MARKETBEAT

CANADA NATIONAL

INDUSTRIAL Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.4% Vacancy Rate	—	▼
8.9M YTD Net Absorption, SF	▲	▲
$14.85 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
20.9M Total Nonfarm Employment	▲	▲
2.9M Industrial Using Employment	▲	—
6.5% Canada Unemployment Rate	▼	▲

Source: Statistics Canada
September 2026 Labour Market Survey

ECONOMIC OUTLOOK

In its September 2026 Labour Force Survey, Statistics Canada reported that Canadian employment declined by 68,000 from the previous month, while the unemployment rate rose 10 basis points (bps) to 6.5%. Employment in transportation and warehousing decreased slightly for the third consecutive month but remained above September 2025 levels. Manufacturing employment also fell by 13,000 in September, following an increase of 22,000 in August. Despite the monthly decline, manufacturing employment was essentially unchanged compared with one year earlier.

INDUSTRIAL MARKET HOLDING FIRM

Over the past six quarters, the Canadian industrial vacancy rate has remained relatively stable, with quarter-over-quarter (QOQ) fluctuations limited to within 20 bps. A similar trend has been observed across most major Canadian markets, with vacancy rates showing little movement in recent quarters. Among the major markets, Vancouver continues to post the lowest industrial vacancy rate at 4.4%, while Montreal remains the highest at 7.2%.

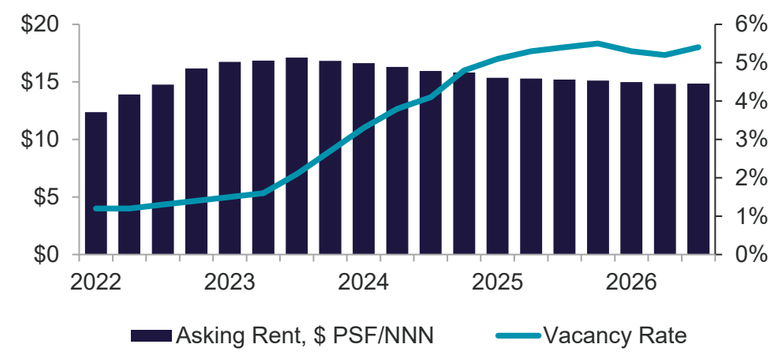
Although industrial absorption slowed from last quarter to 1.5 million square feet (msf) in Q3 2026, it marked the fifth consecutive quarter of positive absorption. All major Western Canadian markets, along with Toronto, recorded positive absorption during the quarter, while new vacancy outpaced occupancy gains in Ottawa and Montreal. New leasing activity remained strong at 16.1 msf, nearly unchanged from the previous quarter. Year-to-date leasing totals have now reached 48.8 msf, exceeding the volume recorded during the same period in 2025.

The national average net asking rent ended Q3 2026 at $14.85 per square foot (psf), virtually unchanged from the previous quarter. This marks the first quarter in two years in which the national average net asking rent did not decline on a QOQ basis. While rents decreased in Toronto and Vancouver, increases in Calgary, Edmonton, and Montreal were sufficient to keep the national average stable. Within the major markets asking rental rates continue to be elevated for spaces under 25,000 square feet (sf), averaging $16.87 psf, while remaining more competitive for spaces above 50,000 sf at an average of $14.80 psf.

