MARKETBEAT
CANADA NATIONAL
INDUSTRIAL Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.4% Vacancy Rate	▲	▼
4.9M YTD Net Absorption, SF	▲	▲
$14.82 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	▼

ECONOMIC INDICATORS

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

Source: Statistics Canada June 2026 Labour Market Survey

ECONOMIC OUTLOOK

In its June 2026 Labour Force Survey, Statistics Canada reported that Canadian employment levels were almost unchanged from the previous month, with a small gain of 18,000, with the unemployment rate declining by 10 basis points (bps) to 6.5%. Employment in transportation and warehousing has increased for two consecutive months, and employment in this sector has grown by 44,700 in comparison to employment levels in June 2025. Employment in manufacturing; however, fell from last month and has recorded a net decline of 61,000 from its most recent peak in January 2025, coinciding with tariff-related uncertainty for the sector.

IMPROVING FUNDAMENTALS SUPPORT THE INDUSTRIAL MARKET

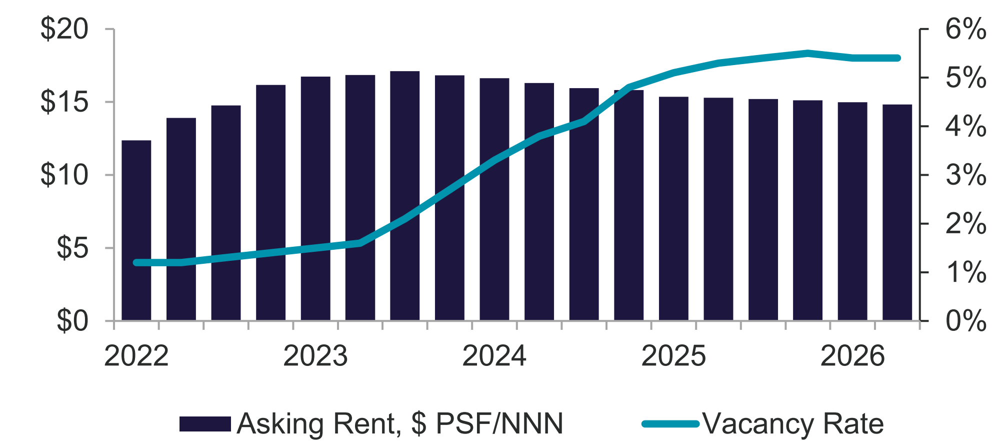
Overall industrial vacancy remained stable in Q2 2026, continuing the trend of minimal quarter-over-quarter (QOQ) movement that began a year ago. The national vacancy rate edged to 5.4% and has fluctuated by no more than 10 bps over the past 12 months. Most major markets reflected similar stability this quarter, though Calgary saw a more meaningful improvement, with vacancy declining 50 bps QOQ to 4.7%. Montreal continues to post the highest vacancy rate among the major markets at 7.7%.

Industrial demand strengthened in Q2 2026, with absorption accelerating to 3.7 million square feet (msf) and pushing the H1 2026 total to approximately 4.9 msf. The result marks a substantial recovery from H1 2025, when net absorption was slightly above negative 1.0 msf. Although absorption in Montreal remained in negative territory this quarter, broad-based gains across several major markets supported the improvement, with Toronto accounting for nearly 2.4 msf of absorption in Q2 2026. Leasing activity remained robust at 16.0 msf during the quarter, bringing first-half 2026 volume to 32.0 msf—up 29.1% from the same time period last year and signaling renewed occupier demand across the industrial sector.

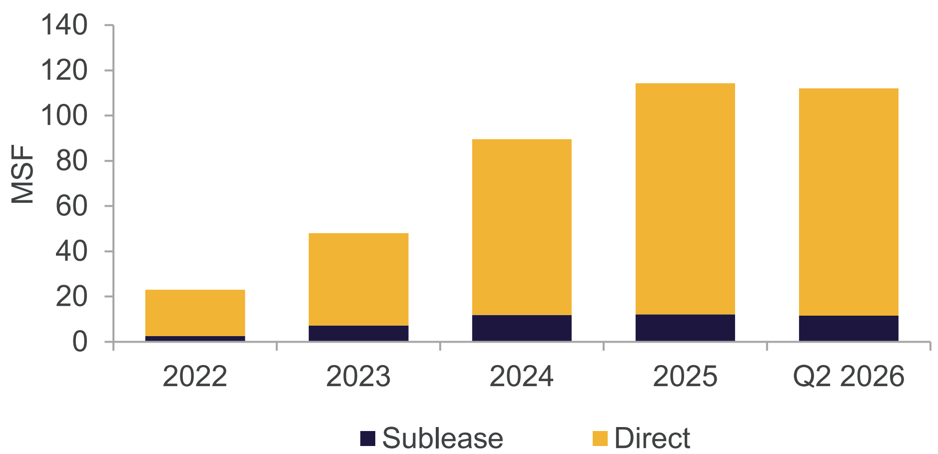
The national average net asking rent finished Q2 2026 at $14.82 per square foot (psf), a minimal decline of 1.1% from last month. While markets with persistent higher vacancy are witnessing a decline in asking rents in attempts to remain competitive, other markets have had higher priced space removed from the market which has also contributed to a lower average asking rent.

