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Canada Commercial Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-02-09 | 150 pages | Mordor Intelligence

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Report description:

Canada Commercial Real Estate Market Analysis

The Canada commercial real estate market was valued at USD 83.22 billion in 2025 and estimated to grow from USD 86.77 billion in 2026 to reach USD 106.89 billion by 2031, at a CAGR of 4.27% during the forecast period (2026-2031). Investor sentiment has improved as lower policy rates narrow financing spreads, prompting pension funds and REITs to recycle capital into core assets while off-loading non-strategic properties. Immigration-led population growth, an uptick in near-shoring manufacturing, and persistent e-commerce adoption are widening demand for offices, logistics facilities, and mixed-use developments. Infrastructure spending, such as the USD 356 million CN rail upgrade in Quebec, is reinforcing trade corridors and boosting industrial site absorption. Meanwhile, Quebec's low-cost hydro power is luring data-center operators, deepening the province's appeal as a technology services hub.

Canada Commercial Real Estate Market Trends and Insights

Surge in near-shoring-fueled industrial demand along the Ontario-Quebec corridor

Manufacturers moving production closer to North American consumers are absorbing warehouse and flex assets across the Windsor-Quebec City stretch, encouraged by Quebec's USD 4.05 billion competitiveness plan that counters U.S. trade barriers. Industrial leasing remains brisk in automotive and advanced-manufacturing clusters, even though national exports fell 2.8% in Q3 2024. Enhanced CN rail capacity, underpinned by a USD 356 million upgrade, lifts throughput and reduces transit times, strengthening the corridor's logistics profile. Developers are adding modern, high-clear-height facilities, yet construction pipelines stay disciplined amid cost inflation, preventing oversupply. Medium-term absorption is set to dominate new completions as distribution operators prioritize speed-to-market advantages.

Federal immigration targets adding 500 k residents annually boosting multi-family construction

Policy makers aim to admit 395 000 permanent residents in 2025, tapering to 365 000 by 2027, with 29% of arrivals holding construction trades skills. The influx intensifies demand for neighborhood retail, life-cycle office services, and urban logistics nodes in Toronto, Vancouver, and Montreal. Stable household formation supports mixed-use projects near transit, narrowing the housing supply gap by an expected 670 000 units by 2027. Secondary cities such as Halifax and Saskatoon are also attracting newcomers, broadening the geographic footprint of commercial developments. Developers are leveraging modular designs that can pivot between residential and ground-floor commercial use to future-proof projects.

Elevated Bank of Canada policy rate keeping cap rates sticky and valuations volatile

Although the policy rate eased to 3% in 2025, mortgage spreads continue to shadow bond yields, sustaining a bid-ask gap that muffles transaction velocity. Cap-rate decompression is most visible in secondary office and retail, while prime industrial remains tighter. Smaller sponsors relying on bank credit are retreating, allowing well-capitalized REITs to consolidate positions. Forward hedging costs keep development starts subdued until financing markets stabilise further. Short-term, price discovery hinges on additional rate cuts and clarity around U.S. tariff policies.

Other drivers and restraints analyzed in the detailed report include:

Toronto tech-tenant expansion sustaining Class-A office pre-leasing despite hybrid workE-commerce penetration crossing 8% of retail sales driving last-mile urban logisticsConstruction-cost inflation averaging 11% CAGR pressuring development margins

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Offices accounted for 33.30% of the Canada commercial real estate market in 2025, reinforcing their role as the sector's primary revenue driver. Vacancy peaked at 18.4% nationwide yet stabilized as tenants traded up to modern space, compressing obsolescence risk in newer towers. Investment flowed into experiential upgrades-wellness centers, flexible collaboration zones, and renewable-powered HVAC-to retain knowledge-sector occupiers. The flight-to-quality dynamic, coupled with limited new-build starts, underpins rental resilience in Class-A assets across Toronto, Vancouver, and Montreal. Meanwhile, provincial incentives for office-to-residential conversion removed 870 000 sq ft from stock in Q1 2024, tightening prime supply and supporting rent growth in downtown nodes.

Logistics is the fastest-growing category, expanding at a 4.96% CAGR through 2031 as retailers target same-day fulfilment standards. Multi-level urban warehouses and cold-chain facilities attract institutional capital keen to capture steady cash flows. Developers emphasize power redundancy, dock-door ratios, and turnaround lanes compatible with electric delivery fleets. Despite elevated land prices near Toronto's Pearson Airport, demand consistently outruns supply, maintaining rent premiums and low structural vacancy. Investors employing cross-docking retrofits and mezzanine build-outs are boosting returns without large green-field risk. Collectively, offices and logistics together represent more than half of the Canada commercial real estate market size, signalling balanced exposure between legacy and growth-oriented assets.

The Canada Commercial Real Estate Report is Segmented by Property Type (Offices, Retail, Logistics and More), by Business

Model (Rental and Sales), by End Use (Individuals / Households, Corporates & SMEs and More) and by Region (Ontario, Quebec, Alberta and More). The Report Offers Market Size and Forecasts in Value (USD) for all the Above Segments.

List of Companies Covered in this Report:

Brookfield Property Partners L.P. Cadillac Fairview Corporation Ltd. Oxford Properties Group Allied Properties REIT Dream Office REIT RioCan REIT Choice Properties REIT QuadReal Property Group BentallGreenOak (BGO) SmartCentres REIT H&R REIT First Capital REIT Cominar REIT CAPREIT Minto Apartment REIT Onni Group Westbank Corp. Anthem Properties Group Ltd. Pinnacle International Colliers International (Canada) CBRE Group (Canada) Avison Young (Canada) Cushman & Wakefield (Canada)

Additional Benefits:

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

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