

Availability begins to ease as the capital meets a new policy landscape

▼ 8.2%

Availability Rate

▲ 134K

SF Net absorption

► 0K

SF Under construction

▲ \$13.37

PSF Average Net Rental Rate

Note: Arrows indicate change from previous quarter.

Overview

- Availability fell 58 basis points (bps) this quarter to 8.2%, pulling back from Q2’s record high, while vacancy dropped 99 bps to 7.0% and ended an eight-quarter streak of increases.
- Net absorption turned positive at 133,631 sq. ft., the strongest quarter since Q1 2023, bringing year-to-date absorption to negative 30,515 sq. ft.
- Listings under 5,000 sq. ft. represent only 4.0% of available space and have the highest net asking rents, while options over 15,000 sq. ft. account for nearly 80.0% of supply and face a more difficult market.
- The > 26’ clear-height category drove availability downward with a decrease of 333,000 sq. ft. while 18’-26’ and < 18’ categories both increased.

FIGURE 1: Supply and Demand Fundamentals

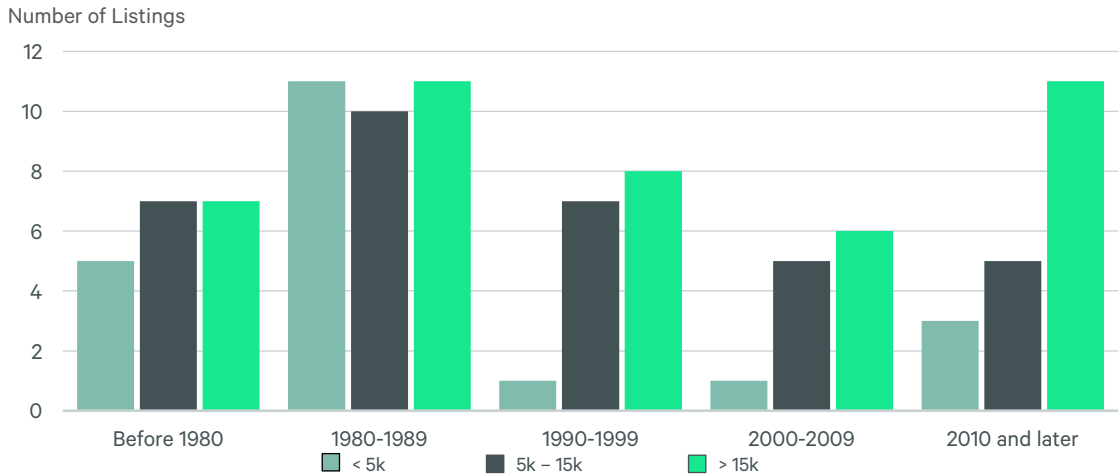


Source: CBRE Research, Q3 2026.