SPACE DEMAND / DELIVERIES

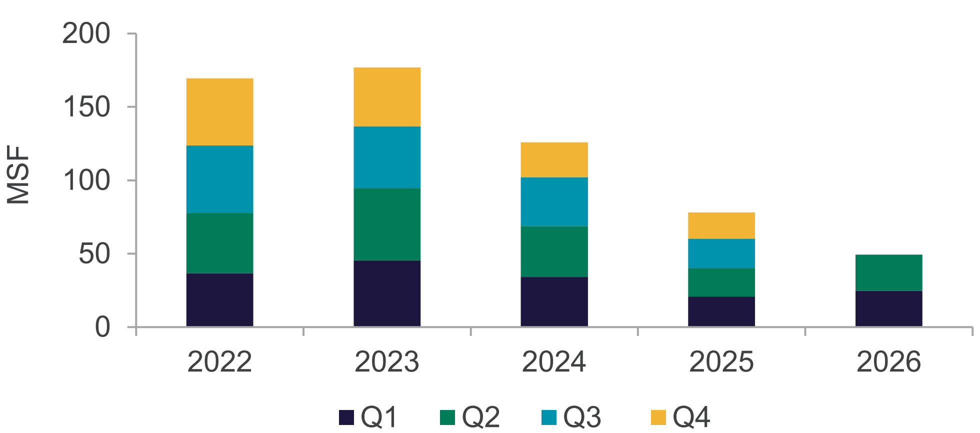
OVERALL VACANCY & ASKING RENT



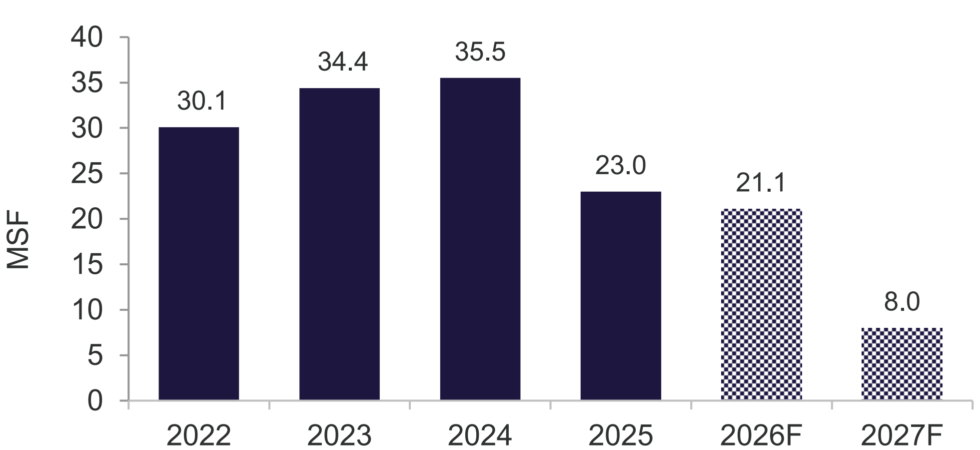
SUBLEASE VS. DIRECT VACANCY



SPACE UNDER CONSTRUCTION



NEW SUPPLY



Direct vacancy continued to improve in Q2 2026, declining for the second straight quarter after peaking at the end of 2025. While sublet vacancy increased modestly from Q1 2026, total sublet availability has decreased by 12.8% below its year-ago high. The composition of sublet space has remained largely unchanged in recent quarters, with 77.0% of listings exceeding 10,000 square feet (sf) and nearly one-fifth larger than 50,000 sf. Although sublet space is evenly distributed by square footage across building vintages, the greatest concentration of individual sublet listings is found in industrial properties built more than 25 years ago.

