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Canada Commercial Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 150 pages | Mordor Intelligence

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Report description:

The Canada Commercial Real Estate Market size is estimated at USD 77.09 billion in 2024, and is expected to reach USD 111.12 billion by 2029, growing at a CAGR of 7.59% during the forecast period (2024-2029).

Commercial real estate in Canada has witnessed tremendous growth and strong performance over the past thirty years. Industry participants have enjoyed outstanding possibilities for investment, asset development, service development, and property management.

However, the COVID-19 pandemic altered the real estate market's environment in Canada. The global cascade of corporate closures, restricted borders, and reduced spending habits affected investors, landlords, and tenants. They monitored the effects of COVID-19 and dynamically adjusted their operations and backup plans to support their operations and personnel on a daily basis.

In actuality, there is a direct link between population, employment, and real estate performance growth. The need for space grows along with a company's growth and expansion, and so does the cost of real estate to accommodate the addition of new personnel, goods, or services. Over the past thirty years, demand and space absorption have largely stayed positive in the office and industrial sectors.

Other elements that contribute to the expanding productivity gap include Canadian businesses' propensity to avoid competition, which is demonstrated by their comparatively low export intensity in comparison to other nations. Canada invests less in ICT than other developed nations in the mining, oil and gas, manufacturing (a proxy for industrial space), and banking (a proxy for office space) industries, three key contributors to our economy.

Several American firms, including Costco, Home Depot, Walmart, Apple, and others, have opened up shop in Canada. In order to stay competitive, Canadian merchants have been compelled to invest in their business models. The impressive legacy Additionally sold to American investors, Hudson's Bay Company is now gaining market share as a result of the increased investment and rivalry. As a result, this industry's production and retail spending have both increased significantly.

As technology improves the "path to purchase" for customers and the retail experience, store measurements continue to change. Mobile price monitoring is posing a competitive threat by minimizing the need for store visits and in-store transactions. In reaction to this trend, every store is uniquely realigning its portfolios. For instance, Staples is modifying their business strategy to emphasize e-commerce more. To guarantee that their Canadian footprint is optimized, other retailers are also reviewing their shop strategies.

Canada Commercial Real Estate Market Trends

Evolution of retail sector driving the market

The demand for products entering the Canadian market has increased due to the recent decade's robust retail expansion. The majority of the big retailers have acquired or built sophisticated new centers that can satisfy the "just-in-time" requirement of growing retail platforms, which has contributed to the booming storage and distribution business.

Demand often equals new space building because our industrial space is typically given to the market just in time. Because of the rush by investors and developers to secure these highly sought-after long-term tenants and space users, this has boosted market activity.

Because of the rush by investors and developers to secure these highly sought-after long-term tenants and space users, this has boosted market activity. Vacancy rates are lower in Toronto than they are in the majority of the US, a market that is expanding quickly. Other Canadian markets have different rates, with the national average coming in at just over 6%, which is slightly more than what members like.

Although asking rents have grown significantly, effective retail rentals have yet to make any headway toward catching up to inflation. Only a slight rise in average rental rates has been observed. While Vancouver continues to lead the pack in terms of rental rate appreciation, closely followed by Toronto, Calgary is finally returning to pre-pandemic levels.

Office spaces in Toronto and Vancouver are increasing

Office occupancy rates in downtown Toronto and Vancouver are rising swiftly. The third quarter of 2022 saw Canadian office markets continue to grow, with CBRE's new Q3 Figures report providing signs of growth in downtown areas despite resurgent demand for premium office space.

According to industry experts, Canadian office markets have proven extraordinarily resilient despite years of pandemic-related obstacles, new supply additions, persistent remote work issues, as well as a pending economic recession.

These most recent statistics provide solid proof that cities' vitality and momentum are returning, supporting increased leasing activity. Despite the fact that the economy is the center of attention, it is proving to be harder to anticipate than normal.

Indian IT service business Mphasis chose Calgary's First Tower as the location for its brand-new 26,160 square-foot Canadian headquarters. Microsoft secured a deal for about 400,000 square feet at the B6 building in Vancouver (1090 W Pender Street).

In the meantime, Toronto saw medical technology vendor PointClickCare increase its presence by acquiring 90,000 square feet over three floors at The Well, one of the most well-known new complexes in the city.

In 2022 Q3, downtown vacancy decreased in seven of Canada's ten major office cities, while suburban vacancy decreased in five of those markets. In the midst of a flurry of leasing transactions, Calgary, Waterloo Region, and Vancouver all saw their downtown and suburban office vacancy rates decline, making them the actual MVPs of the quarter.

Canada Commercial Real Estate Industry Overview

The Canadian commercial real estate market is fragmented, with local and few international players. The Canadian commercial real estate market is attracting many investments supported by an increasing number of real estate acquisitions and an increase in new property builders. Some leading Canadian commercial real estate players include Onni Group, WestBank Corp., Amacon Developers, and Maxwell Realty.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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