

The National Capital sees vacancy decrease from 2025 highs

▼ 14.3%

Vacancy Rate

▼ 34.2K

SF Net Absorption

► 0

SF Under Construction

▲ \$15.39

PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

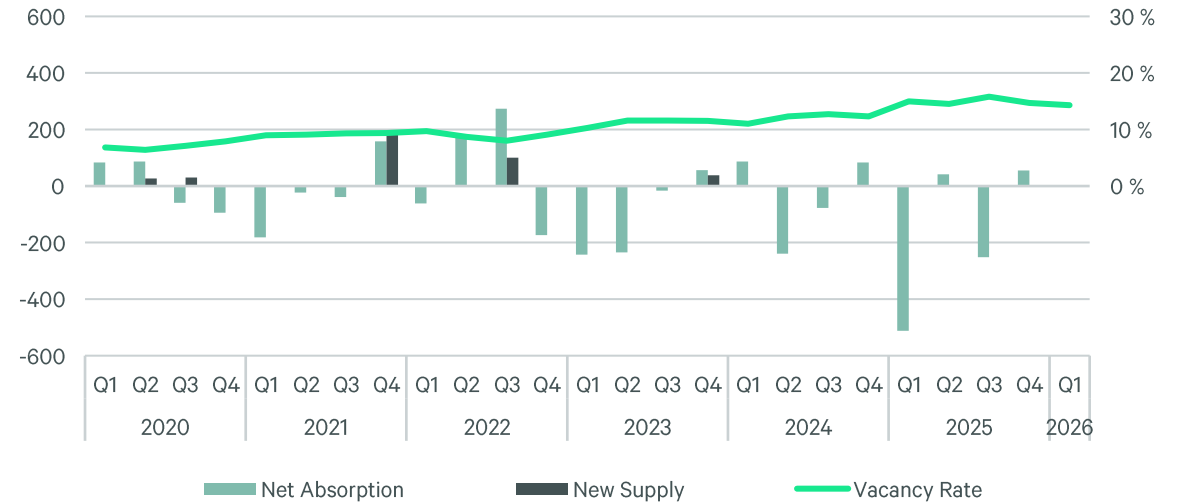
Highlights

- Leasing activity was concentrated in the main office hubs. Activity in locations outside of Old Quebec, National Assembly, Sainte-Foy or Henri-Hamel only amount to 3,500 sq. ft. of negative net absorption. Contrastingly, the largest contributor to positive absorption was Downtown Fringe with 45,000 sq. ft.
- Return-to-office attendance is increasing broadly in Quebec City as many industries will require in-person attendance at least three days a week.
- Office to residential conversion projects have gained momentum since the announcements for both 700 & 800 Place d'Youville in Q3 2025. Since then, other office buildings, like 925 Grande Allée West and 570 Grande Allée East, are also positioned for conversion.

FIGURE 1: GQA Supply and Demand

Net Absorption & New Supply (000s sq. ft.)

Vacancy Rate (%)



Source: CBRE Research, Q1 2026.

Has absorption reached its peak?

Québec City’s office market experienced 34,000 sq. ft. in positive net absorption to kickstart 2026, a stark contrast to the volatility of 2025 driven by the release of large blocks of space. Current market indicators hint at positive momentum for occupancy trends. Vacancy is down 40 basis points (bps) this quarter to 14.3% and only one submarket has vacancy currently at an all-time high in Henri-IV/-Hamel. All other submarkets have seen vacancies regress from peaks.

Return-to-office trends also support market recovery. Financial-sector tenants including RBC, BMO, TD, Scotiabank, and National Bank have largely returned to the office four to five days per week. Public-sector occupiers are also maintaining three to four in-office days, signalling a shift extending beyond the private sector. Sublets have seen over 110,000 sq. ft. of space removed since the peak in 2025, signalling occupiers are no longer reducing their footprint.

