



Commercial Real Estate in Canada

Fall 2026 Market Trends

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CANADA

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Commercial Real Estate Investment Gains Momentum in Select Canadian Markets as Demand for Prime Assets Holds Firm

Industrial, retail and multi-family lead activity in major markets across the country

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The REMAX Canada Fall 2026 Commercial Real Estate Report examined commercial real estate activity across Canada throughout the first half of the year in all key sectors including multi-family residential, industrial, office, retail, development land, and farmland. It identifies top-performing segments, key factors influencing the market, along with emerging trends, policies impacting growth, and barriers/levers to unlock future potential.

Commercial real estate investment gained momentum in key Canadian markets during the first half of 2026, with industrial, retail and multi-family asset classes attracting considerable capital despite ongoing economic uncertainty, elevated construction costs and financing challenges, according to data and insights from REMAX brokers and agents surveyed for the Fall 2026 Commercial Real Estate Report.

NATIONAL COMMERCIAL MARKET OVERVIEW

REMAX Canada examined commercial trends and developments in 12 major Canadian markets between January 1 and June 30, compared to the same period in 2025. **REMAX brokers and agents reported that, while investors maintained the cautious approach evident earlier in the year, improving fundamentals were widespread, as follows:**

- **Industrial asset class:** Absorption increasing and availability decreasing in 91.6 per cent of markets
- **Retail asset class:** Absorption increasing and availability decreasing in 83.3 per cent of markets
- **Multi-family asset class:** Absorption increasing and availability decreasing in 58.3 per cent of markets
- **Office asset class:** Absorption increasing and availability decreasing in 41.6 per cent of markets
- **Land development asset class:** Absorption increasing and availability decreasing in 16.6 per cent of markets
- **Farmland (Saskatchewan):** Reported a significant upswing in the number of farms listed for sale, while land values continue to climb

Purchasers and investors drove significant shifts in Canada's commercial real estate markets in 2026.

End users and investors favoured existing properties over new construction, neighbourhood retail experienced a resurgence, businesses sought smaller, more efficient space and emerging industries created new sources of demand. While industrial, retail and multi-family continued to attract the greatest interest, the most compelling opportunities were increasingly being shaped by local economic conditions, limited inventory and the rising cost of bringing new product to market.



“Capital is flowing, but investors are trying to make every dollar count,” says Kristie Kimnach, Global Executive Director of REMAX Commercial. “We’ve seen considerable investment in established, income-producing properties this year, particularly in markets where demand remains strong. The challenge in some of these markets seems to have been finding enough quality product to meet investor demand. Elsewhere, we are hearing that rising availability and slower absorption have put pressure on rents and values, creating a very different set of market conditions.”

Investors Are Chasing Proven Income

Prime income-producing properties were most coveted by investors, underscoring the resilience of established asset classes and a growing divide between properties attracting investment and those struggling to gain traction. Activity accelerated in select major centres, with significant capital directed toward properties offering strong tenancy, established cash flow and long-term value. Limited inventory continued to constrain transactions in some of the country's strongest markets, especially in the industrial and neighbourhood retail segments, while rising availability and slower absorption placed downward pressure on rent and values elsewhere.



Supply is the Bottleneck



“Supply has become increasingly constrained in some of the country’s key commercial markets,” says Don Kottick, President of REMAX Canada. “Demand for smaller industrial units and neighbourhood retail space has remained strong in many markets, yet high construction and financing costs continue to limit new development. Higher bond yields and economic uncertainty could prolong that imbalance, depending on local demand and development activity. If confidence improves, limited suitable space could constrain transactions in some markets; the timing and extent of any change remain uncertain.”

Local Strengths Are Driving Growth

Commercial real estate growth has become increasingly specialized. Defence in Halifax and Newfoundland, technology infrastructure in Edmonton, agriculture in Saskatchewan, logistics in Winnipeg and necessity-based retail in Vancouver illustrate how local economic strengths have been driving investment opportunities.

FINDINGS BY SEGMENT

Basic Canadian Net Lease Rates by Asset Class

Price per square foot (psf) for industrial, office and retail space

MARKET	INDUSTRIAL	OFFICE	RETAIL
Vancouver	\$14–\$22 psf	\$18–\$40 psf	\$26–\$60 psf SUBURBAN
Kelowna	\$15–\$17 psf	\$28–\$36 psf	\$27–\$42 psf CLASS A
Calgary	\$14–\$17 psf SMALL FORMAT \$9–\$15 psf LARGE FORMAT	\$9 psf WEST END \$35 psf CLASS A	\$22–\$55 psf
Edmonton	Not reported	Not reported	High \$30s to high \$40s psf
Saskatoon	\$15–\$16 psf	\$19.33 psf RIVER LANDING	\$11–\$14.25 psf SMALLER/OLDER \$30–\$37.56 psf SUBURBS/NEWER
Regina	\$12–\$13 psf OLDER SPACE	\$12–\$15 psf	Under \$20 psf OLDER SPACE
Winnipeg	\$7–\$18 psf	\$6–\$28 psf	\$6.95–\$37 psf
London	\$10–\$12 psf OLDER SPACE	\$10 psf DOWNTOWN	\$20–\$40 psf
Greater Toronto Area	\$16–\$17 psf	\$90–\$105 psf CLASS A	\$28 psf ¹ TRREB AVERAGE
Ottawa	\$13–\$17 psf	\$19–\$20 psf RETROFITTED	\$27–\$40 psf
Halifax	\$13–\$18 psf	\$13–\$16 psf DOWNTOWN	\$30–\$40 psf DOWNTOWN
Newfoundland and Labrador	\$16–\$18 psf ² OLDER SPACE	\$22–\$24 psf CLASS A	\$16–\$18 psf OLDER SPACE

Source: REMAX Brokers and Sales Representatives. These rental ranges are intended as general guidance. Actual rents may fall above or below the ranges, depending on size, condition, quality, lease terms, permitted use and zoning. Each property may also have its own limiting factors and should be assessed individually. TMI is separate.

