)



Sources: CBRE Research, Q1 2026.

Economic headwind faced by Quebec entrepreneurs

Canada-U.S. tariff tensions and rising oil prices continue to weigh on Quebec’s small business community. Quebec City is a market dominated by small businesses and entrepreneurs. These firms are contending with escalating transportation costs, compressing margins. The region has also seen a new trend in small-business M&A activity, with U.S.-owned companies increasingly acquiring struggling local firms. Approximately one in five Canadian small-and-medium sized enterprises intend to transition out of their businesses within the next five years, representing an estimated \$300 billion in business transfers according to BDC¹. This may cause a rise in user sale activity in 2026 and beyond.

Wholesale trade was the most active industry type for leasing activity with a share of 30.8%. Technology and building materials & construction sectors each accounted for a significant share, rounding out the top three industry segments.

1930 Chemin de Charny, part of the Îlot Charny development, was completed and delivered this quarter and is now available for lease. Speculative development remains scarce and the glut of new construction options on market might make developers focus more on build-to-suit projects.

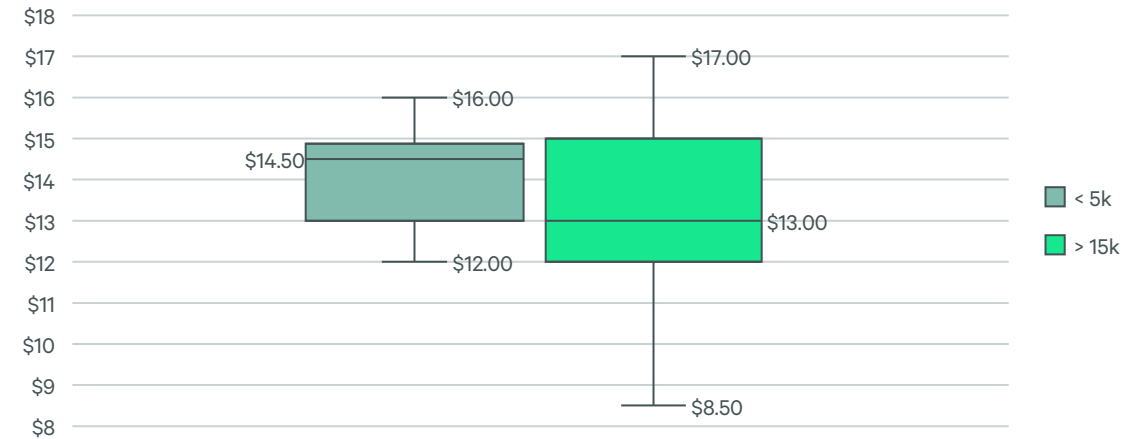
FIGURE 4: Industrial Statistical Summary

MARKET STATS	TOTAL	Q / Q	MARKET STATS	TOTAL	Q/Q
Inventory (SF)	23,047,410	▲	Quarter New Supply (SF)	76,915	▲
Availability Rate	8.5%	▲	Under Construction (SF)	0	▼
Vacancy Rate	7.1%	▲	Avg. Net Asking Rent (PSF)	\$13.41	▼
% Available Space for Sublet	6.4%	▼	Avg. TMI (PSF)	\$5.34	▼
Quarter Net Absorption (SF)	-100,841	▼	Avg. Asking Sale Price (PSF)	\$212.39	▲

Source: CBRE Research, Q1 2026.

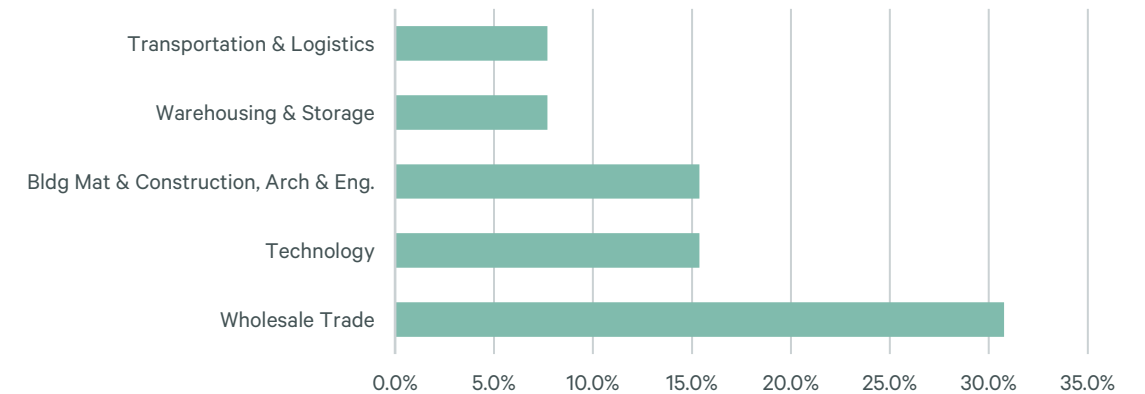
¹ BDC, “The M&A Advantage for Canada’s Entrepreneurs,” January 2026.