SPACE DEMAND / DELIVERIES



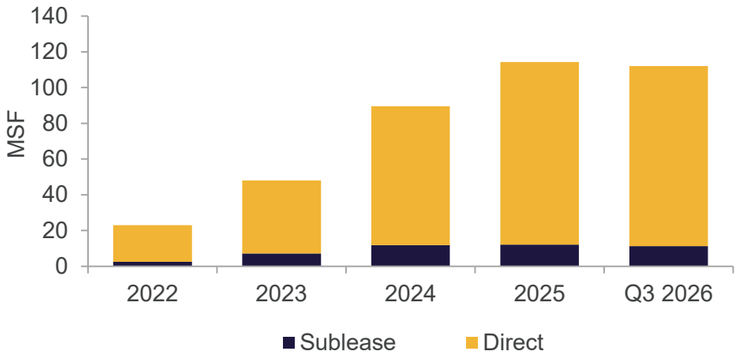
OVERALL VACANCY & ASKING RENT



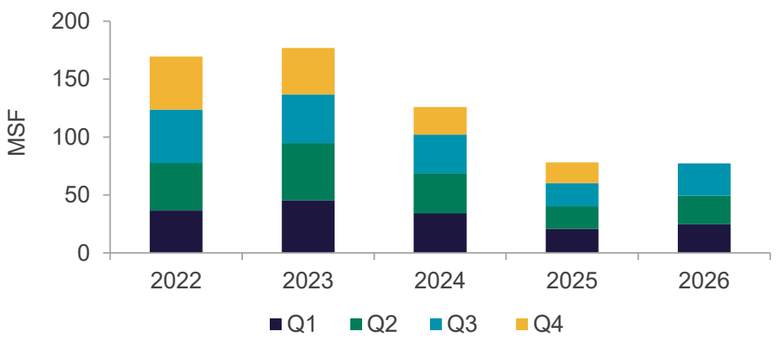
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CANADA
INDUSTRIAL Q3 2026

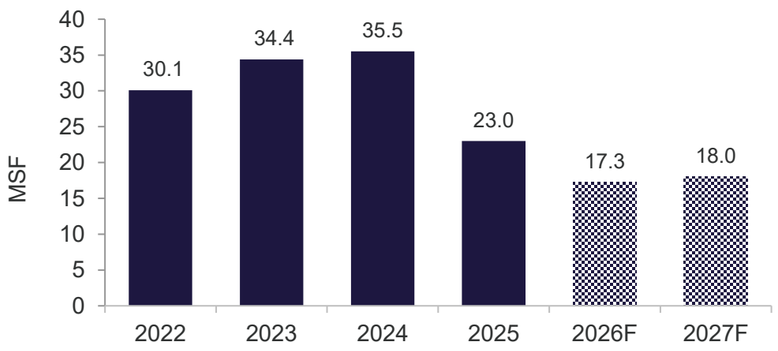
SUBLEASE VS. DIRECT VACANCY



SPACE UNDER CONSTRUCTION



NEW SUPPLY



After declining for two consecutive quarters, direct vacancy increased slightly from the previous quarter. Sublet vacancy followed a similar trend, recording a modest uptick. As a share of total vacancy, however, sublet space has remained relatively stable throughout 2026, hovering around 10.0%. The composition of sublet availability has also changed little in recent quarters, with 77.0% of listings exceeding 10,000 sf and nearly 18.0% larger than 50,000 sf. Approximately two-thirds of sublet listings are located in industrial properties built more than 25 years ago.

Leasing momentum remained steady throughout 2026. Year-to-date activity has been concentrated in the under-25,000-sf segment, which accounts for nearly 80% of all transactions. Demand for larger blocks of space has also persisted, with 21 transactions exceeding 250,000 sf completed year-to-date, compared with 12 at the same point in 2025. These larger transactions have largely been concentrated in newer properties, with buildings completed since 2020 recording the largest average deal size at nearly 59,000 sf. By leased square footage, demand continued to be driven by manufacturing and transportation/warehousing occupiers, consistent with trends observed through the first three quarters of 2025. Wholesale trade occupiers have also recorded a notable increase in activity, with leased square footage rising nearly 87% compared with the same period last year.

New supply totaled nearly 4.5 msf this quarter, the highest quarterly delivery volume of 2026, bringing year-to-date completions to 10.1 msf. Speculative developments continued to dominate deliveries, accounting for approximately 91.0% of all new supply completed so far this year. Nearly all projects delivered year-to-date have been smaller than 300,000 sf. Speculative developments completed this quarter were approximately 61.0% preleased at delivery, limiting the amount of vacant space entering the market and minimizing the impact on the overall vacancy rate.

Construction activity increased slightly from the previous quarter, with 27.8 msf currently under construction, including approximately 7.3 msf scheduled for delivery by year-end. While speculative developments continue to represent the majority of space underway, the gap between speculative and build-to-suit projects has narrowed slightly over the past year. The composition of projects under construction has also shifted. In Q3 2025, developments under 100,000 sf represented approximately 57.0% of all projects underway; that share has since fallen to 39.0%. Conversely, projects ranging from 100,000 to 300,000 sf now account for 47.0% of active developments, up from approximately 27.0% one year ago.