¹Average retail rate as reported by TRREB, October Commercial Development Forum.

²Based on older existing product. Given limited inventory, new space under construction will hit the market at approximately \$32 psf due to rising building costs.

Industrial

Industrial remained the backbone of Canada's commercial real estate market.

Positive momentum reported in 92 per cent of markets analyzed (11 of 12)

Strong demand, tightening availability and steady investor interest were reported in **Greater Vancouver, Edmonton, Calgary, Saskatoon, Regina, Winnipeg, London, the Greater Toronto Area (GTA), Ottawa, Halifax** and **Newfoundland-Labrador**.

MARKET CONDITION:
Generally tight supply

MAIN DRIVERS:
Logistics, manufacturing, owner-user demand, limited serviced land and high replacement costs.

Greater Vancouver's industrial availability rate declined to 4.2 per cent* in Q2 2026. However, average sale prices fell to \$577 psf* in the first half of the year, from \$638 psf* compared to the same period in 2025.

A similar divide was evident in the **Greater Toronto Area**, where industrial availability is tight, but average sale prices have softened. **London** also continued to experience slower absorption for larger industrial buildings exceeding 50,000 sq. ft.

In **Newfoundland-Labrador**, new industrial construction was almost non-existent, forcing businesses to reconfigure existing properties rather than develop available land. Demand spans flex, warehouse and yard space. Some tenants were prepared to sign leases of up to 20 years to secure suitable new properties.

Kelowna remained in recovery mode, with vacancy beginning to trend lower, although reduced rents for newer product and high construction costs continued to weigh on development feasibility.

**Source: Altus Group, Altus Data Studio*

Overview

Demand increasingly shifted toward smaller industrial properties with end users and investors seeking well-located buildings offering flexible space, higher ceilings and modern loading facilities.

Limited availability continued to support leasing activity in markets such as **Ottawa, Regina, Winnipeg** and **Saskatoon**, while strong investor demand was evident in **Edmonton** and **Calgary**.

Regional differences

- 01
Vancouver's geographic constraints
- 02
Edmonton's industrial growth
- 03
Calgary's retrofit demand
- 04
Ottawa's low availability
- 05
Winnipeg's logistics expansion
- 06
London and Kelowna illustrate the importance of building size and new supply.
- 07
Newfoundland-Labrador's strong economic growth and growing shortages in commercial availability



Higher financing and construction costs and more stringent lending policies could restrict development, while economic weakness could reduce demand for larger buildings. The extent of these risks depends on local financing, supply and demand conditions.

Retail

Retail continued to demonstrate remarkable resilience.

Positive momentum in 83 per cent of markets analyzed
(10 of 12)

Retail continued to demonstrate resilience, with positive momentum evident in **Greater Vancouver, Edmonton, Calgary, Saskatoon, Winnipeg, London**, the **Greater Toronto Area, Ottawa, Halifax** and **Newfoundland-Labrador**.

MARKET CONDITIONS:

Strong for selected formats

MAIN DRIVERS:

Grocery anchors, necessity-based shopping, medical and wellness services, restaurants and smaller-format tenants.

Greater Vancouver emerged as one of the strongest retail investment markets, with retail investment dollar volumes rising while investment in other asset classes declined. Vacancy remained below three per cent downtown and less than one per cent in some suburban neighbourhoods, where a lack of new construction contributed to increasingly tight conditions.

Edmonton, Calgary and Ottawa also experienced strong demand for well-located retail space, while established shopping areas in **London, Saskatoon and Winnipeg** continued to perform well.

Conditions remained more subdued in **Regina**, where retail activity in the downtown mall was relatively flat and rents faced some pressure (but neighbourhood retail remained strong), and in **Kelowna**, where demand remained steady, but investment activity has yet to gain significant ground. Traditional shopping malls, larger retail units and select downtown locations continued to face challenges in several markets.

Overview

Grocery-anchored shopping centres, neighbourhood plazas and smaller service-oriented retail properties remained among the most sought-after assets with health, wellness, beauty, medical and food-service operators accounting for an increasing share of demand.

Smaller spaces, generally ranging between 1,000 and 3,000 sq. ft., continued to attract considerable attention as businesses reassessed their space requirements and sought greater operating efficiencies.

Regional differences

01

Greater Vancouver and Calgary benefit from limited new supply

02

Edmonton has strong demand along major roads

03

Toronto commands high rents in prime urban locations

04

Halifax benefits from neighbourhood consumer demand



KEY RISK

Household budget pressures, higher occupancy costs and weaker foot traffic in some traditional malls and downtown locations.

Multi-Family

Solid investor interest, but growing divide between investment demand and rental market fundamentals.

Positive momentum in 58 per cent of markets analyzed (7/12)

Multi-family remained an important destination for investment capital, with positive activity evident in **Calgary, Saskatoon, Regina, Winnipeg**, the **GTA, Ottawa** and **Newfoundland-Labrador**.

MARKET CONDITIONS:

Highly market-dependent

MAIN DRIVERS:

Population growth, housing affordability, rental demand, institutional capital and financing programs.

Regina, Winnipeg and Saskatoon continued to benefit from tight rental conditions and investor demand.

Major transactions in **Newfoundland-Labrador** underscored rising interest from out-of-province capital.

Calgary remained attractive to well-capitalized purchasers, despite a disconnect between seller expectations and current market values.

Ottawa also reported significant multifamily investment activity, although a growing inventory of newly completed rental units has placed downward pressure on rents and increasing tenant incentives.

Conditions are more challenging in **Greater Vancouver**, where multi-family investment declined approximately 41 per cent to \$372 million in the first half of the year*.