Bifurcated demand: small bays remain scarce while large bays are oversupplied

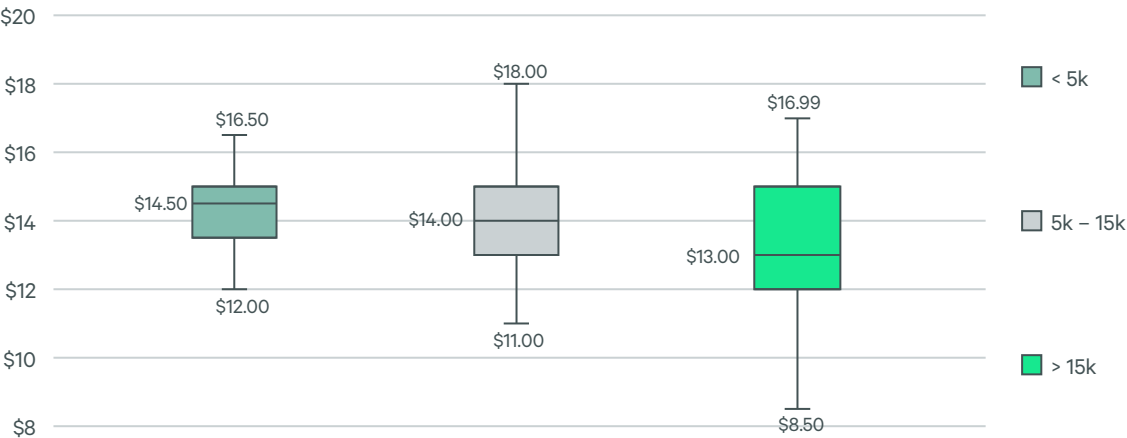
Q3 net absorption was driven largely by a single transaction: a 73,000 sq. ft. lease of newly built, 32' clear space at 8100 Armand-Viau Street, which accounted for over half of the quarter's total. However, the market has yet to turn, with year-to-date net absorption still negative at 30,515 sq. ft. Demand is more consistent in the small-bay segment, though supply remains limited. Units under 5,000 sq. ft. represent only 4.0% of available space. Over half of the small-bay inventory on the market dates from the 1980s, while construction since 2010 has mostly focused on larger bay product. This scarcity gives small-bay landlords pricing power, reflected in the highest median net asking rent of the three size categories at \$14.50 per sq. ft. and the narrowest range from \$12.00 to \$16.50 per sq. ft. Spaces over 15,000 sq. ft. are the opposite: they account for 79% of available space, and their rents are the most varied, ranging from \$8.50 to \$16.99 per sq. ft., reflecting differences in product and landlord strategy. Institutional owners at the top end can command premium rents with newer, commercially oriented product that appeals to multinationals with strong capacity to pay. At the low end, owners are turning to incentives: the \$8.50 rate, for instance, is a first-year discount on a very large space meant to secure a tenant, with rent rising afterward. As a result, small-bay rents should remain firm while large-bay landlords may increasingly look to subdivide space or offer concessions to attract tenants.

FIGURE 2: Construction Year by Bay Size



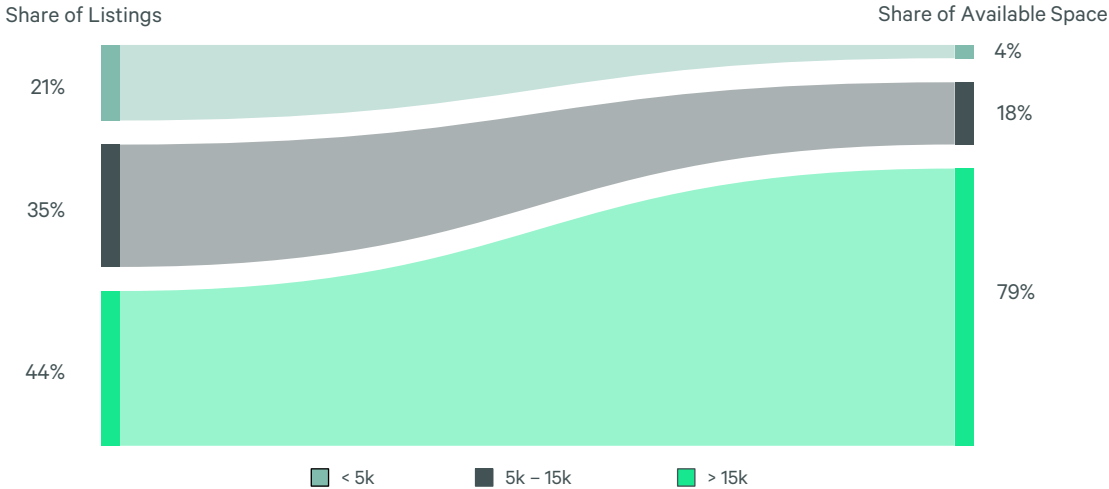
Source: CBRE Research, Q3 2026.

FIGURE 3: Net Asking Rent Spread by Bay Size (\$PSF)



Source: CBRE Research, Q3 2026.

FIGURE 4: Listings vs. Available Space by Bay Size



Source: CBRE Research, Q3 2026.