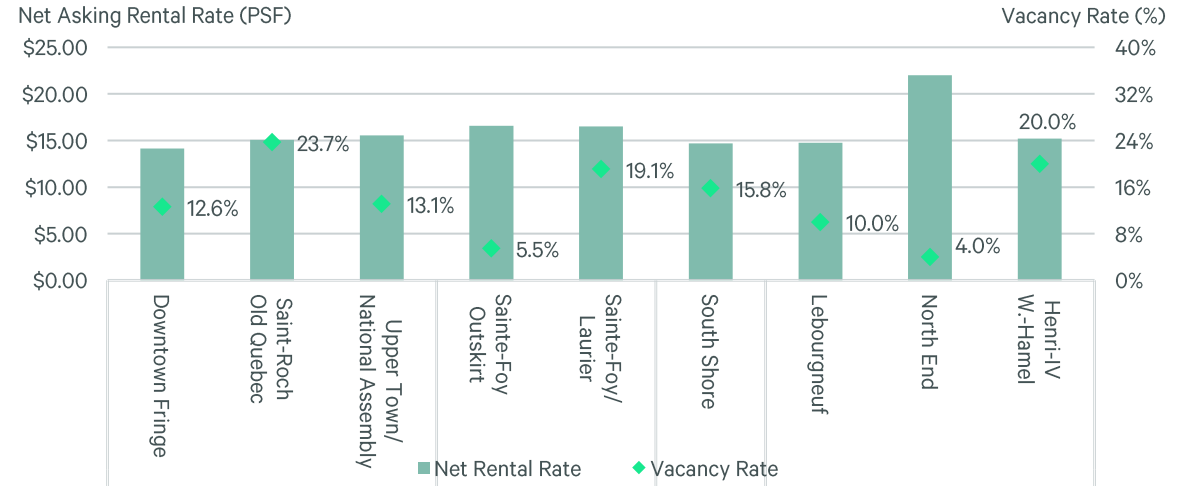
With limited new space expected to come to market over the next year and occupancy patterns continuing to normalize towards holding or leasing space, 2026 is shaping up as an inflection point, with vacancy projected to enter a gradual downward trajectory going forward.

Conversions sprouting in National Assembly & Downtown Fringe

Despite most submarket showing positive net absorption this quarter, vacancy rates remain elevated across the National Capital. Saint-Roch & Old Quebec remain the most visible source of elevated vacancy near the National Assembly (23.7%), though several adjacent submarkets also harbor underperforming assets with over 30% vacancy.

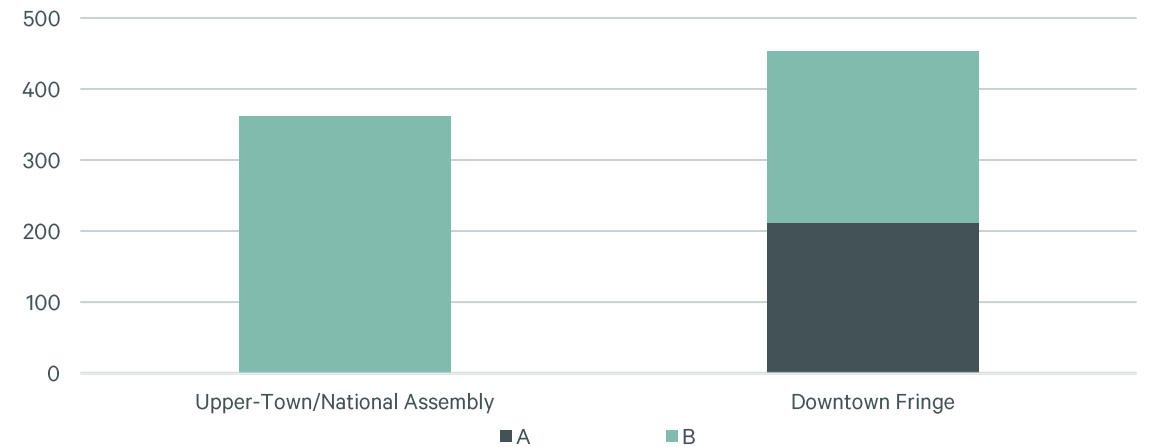
In response, asset repositioning toward highest and best use is increasingly viewed as a viable alternative. Large-scale conversions such as 700 & 800 Place d’Youville, 580 Grande Allée East & 925 Grande Allée West will have a structurally positive impact on market fundamentals by permanently removing obsolete inventory and easing vacancy pressure over time.