Kelowna and London were also adjusting to substantial new rental supply, while Halifax moved toward a more balanced market, following several years of rapid construction.

Edmonton continued to attract institutional and private capital, although average prices per unit have softened.

**Source: Altus Group, Altus Data Studio*

Overview

The **Greater Toronto Area** recorded one of the most significant increases in multi-family investment volume, rising more than 240 per cent year over year in the first half of 2026.

Investors continued to target established rental properties, particularly older concrete buildings offering below-market rents, access to transit, and value-add opportunities for capital improvements. Some investors considered retrofitting existing apartment buildings into seniors' residences where permitted, or boutique hotels for properties located in sought-after areas.

Regional differences

01

Toronto, Regina, Winnipeg and parts of Saskatoon have benefitted from established rental demand or investment interest.

02

Kelowna, Ottawa and Halifax have absorbed substantial new apartment supply, moderating previously tight rental conditions.



KEY RISK

New completions could increase vacancies and tenant incentives where supply exceeds absorption. Borrowing costs, construction expenses and valuation gaps could also restrict investment, depending on local market conditions and project economics.

Office

The urban/suburban contrast

Improving fundamentals in 42 per cent of markets analyzed (5/12)

The office market continues to be a tale of two cities, with improving conditions evident in the **Greater Toronto Area**, **Calgary**, **Ottawa**, **Halifax**, **Greater Vancouver** and select segments of **Winnipeg**, primarily driven by demand for higher-quality space.

MARKET CONDITIONS:

Quality-driven recovery

MAIN DRIVERS:

Return-to-office policies, tenant relocations, modern amenities, transit access, parking and competitive lease packages.

In the **Greater Toronto Area**, office availability declined more than 200 basis points to 15.5 per cent in Q2 2026*, with strong demand for premium space in the downtown core.

Office availability in **Calgary** also improved, declining to 20.2 per cent* in Q2 2026 from a peak of 23.4 per cent in Q3 2024, supported in part by office-to-residential conversions and demand for higher-quality space.

Greater Vancouver recorded a modest improvement, with office availability easing to 12.4 per cent from 12.7 per cent in Q1.

Ottawa continued to benefit from renewed institutional interest and federal return-to-office mandates.

Class-A availability in **Winnipeg** has declined despite persistent challenges in older buildings.

The **Halifax** office market continued to strengthen, with strong demand for office space.

**Source: Altus Group, Altus Data Studio*

Overview

Return to office mandates and changing tenant requirements have supported leasing activity in triple-A and Class A buildings, particularly those offering modern amenities, accessibility and parking.

The greatest weakness remained concentrated in aging Class B and Class C office properties, particularly in downtown markets where vacancies remained elevated, capital improvements were costly and tenants gravitated toward more modern space. **Edmonton**, **Saskatoon**, **Regina**, **London**, **Kelowna** and **Newfoundland-Labrador** continued to face varying degrees of pressure, although well-positioned suburban properties and select premium buildings bucked the broader trend.

Regional differences

01

Toronto's premium office market and **Halifax's** comparatively low availability contrasted elevated secondary-office vacancies in Edmonton, Saskatoon and London.

02

Ottawa saw renewed interest following federal return-to-office mandates.



KEY RISK

Persistent excess space, expensive capital improvements and uncertainty over the long-term demand for older buildings.

Land Development

Land development remained under pressure

Selective activity in 17 per cent of markets analyzed (2/12)

Land development remained one of the most challenged segments of the commercial real estate market, with higher borrowing and construction costs, longer development timelines and increasingly stringent financing requirements deterring investment.

MARKET CONDITIONS:

Constrained by costs and financing

MAIN DRIVERS:

Construction and financing costs, land availability, development feasibility, population growth, infrastructure investment, zoning and permitting, and the balance between future demand and existing supply.

Calgary and **Winnipeg** demonstrated some of the of clearest areas of activity, particularly in industrial development and expansion. Calgary continued to benefit from demand for industrial land, although well-located development parcels proved increasingly scarce, while Winnipeg's CentrePort expansion and planned industrial parks attracted interest from investors and businesses seeking room to grow.

Industrial development was underway in **Edmonton** and **Halifax**.

Elsewhere, activity remains selective. In the **Greater Toronto Area**, development land continued to be one of the market's weakest segments, although opportunities involving joint ventures, seniors' housing and repositioning of existing properties were being explored.

Kelowna faced similar challenges with oversupply concerns and rising costs slowing development.

Ottawa and **Greater Vancouver** were contending with financing constraints that have made new construction more difficult to justify.

Overview

Across the country, investors and developers placed greater emphasis on projects with clear income potential, manageable costs and shorter development timelines, often favouring the acquisition and improvement of existing properties over new construction.

Regional differences

01

The **Greater Toronto Area** faced elevated borrowing and construction costs, lengthy non-income-producing development cycles and growing interest in joint ventures and higher-density residential projects.

02

Kelowna's development activity has slowed amid apartment oversupply concerns and weaker project economics.

03

Calgary and Edmonton benefitted from industrial demand but faced land constraints and high replacement costs in sought-after areas.

04

Winnipeg offered opportunities through industrial land expansion at CentrePort and proposed business parks.

05

Halifax benefitted from defence, logistics and housing investment.

06

In **Newfoundland-Labrador**, several new multi-family developments are planned or underway, supported in part by CMHC's MLI Select program.** However, outside of that sector, developers remained cautious, and new industrial product was almost non-existent.

[**References to planned or proposed developments describe current plans, not assurances of completion, timing or final scale.]



KEY RISK

Projects could be delayed or cancelled where financing costs, construction expenses and land prices make development uneconomic relative to achievable rents or sale values. Prolonged delays could contribute to undersupply if demand remains sustained and alternative supply is insufficient; neither the timing nor the extent of any shortage is certain.

TOP TRENDS ACROSS CANADA



The return of bricks-and-mortar retail prompts an unexpected resurgence, with a supply problem.