A small-business economy supports small-bay demand

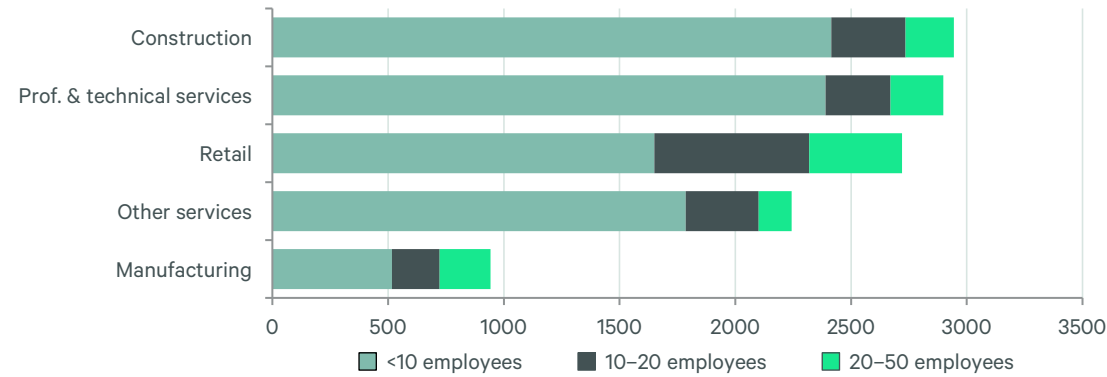
Small businesses make up most of Québec City’s commerce. Among firms with fewer than 50 employees in the five largest sectors, roughly three in four employ fewer than 10 people. The share is highest in construction, and professional & technical services, both at about 82.0%. The lowest is manufacturing at about 55.0%. Retail stands out for its mid-sized firms, with about 39.0% employing 10 to 50 people.

This profile is consistent with the strong demand for units under 5,000 sq. ft. highlighted on the previous page, as smaller firms typically handle regional economy needs and are predominantly in a “just-in-time” inventory management system, where a business orders and receives materials or goods only when they are needed for production or sale. This keeps stock levels low, which cuts storage costs. This preference for smaller, lower-cost space is not new for Québec City, whose market has been leaning toward a flight-to-affordability, as a smaller unit means a lower total rent outlay. However, high demand and limited supply may shake up that trend, giving landlords of small-bay space some pricing power.

Policy shifts could favor small and mid-sized occupiers

Following the [October 5 election](#), the Parti Québécois governs with a minority of 60 of 127 seats and will need opposition support to pass legislation. Based on stated [party platforms](#), several measures relevant to industrial occupiers appear to have a path to adoption. Those with the broadest support, and most likely to pass, are the corporate income tax cut, the end of “open bar” corporate subsidies, and the abolition of the Fonds de développement économique (FDÉ). If adopted, a gradual cut in the corporate income tax rate from 11.5% to 9.5% could improve margins for the small and mid-sized businesses that drive most of local demand. Ending “open bar” corporate subsidies, meaning large, case-by-case grants to individual firms, would leave fewer, clearer programs and less money concentrated in large projects. This could shift the advantage toward organic small and medium enterprises (SME) growth. Lastly, abolishing the FDÉ could reduce state-backed demand for large-format space from subsidized users, a segment already facing elevated availability. While timing and final scope remain uncertain, these measures point to a policy environment that may favor growth among smaller companies over large, subsidy-driven projects. Regardless of policy outcomes or trade uncertainty, demand for small-bay space is expected to stay resilient, as limited new supply keeps the market tight. To keep pace with that demand, landlords will need to be flexible on lease length and fit-out while still holding firm on rents. Landlords in the large bay category need to find ways to make their product subdivisible for the 5,000 sq. ft. range which can help drive their availability downward.

FIGURE 5: SME base of Five Largest Sectors



Sources: Statistics Canada, CBRE Research, Q3 2026.