OUTLOOK

- The Canadian industrial market is expected to continue transitioning from stabilization to modest growth. Vacancy rates have likely peaked, while absorption and leasing activity are expected to maintain positive momentum. Asking rental rate declines are also projected to bottom out.
- Although the construction pipeline has expanded in recent quarters, development activity is expected to remain well below the historic highs recorded between 2022 and 2024 and is unlikely to significantly outpace demand - Particularly as developers are facing rising construction costs.
- Trade disputes and broader global trade uncertainty remain potential headwinds for the industrial market heading into 2027, with major markets across the country facing varying levels of tariff exposure.

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MARKET STATISTICS Q3 2026

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT	OVERALL WEIGHTED AVG ADD. RENT	OVERALL WEIGHTED AVG GROSS RENT
Vancouver	254,408,200	11,092,473	4.4%	371,489	1,391,782	3,453,249	1,585,657	$18.58	$6.18	$24.76
Edmonton	164,921,281	9,168,357	5.6%	471,214	1,154,726	3,923,706	849,058	$11.80	$5.03	$16.83
Calgary	162,460,703	7,546,421	4.6%	592,756	1,155,818	5,025,336	1,155,605	$11.57	$5.47	$17.04
Saskatoon	24,845,642	801,578	3.2%	-30,880	2,400	374,960	6,705	$14.16	$5.12	$19.28
Winnipeg	77,419,136	2,665,088	3.4%	-118,107	328,271	99,150	249,314	$11.51	$4.13	$15.65
Waterloo Region	98,135,273	6,737,429	6.9%	85,880	199,789	1,176,324	400,547	$13.74	$3.54	$17.28
London	42,934,202	2,324,231	5.4%	-108,922	-31,739	609,842	446,000	$10.77	$3.87	$14.64
Toronto	853,783,939	42,353,071	5.0%	542,914	4,163,889	8,264,009	3,982,050	$15.90	$4.45	$20.35
Ottawa	28,822,675	1,712,855	5.9%	-240,752	-114,413	3,184,000	48,239	$16.67	$6.29	$22.96
Montreal	360,485,584	26,083,740	7.2%	-114,749	-107,238	1,307,003	1,302,688	$14.08	$4.84	$18.92
Fredericton	523,015	29,950	5.7%	3,000	-17,950	0	0	$10.02	$5.24	$15.26
Saint John	522,603	10,330	2.0%	-10	36,350	0	0	$9.07	$4.58	$13.65
Moncton	4,916,105	284,849	5.8%	37,559	218,815	349,960	0	$10.03	$4.58	$14.61
Halifax	9,972,313	801,972	8.0%	12,149	433,208	86,400	113,904	$15.03	$7.98	$23.01
Charlottetown	396,139	8,000	2.0%	0	7,399	0	0	$10.67	$5.52	$16.19
St. John’s	4,448,268	439,764	9.9%	36,638	97,306	0	0	$13.71	$4.49	$18.20
NATIONAL TOTALS	**2,088,995,078**	**112,060,108**	**5.4%**	**1,540,179**	**8,918,413**	**27,853,579**	**10,139,767**	**$14.85**	**$5.11**	**$19.96**

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METHODOLOGY

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The market statistics are calculated from a base building inventory made up of industrial properties deemed to be competitive in the local industrial markets. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

EXPLANATION OF TERMS

Total Inventory: The total amount of industrial space (in buildings of a predetermined size by market) that can be rented by a third party.

Overall Vacancy Rate: The amount of unoccupied space (new, relet, and sublet) expressed as a percentage of total inventory.

Direct Vacancy Rate: The amount of unoccupied space available directly through the landlord, excludes sublease space.

Absorption: The net change in occupied space between two points in time. (Total occupied space in the present quarter minus total occupied space from the previous quarter, quoted on a net, not gross, basis.)

Leasing Activity: The sum of all leases over a period of time. This includes pre-leasing activity as well as expansions. It does not include renewals.

Overall Weighted Asking Rents: NNN average asking rents weighted by the amount of available direct space in industrial properties.

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