Markets: Greater Vancouver, Calgary, Ottawa, Greater Toronto Area, London

Greater Vancouver had one of the more compelling stories. The pandemic-era shift toward online shopping prompted developers to scale back retail construction. Six years later, retailers are now seen expanding their physical presence, particularly in suburban neighbourhoods where new space is scarce. Suburban vacancy has fallen below one per cent in some areas.



Multiple asset classes and markets see shift toward smaller commercial footprints.

Markets: London, Ottawa, Edmonton, Calgary, Saskatoon, Greater Toronto Area

The shift toward smaller footprints now extends well beyond retail.

London reported exceptionally strong demand for industrial units between 1,000 and 2,000 sq. ft., even as absorption slowed for buildings exceeding 50,000 sq. ft. Ottawa's independent retailers concentrated around 1,500 sq. ft., while Edmonton's suburban office market experienced stronger demand for units of 1,000 - 1,500 sq. ft.



Defence spending has become a significant commercial real estate driver.

Markets: Halifax, Newfoundland and Labrador

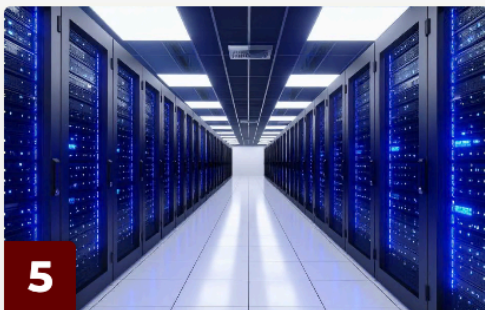
Halifax has recorded \$142.5 million in major defence-related real estate acquisitions, encompassing waterfront industrial lands and military housing. The reported long-term investment commitment at 5 Wing Goose Bay, potentially reaching \$8 billion, could benefit Newfoundland and Labrador if implemented. The amount, timing and commercial real estate effects remain uncertain.



There's growing appeal to older buildings and the economics of retrofitting.

Markets: Calgary, Edmonton, Winnipeg, Greater Toronto Area, Saskatoon

Rising construction costs have given existing properties a competitive advantage. Calgary buyers targeted older industrial buildings already equipped with cranes and specialized infrastructure. Winnipeg investors acquired older concrete apartment buildings for upgrades, while Greater Toronto Area owners explored hotel conversions, seniors' housing and other alternative uses.



AI and data centres have created a new commercial development frontier, an emerging driver of industrial land and infrastructure investment.

Markets: Edmonton, Winnipeg

Edmonton's planned \$13-billion Meta data-centre project has raised its profile internationally, while interest from data-centre operators has begun to emerge in Winnipeg. The planned investment does not assure project completion or related property demand. Winnipeg's experience also highlights the challenges of accommodating these projects, including electricity requirements, land-use compatibility and community concerns.



Institutional and out-of-province capital has returned to established rental housing, even as some rental markets soften.

Markets: Greater Toronto Area, Ottawa, Winnipeg, Edmonton, Regina

Multi-family investment volume in the Greater Toronto Area increased more than 240 per cent year over year in the first half of 2026. Investors targeted established concrete buildings offering below-market rents and opportunities to improve operations. At the same time, new rental construction has placed downward pressure on rents and increasing vacancy in Ottawa, London and Kelowna.

ALSO TRENDING IN CANADA

Medical, dental, beauty and wellness businesses are changing the retail landscape.

Markets: Ottawa, Vancouver, Calgary, London, Greater Toronto Area

Medical and dental practices have increasingly moved out of traditional office buildings and into neighbourhood shopping plazas. Fitness, beauty and wellness operators have also absorbed space previously occupied by conventional retailers. Calgary's restrictive covenants in established shopping centres have created additional pent-up demand from some of these users.

Office recovery is taking two very different paths.

Markets: Calgary, Greater Toronto Area, Ottawa, Saskatoon, Regina, Winnipeg

Calgary's office availability has fallen from a peak of 23.4 per cent to 20.2 per cent, supported in part by conversions. Toronto's Financial District has seen stronger demand for premium office space, while some C-Class landlords have been including demolition clauses in leases. Saskatoon provides an especially striking contrast: the triple-A Nutrien Tower and adjacent east tower are fully leased, while more than 650,000 sq. ft. remain vacant in surrounding B- and C-Class buildings.

Out-of-province investors are expanding into smaller commercial markets.

Markets: Winnipeg, Regina, Newfoundland and Labrador, Saskatoon

Toronto-based RFA Capital acquired approximately \$80 million in Winnipeg industrial property, while Montreal-based PROREIT purchased nearly \$46 million. Newfoundland has also attracted Ontario investors to large multi-residential acquisitions in Gander.

Farmland is undergoing a generational transition.

Market: Saskatchewan

Saskatchewan farm listings have reached their highest level in five years, with 317 properties on the market compared with 2022. At the same time, median farmland prices climbed more than 58 per cent since 2022. Succession decisions could bring additional properties to market, but the number and timing of any listings remain uncertain.

Downtown revitalization is increasingly about creating communities, not simply filling offices.