FIGURE 2: GOA Vacancy Rates and Net Rental Rates, per Submarket



Source: CBRE Research, Q1 2026.

FIGURE 3: Total Conversion project space by submarket and class (000s sq. ft.)



Source: CBRE Research, Q1 2026.

Market Area Overview

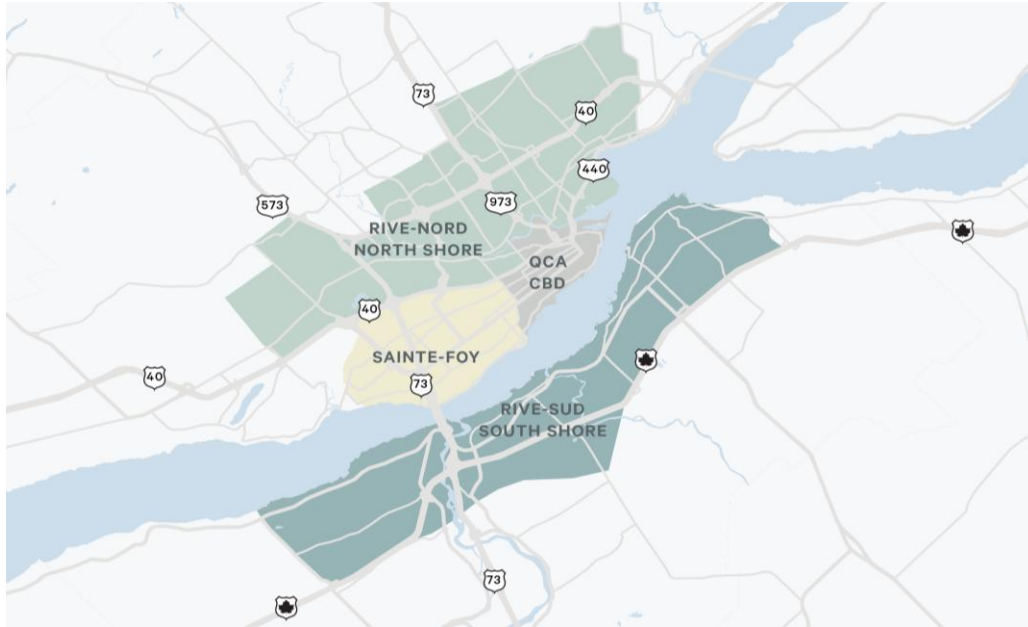


FIGURE 4: Statistics Summary of Submarkets in Quebec City, Q1 2026

SUBMARKET	INVENTORY (SF)	VACANCY RATE (%)	SUBLET SPACE (% OF VACANT)	NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	AVG. NET ASKING RENT (PSF)
Downtown Fringe	1,746,462	12.6%	0.0%	45,882	0	\$14.15
Saint-Roch Old Quebec	2,161,656	23.7%	4.7%	10,625	0	\$15.08
Upper Town/ National Assembly	3,144,528	13.1%	0.0%	-24,301	0	\$15.56
Sainte-Foy	4,955,730	13.0%	5.5%	-7,170	0	\$16.53
South Shore	2,114,039	15.8%	0.0%	18,805	0	\$14.70
Northwest	4,561,492	12.2%	1.1%	-9,681	0	\$15.16
TOTAL	18,683,907	14.3%	2.4%	34,160	0	\$15.39

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Definitions

Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance.

Net Absorption: The change in Occupied sq. ft. from one period to the next.

Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate.

Vacancy Rate: Total vacant sq. ft. divided by the total building area.

Vacant sq. ft.: Space that can be occupied within 30 days.

Survey Criteria

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