FIGURE 6: Select Policies with a Potential Path to Adoption

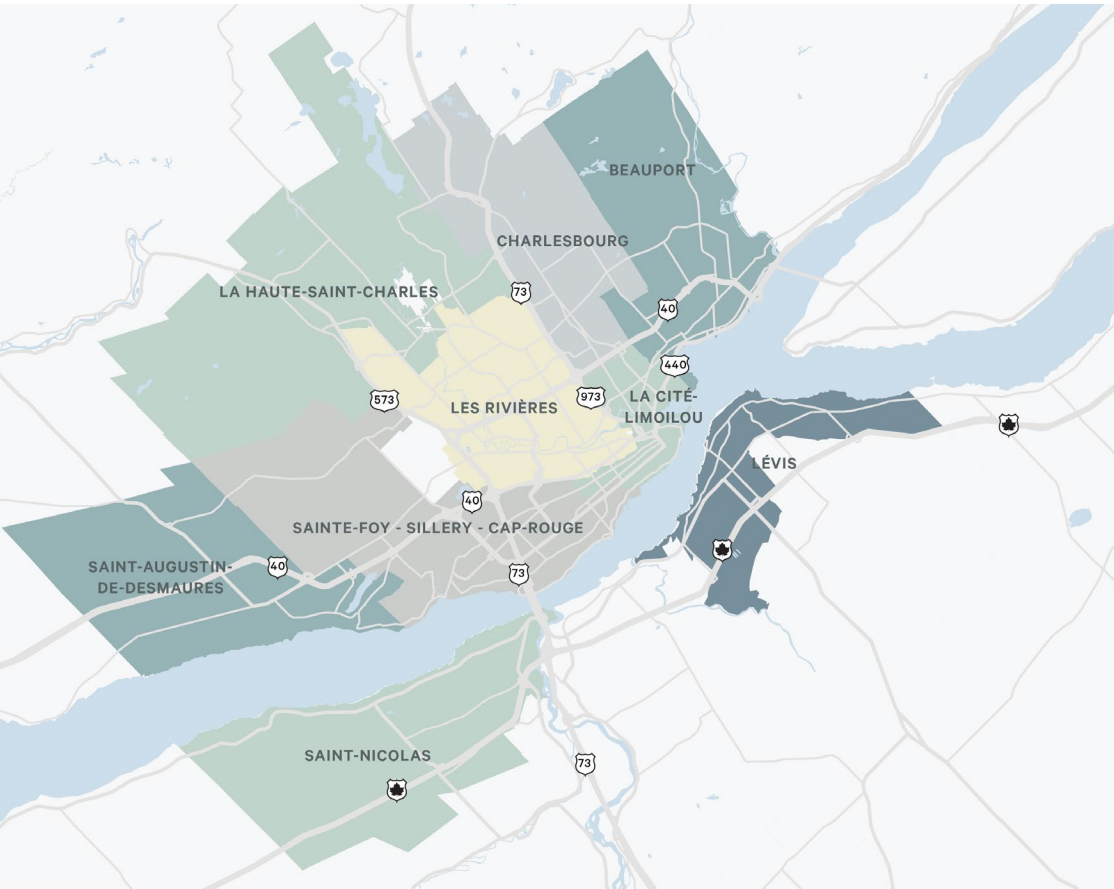
POLICY	PLQ	PCQ	QS	POTENTIAL EFFECT
POTENTIAL TAILWINDS				
Corporate tax cut (11.5% → 9.5%)	●	●	○	Stronger margins for SME occupiers
Revise the Building Code*	○	●	○	Lower costs, faster delivery
SHIFT / HEADWINDS				
End “open bar” corporate subsidies	●	●	○	Demand shifts to organic SME growth
Abolish the FDÉ	●	●	○	Fewer state-backed large users

● Supports ● Partial ○ No stated position ✕ Opposes (PQ supports all; PQ + any supporting party ≥ 64 votes)

* [Building Code](#) changes run mainly through the RBQ and may not require an Assembly vote.

Source: CBRE Research; party platforms; Élections Québec, Oct. 2026. Positions based on stated party platforms.

Submarkets of Greater Quebec City



Study criteria

CBRE’s report examines modern industrial buildings of 20,000 sq. ft. or more in Greater Quebec City. The information gathered comes from telephone conversations as well as from properties brought to market by owners and members of the commercial real estate brokerage community.

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