Markets: Winnipeg, Saskatoon, Calgary, Regina

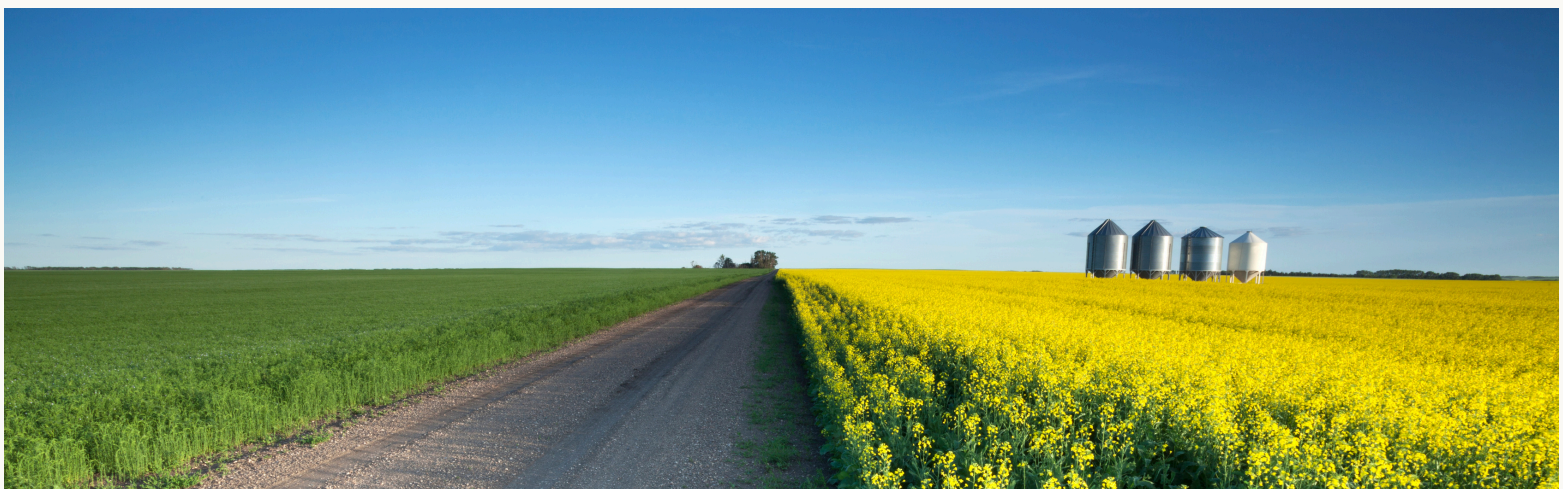
Winnipeg's downtown redevelopment initiatives involve housing, healthcare, community facilities and mixed-use development, including collaboration between True North and the Southern Chiefs' Organization. Saskatoon is exploring the redevelopment of the former StarPhoenix site into approximately 600 residential units, complemented by retail, grocery and parking.***

[***These initiatives should not be read as assurances of completion, timing or final scale.]

Newfoundland and Labrador's commercial market has attracted interest beyond St. John's.

Newfoundland and Labrador kicked off 2026 with commercial sales volume nearly triple the previous year's first-quarter level. Demand for multi-family assets has extended into Gander, while resource, defence and infrastructure investment has created opportunities throughout the province.

Source: REMAX Canada



KEY INFLUENCING FACTORS

Canada's commercial market is being shaped by a combination of financing conditions, construction costs, supply constraints, population and economic growth, changing tenant preferences, and investor selectivity. However, these national forces are producing different outcomes across regions, depending on local economic drivers, development pipelines, property availability and the balance between supply and demand. REMAX Canada interviewed REMAX brokers and agents in 12 major commercial markets, who provided their insights for this report. The central theme is a selective, income-focused market recovery, whereby investors have continued to pursue properties with reliable cash flow and strong underlying demand, while higher financing costs, elevated replacement costs and uncertainty have restrained speculative development and investment in weaker assets.

1 Financing costs and tighter lending criteria

Impact: Constraining transactions and new development

- Higher borrowing costs, bond-yield uncertainty and stricter underwriting have made acquisitions and development more difficult.
- Lenders require larger downpayments and stronger financial assurances, particularly for multi-unit industrial and multi-family projects.
- Investors have been prioritizing existing income-producing assets over speculative projects, while vendor take-back financing and programs such as Canada Mortgage and Housing Corporation's MLI Select have helped some transactions proceed.
- Buyers and sellers have been increasingly negotiating around differences in property valuations and return expectations.

MARKET IMPLICATION

Capital remains available, but financing eligibility, equity requirements and dependable cash flow are increasingly important determinants of whether a transaction proceeds.

2 High construction and replacement costs

Impact: Supporting existing property values while limiting new supply

- Elevated construction costs have made new industrial, retail and multi-family developments harder to justify.
- In Calgary, retail construction costs were reported at \$600–\$700 psf. In Vancouver, financing for new multi-unit industrial developments can require downpayments of 45 to 50 per cent.
- Owners and investors have increasingly favoured retrofitting, repositioning and acquiring existing buildings with valuable infrastructure.
- If construction remains subdued and demand grows, undersupply could develop in some markets; its timing and extent would depend on local availability and absorption.

MARKET IMPLICATION

Existing properties with functional layouts, loading facilities, high ceilings, parking and established locations could have a competitive advantage where new projects cannot meet required investment returns.

3 Limited quality inventory and uneven supply

Impact: Supporting rents and competition for desirable properties

- Industrial and neighbourhood retail availability is tight in many markets, with particularly limited supply of smaller, functional buildings.
- Investors have concentrated on prime assets, established shopping centres, modern logistics facilities and well-leased multi-family properties.
- Office markets have faced a different supply problem: excess older space exists alongside strong demand for high-quality buildings.
- The shortage of suitable properties has also constrained transaction volumes, even where buyer demand has been healthy.

MARKET IMPLICATION

The quality, location and functionality of a property increasingly matter more than broad market averages. Tight supply does not necessarily mean every property will appreciate.

4 Population growth, migration and household formation

Impact: Supporting demand, but with significant regional variation

- Population growth and interprovincial migration have supported demand for housing, neighbourhood retail, distribution facilities and commercial services.
- Housing affordability pressures could keep some households in rental accommodation longer, but any effect on multi-family demand depends on local employment, household formation and available supply.
- Slower population growth in markets such as Kelowna and Ottawa has contributed to softer rental conditions as substantial new apartment supply is also being delivered.
- Population and employment growth could support commercial property demand, but new supply could outpace absorption. The duration of any imbalance remains uncertain.