Alongside a rebound in net absorption this quarter, leasing momentum continued to build. While demand remained concentrated in smaller footprints—with transactions under 25,000 sf accounting for the vast majority of new deals this quarter—activity in larger space segments accelerated. Through the first half of 2026, transactions exceeding 25,000 sf increased 16.8% year-over-year (YOY), with leasing activity for spaces over 125,000 sf surging 45.2% compared with H1 2025. By leased square footage, demand remained anchored by manufacturing and transportation/warehousing occupiers. While manufacturing leasing volume held steady relative to the first six months of 2025, transportation and warehousing users expanded significantly, with leased square footage rising 49.2% YOY.

New supply totaled nearly 3.6 msf this quarter, bringing year-to-date deliveries to 5.6 msf—well below the 10.5 msf completed over the same period last year. Speculative developments continue to dominate new supply, representing approximately 86.0% of all deliveries to date in 2026. While speculative projects completed this quarter were only 29.4% preleased at delivery, healthy demand for existing inventory absorbed the incoming vacancy, preventing any meaningful upward pressure on the overall vacancy rate, consistent with trends observed last quarter.

Despite significant deliveries this quarter, construction activity remained largely unchanged QOQ at 24.6 msf. Speculative projects continue to account for a higher percentage of space under construction, though the gap between speculative and build-to-suit development has narrowed considerably compared with a year ago. While projects under 300,000 sf still dominate the pipeline, activity among larger developments is gaining momentum, with six projects exceeding that threshold breaking ground so far in 2026—split evenly between speculative and build-to-suit construction.

OUTLOOK

- While market fundamentals will likely continue to fluctuate over the remainder of 2026, the industrial market is expected to continue to transition from stable market conditions to a sector witnessing growth.
- While new supply deliveries have slowed since peaking in 2024, there remains a notable amount of square footage in the pipeline. However, given the increase in the number of projects that are Build-to-Suits, this will limit the risk of additional vacancy arriving on the market and will support an increase in occupancy levels.
- While developers are facing rising construction costs, driven in part by the ongoing tariffs new industrial development has continued as approximately 9.6 msf of industrial inventory has begun construction to date in 2026.

MARKET STATISTICS Q2 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	254,128,866	11,145,735	4.4%	624,297	1,145,891	3,628,395	1,181,693	$18.87	$6.16	$25.03
Edmonton	164,466,503	9,184,793	5.6%	595,983	683,512	2,110,511	394,280	$11.72	$4.99	$16.71
Calgary	161,031,207	7,553,374	4.7%	515,791	133,988	5,108,357	60,097	$10.68	$4.92	$15.60
Saskatoon	24,838,937	763,993	3.1%	60,269	33,280	377,863	0	$14.16	$5.12	$19.28
Winnipeg	77,169,822	2,318,009	3.0%	392,492	446,378	99,150	0	$10.55	$2.91	$13.46
Waterloo Region	98,135,273	6,823,309	7.0%	252,003	113,909	1,176,324	400,547	$13.63	$3.72	$17.35
London	42,879,509	2,165,309	5.0%	382,633	77,183	480,400	396,000	$10.89	$3.89	$14.78
Toronto	852,278,258	41,578,186	4.9%	2,382,064	3,290,883	9,037,929	2,248,001	$16.03	$4.28	$20.31
Ottawa	28,679,917	1,477,248	5.2%	-79,531	124,994	3,184,000	48,239	$16.75	$6.19	$22.94
Montreal	356,929,878	27,342,657	7.7%	-1,752,251	-1,839,430	625,279	798,580	$14.06	$4.68	$18.74
Fredericton	523,015	32,950	6.3%	-11,950	-20,950	11,250	0	$9.64	$5.24	$14.88
Saint John	522,603	10,320	2.0%	39,004	36,360	0	0	$9.07	$4.58	$13.65
Moncton	4,916,105	322,408	6.6%	-46,754	181,256	349,960	0	$9.99	$4.55	$14.54
Halifax	9,972,313	814,121	8.2%	388,437	421,059	86,400	113,904	$15.05	$7.94	$22.99
Charlottetown	396,139	8,000	2.0%	0	7,399	0	0	$10.67	$5.52	$16.19
St. John's	4,448,268	476,402	10.7%	9,618	60,668	0	0	$13.73	$4.49	$18.22
NATIONAL TOTALS	**2,081,316,613**	**112,016,814**	**5.4%**	**3,752,105**	**4,896,380**	**26,275,818**	**5,641,341**	**$14.82**	**$4.94**	**$19.76**

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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