FIGURE 5: Net Asking Rent Spread by Bay Size (\$PSF)



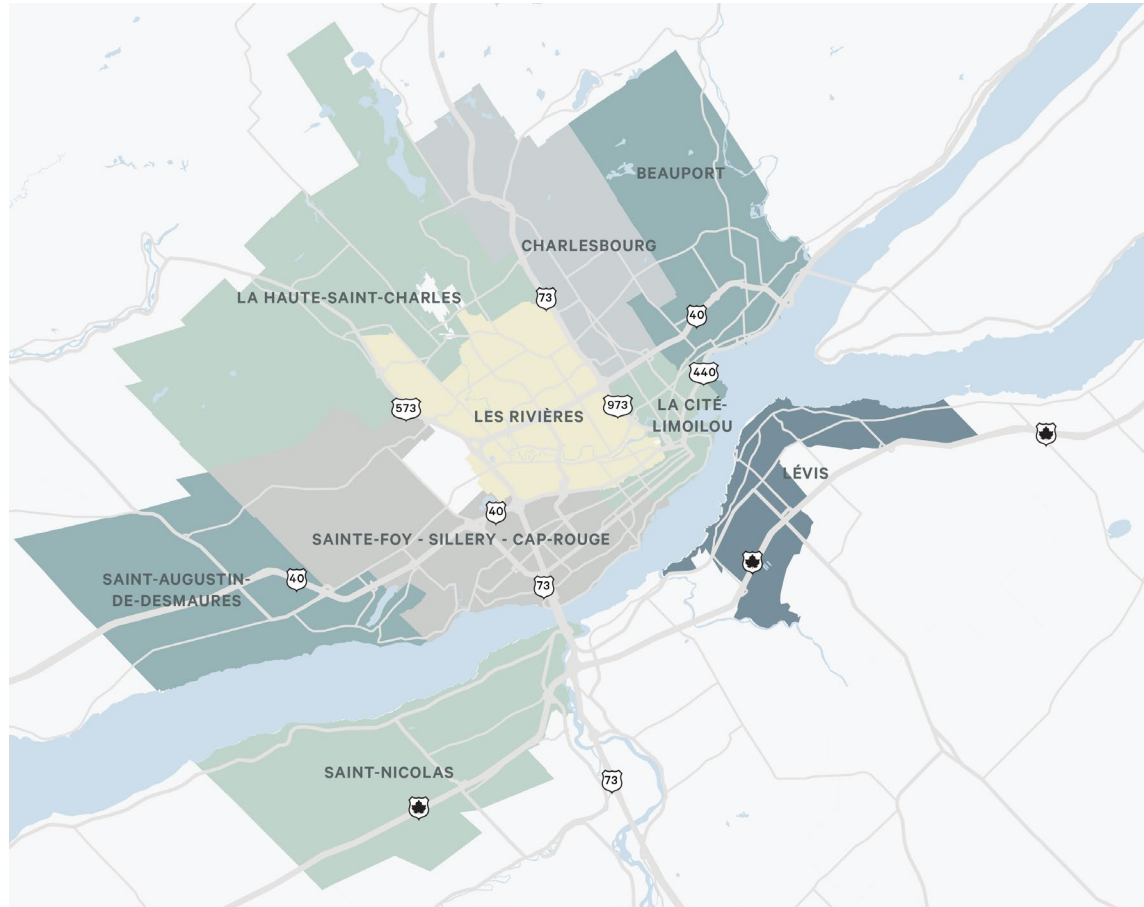
Source: CBRE Research, Q1 2026.

FIGURE 6: Share of Leasing Transactions by Industry Q1 2026



Source: CBRE Research, Q1 2026.

Market Area Overview



Survey Criteria

CBRE's market report analyses fully modern industrial buildings of 20,000+ sq. ft. across the Greater Quebec Area. CBRE assembles all information through telephone conversations and listings received from owners and members of the commercial real estate brokerage community.

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