MARKET IMPLICATION

Population growth is a demand driver, not a guarantee of higher rents or lower vacancy. Its effects depend on local employment, affordability and the pace of construction.

5 The structural transformation of office demand

Impact: A widening gap between premium and secondary office buildings

- Return-to-office policies have supported demand in some downtown markets, particularly Ottawa, but have not eliminated excess office space nationally.
- Tenants have increasingly favoured modern amenities, efficient layouts, transit access, parking and turnkey suites.
- Older Class B and C buildings have continued to face elevated availability in several cities.
- Office-to-residential conversions, renovations, demolition and alternative uses have been gradually removing or repositioning obsolete inventory.

MARKET IMPLICATION

Office recovery is increasingly asset-specific. Well-located, high-quality buildings could perform differently from older properties; building quality alone does not assure improved leasing or values.

6 Changing retail formats and service-oriented demand

Impact: Supporting neighbourhood retail and selected urban locations

- Demand has shifted toward grocery-anchored plazas, convenience retail, restaurants, medical and dental services, fitness, wellness and beauty operators.
- Many tenants preferred smaller units, often around 1,000–3,000 sq. ft., rather than large traditional retail footprints.
- Physical-store demand has strengthened following the pandemic-era expansion of online shopping, while some traditional malls have continued to struggle with traffic and affordability.
- Limited new construction and established neighbourhood locations have supported rents for suitable existing retail space.

MARKET IMPLICATION

Retail performance increasingly depends on tenant mix, everyday consumer needs, exposure, parking and local demographics rather than retail space demand in general.

7 Industrial restructuring and logistics investment

Impact: Supporting industrial demand, with local exceptions

- Manufacturing, food processing, distribution, supply-chain infrastructure and e-commerce-related logistics have supported demand for industrial space.
- Data centres, AI infrastructure, clean energy and advanced manufacturing have created additional opportunities in selected regions.
- Tenants have increasingly valued practical features such as high ceilings, loading access, cranes, large bays and adequate yard space.
- Slower absorption of large industrial buildings in London and the expansion of supply in parts of Winnipeg have demonstrated that industrial demand is not uniform.

MARKET IMPLICATION

Industrial has remained a major source of investment interest, but property size, building specifications, location and the local economic base determine performance.

8 Investor selectivity, cap rates and income stability

Impact: Concentrating capital in defensible assets

- Private investors, pension funds, REITs, institutional buyers and out-of-province capital have remained active, but their focus has varied by market and asset class.
- Buyers have favoured strong tenants, established rental income, manageable capital requirements and opportunities to improve operations.
- Cap rates have risen modestly in some markets, while tightening in others for highly sought-after properties.
- Foreign capital has moderated in Calgary, while institutional investment remains active in markets such as the Greater Toronto Area, Ottawa and Winnipeg.

MARKET IMPLICATION

Investment volume and property values are increasingly determined by the quality of income and financing structure, rather than investor appetite alone.



REGIONAL & LOCAL FACTORS

■ MOMENTUM MARKETS

■ STABLE, VALUE-ORIENTED MARKETS

□ CONFIDENCE-CHALLENGED MARKETS

MARKET	FACTORS	IMPLICATIONS
Greater Vancouver □ CONFIDENCE-CHALLENGED	Geographic constraints Limited industrial land Population growth Retail construction shortfall Challenging development financing	Tight industrial availability and strong neighbourhood retail; gradual office improvement; weaker multi-family investment and lower average prices per door
Kelowna ■ STABLE, VALUE-ORIENTED	Slower population growth Apartment oversupply Affordability pressures High construction costs	Cautious investment, softening rental conditions and office demand, recovering industrial fundamentals, selective retail demand
Edmonton ■ MOMENTUM	Affordable land and property Energy and logistics Manufacturing Data-centre investment Tax and permitting advantages	Strong industrial demand, rising interest in arterial retail and townhomes, suburban office resilience and persistent downtown office challenges
Calgary ■ MOMENTUM	Energy-sector strength Population and business growth Scarce industrial and retail inventory Office conversions	Strong industrial and neighbourhood retail markets, improving office conditions, continued multi-family investment focused on cash flow
Saskatoon ■ MOMENTUM	Strong agricultural and resource economy Limited quality commercial inventory Residential supply constraints	Tight industrial and neighbourhood retail markets, expanding multi-family development, premium demand for Class A office but substantial secondary-office vacancy
Saskatchewan Farmland ■ STABLE, VALUE-ORIENTED	Aging farm population Succession planning Farm consolidation Agricultural productivity and weather conditions	Rising listings alongside continued demand for quality land; upward pressure on values and widening differences between premium and lower-quality parcels
Regina ■ STABLE, VALUE-ORIENTED	Employment and population growth Limited quality inventory Government-related leasing Downtown construction	Tight industrial and multi-family conditions, suburban office outperformance and price-sensitive retail demand
Winnipeg ■ MOMENTUM	Relative economic stability Available industrial land External investment Rental demand CentrePort expansion	Strong industrial investment and tight rental housing; suburban office resilience; redevelopment opportunities and emerging data-centre interest
London ■ STABLE, VALUE-ORIENTED	Manufacturing, food processing and technology base Smaller-unit demand Elevated unemployment Recent apartment completions	Strong demand for smaller industrial and retail units, rising rental apartment vacancy, and persistent office-market weakness
Greater Toronto Area □ CONFIDENCE-CHALLENGED	Large and diversified economy Institutional capital Transit-oriented demand Limited prime retail Development costs	Strong investment volumes, premium office demand, significant multi-family investment and selective industrial demand despite softer sale prices
Ottawa ■ MOMENTUM	Federal return-to-office mandates Technology and professional services Industrial scarcity Substantial rental construction	Strong leasing and renewed downtown office interest, tight industrial and retail supply, but softer new-rental absorption
Halifax-Dartmouth ■ MOMENTUM	Defence spending Military housing Logistics Port-related activity Amazon investment Housing construction	Strengthening industrial and office markets, steady necessity-based retail demand, and a rental market moving toward greater balance
Newfoundland-Labrador ■ STABLE, VALUE-ORIENTED	Strong economic growth and rising consumer confidence Limited commercial property inventory Robust multi-family investment CMHC MLI Select support Scarce industrial development Major energy and infrastructure projects Continued population growth	Strong investor demand and rising multi-family values; tight industrial supply and demand for modern flex, warehouse and yard space; high retail occupancy; persistent downtown St. John's office vacancy despite improving sentiment; growing employment, incomes and population could support longer-term demand, depending on local supply and economic conditions

MARKET-BY-MARKET OVERVIEW

A quick-reference view of market momentum, key demand drivers and the factors shaping each market's outlook, based on input from REMAX brokers and agents.

Momentum Markets

STRONG SECTOR MOMENTUM****

Calgary

Industrial and retail demand, improving office conditions and energy-sector support.

Edmonton

Industrial shortages, affordability, logistics and major technology investment.

Saskatoon

Tight industrial and retail supply, multi-family development and resource-sector support.

Winnipeg

Stable investment, tight industrial and rental markets, and CentrePort expansion.

Ottawa

Strong industrial leasing, limited retail supply and renewed downtown office confidence.

Halifax

Defence investment, logistics expansion, strong office demand and infrastructure spending.

Stable, Value-Oriented Markets

SELECTIVE OPPORTUNITIES****

Kelowna

Retail resilience, but apartment oversupply and slower population growth.

Regina

Strong employment and population growth; industrial and multi-family outperform.

London

Resilient smaller-unit industrial and retail demand, but rising apartment vacancy and weak office conditions.

Saskatchewan farmland

Strong demand for quality land, with rising listings and generational farm transitions.

Newfoundland-Labrador

Strong multi-family investment and rising values, high retail occupancy and major energy-sector support, offset by scarce industrial inventory and persistent downtown office vacancy.

Confidence-Challenged Markets

UNEVEN RECOVERY****

Greater Vancouver

Retail strength and tightening industrial supply, offset by financing challenges and weaker multi-family investment.

Greater Toronto Area

Strong investment volumes and premium asset demand, but high costs and weaker older office stock.

****Based on input from REMAX brokers and agents, and is not intended as investment advice.

CROSS-MARKET INDICATORS

The overall picture of the Canadian commercial real estate market is one of selective recovery. Industrial and necessity-based retail fundamentals have been generally resilient, office markets have been recovering unevenly, and multi-family conditions vary according to local rental supply. Financing and development costs have remained important constraints across the country.

1 Interest rates & bond yields

CURRENT STATUS: CONSTRAINING

WHAT THE SUPPLIED MARKET DATA INDICATES

Financing remains selective, requirements are elevated and bond-yield uncertainty continues to affect investment decisions.

IMPLICATION FOR THE OUTLOOK****

Transactions and new development remain constrained. Greater financing stability could support activity, but would not by itself assure recovery.

2 Industrial & retail availability

CURRENT STATUS: GENERALLY FAVOURABLE

WHAT THE SUPPLIED MARKET DATA INDICATES

Industrial availability is tight in many markets, including Vancouver (4.2%), Calgary (4.7%) and Ottawa (4.0%). Retail vacancy is exceptionally low in several suburban markets.

IMPLICATION FOR THE OUTLOOK****

Limited availability could support rents and existing property values for functional industrial buildings and necessity-based retail, subject to local demand and financing conditions; appreciation is not assured.

3 Construction starts & completions

CURRENT STATUS: DEVELOPMENT
CONSTRAINED

WHAT THE SUPPLIED MARKET DATA INDICATES

High construction costs and financing challenges are delaying projects. However, apartment completions have increased supply in markets such as Kelowna, London and Ottawa.

IMPLICATION FOR THE OUTLOOK****

Industrial and retail undersupply could develop if demand outpaces new supply. In selected rental markets, the timing and extent of absorption of recently completed units remain uncertain.

4 Population & employment growth

CURRENT STATUS: UNEVEN REGIONALLY

WHAT THE SUPPLIED MARKET DATA INDICATES

Employment and population growth support demand in Alberta, Regina and Halifax, while growth has moderated in Kelowna and some other markets.

IMPLICATION FOR THE OUTLOOK****

Population and employment growth could support leasing and rental demand, while weaker growth could slow absorption. Outcomes depend on local supply and economic conditions.

5 Office absorption by building class

CURRENT STATUS: IMPROVING, UNEVEN

WHAT THE SUPPLIED MARKET DATA INDICATES

Premium office buildings are attracting tenants in Toronto, Ottawa and other markets. Older Class B and C buildings remain challenged in Edmonton, Saskatoon and London. National office vacancy has also declined year over year.

IMPLICATION FOR THE OUTLOOK****

Office recovery is underway, but building quality, location and repositioning potential remain decisive.

6 Rental vacancy & tenant incentives

CURRENT STATUS: MIXED

WHAT THE SUPPLIED MARKET DATA INDICATES

Rental conditions remain tight in Regina and Winnipeg, but vacancies and tenant incentives have increased in markets with substantial new supply, including Kelowna and Ottawa.

IMPLICATION FOR THE OUTLOOK****

Rental income prospects are sensitive to local supply pipelines, absorption and achievable rents; current conditions do not assure future income or occupancy.

7 Cap rates & transaction prices

CURRENT STATUS: SELECTIVE RECOVERY

WHAT THE SUPPLIED MARKET DATA INDICATES

Investment activity has strengthened nationally, while cap rates have compressed modestly in several sectors. Property pricing remains uneven, with some markets recording lower average prices per square foot or per unit.

IMPLICATION FOR THE OUTLOOK****

Investor confidence is improving, but asset quality, financing and income sustainability remain central to valuations.

8 Trade policy & sector investment

CURRENT STATUS: UNCERTAIN, WITH GROWTH POCKETS

WHAT THE SUPPLIED MARKET DATA INDICATES

Trade uncertainty remains a concern for manufacturing and logistics. Meanwhile, energy, technology, defence and infrastructure investments are supporting demand in selected regions.

IMPLICATION FOR THE OUTLOOK****

Sector investment could support property demand in selected regions, but its timing and effects remain uncertain, particularly in trade-sensitive sectors.

****Based on a survey of REMAX brokers and agents on market activity and local developments. Not intended as investment advice. Each REMAX office is independently owned and operated. Responses are meant to capture industry-level information and are not meant to serve as an indication of Real REMAX Group's company-specific growth trends.

OVERALL READING

Positive Signals

- Tight industrial and neighbourhood retail supply.
- Improving office leasing and stronger investment volumes.
- Continued capital interest in quality, income-producing assets.



Key Constraints

- Financing and construction costs.
- Uneven rental absorption and office-market performance.
- Trade uncertainty and regionally divergent population growth.

The Bottom Line

These indicators point to a market in recovery, but not a uniform one. Industrial and necessity-based retail have showed some of the strongest operating fundamentals, office has improved selectively, and multi-family performance has become increasingly dependent on local supply and demand. The most important signs to monitor are whether financing becomes more accessible, leasing improves beyond premium assets, and new development aligns more closely with local demand.

THE OUTLOOK

Based on expectations provided by REMAX brokers and agents, a gradual, uneven recovery in Canadian commercial real estate through late 2026 and into 2027 is one possible scenario, assuming investment demand remains resilient, selected asset classes continue to improve and regional economic fundamentals remain supportive. The timing and extent of any recovery remain uncertain. Higher financing and construction costs, economic uncertainty including political and geopolitical factors among others, and uneven supply-demand conditions could constrain growth or prevent that scenario from materializing.

19%

Rise in CRE investment in the first half of 2026, year over year*****

Source: Altus Group. *****Excludes Alberta. Alberta data was not available at the time of publication.

OUTLOOK BY ASSET CLASS

INDUSTRIAL

Markets such as Edmonton, Calgary, Vancouver, Ottawa and Winnipeg have reported support for leasing and property values from limited availability, logistics demand and infrastructure investment. If those conditions persist, high construction costs could favour demand for existing buildings. Trade uncertainty and changes in local supply or demand could offset that support; continued growth is not assured.

RETAIL

Neighbourhood shopping plazas, grocery-anchored centres and properties serving everyday needs could remain comparatively resilient if tenant demand persists. Limited new supply and demand from medical, wellness and food-service tenants could support rents in selected markets, but do not assure rental growth. Traditional malls and weaker downtown locations remain exposed to household budget pressures, occupancy costs and weaker foot traffic.

MULTI-FAMILY

Long-term demand has been supported by housing affordability and population growth, but those factors do not assure future performance. Markets experiencing substantial new apartment completions, including Kelowna, Ottawa and London, could face higher vacancies and softer rent growth if absorption does not keep pace. Regina, Winnipeg and other supply-constrained markets have retained favourable rental fundamentals, which could change as local supply and demand evolve.

OFFICE

Recovery has progressed, driven by return-to-office policies and tenant demand for premium, amenity-rich buildings. Toronto, Ottawa and Halifax have demonstrated relative strength, while older Class B and C properties in several cities have continued to struggle. Renovations, conversions and repositioning could remain options, but their feasibility and effects depend on property-specific costs, tenant demand and achievable returns.

LAND DEVELOPMENT

New development could remain selective if financing costs, construction expenses, land constraints and uncertain returns persist. Industrial and residential supply shortages could emerge where demand remains sustained and development is insufficient, but their timing and extent are uncertain.

Overall, reported conditions suggest selective improvement rather than an assured national market recovery. Investors could continue to favour well-located properties with reliable income, strong tenants and limited competing supply, but preferences and outcomes may change. Any further recovery would be sensitive to financing conditions, economic growth, trade relations and each market's ability to absorb new development; its timing, pace and extent remain uncertain.

ABOUT THIS REPORT

The REMAX Canada Fall 2026 Commercial Real Estate Report includes data and insights supplied by REMAX brokerages and analyzed by Point Blank Communications. REMAX brokers and agents are surveyed on market activity and local developments. Each REMAX office is independently owned and operated. Responses are meant to capture industry-level information and are not meant to serve as an indication of Real REMAX Group's company-specific growth trends.

ABOUT THE REMAX NETWORK

As one of the leading global real estate franchisors, RE/MAX, LLC is a subsidiary of Real REMAX Group (NASDAQ: REAX) with more than 145,000 agents in nearly 8,500 offices and a presence in more than 120 countries and territories. REMAX Canada refers to REMAX Canada, Inc., which is a subsidiary of RE/MAX, LLC. Nobody in the world sells more real estate than REMAX, as measured by residential transaction sides. REMAX was founded in 1973 by Dave and Gail Liniger, with an innovative, entrepreneurial culture affording its agents and franchisees the flexibility to operate their businesses with great independence. REMAX agents have lived, worked and served in their local communities for decades, raising millions of dollars every year for Children's Miracle Network® and other charities. To learn more about REMAX, to search home listings or find an agent in your community, please visit remax.ca. For the latest news from REMAX Canada, please visit blog.remax.ca.

Forward-Looking Statements

Some of the statements in this press release are "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding the stock repurchase authorization. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "potential", "project", and similar expressions or future or conditional verbs such as "could", "may", "should", "will" and "would". These statements inherently involve numerous risks, uncertainties, and assumptions that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, Real REMAX Group expresses an expectation or belief as to future results or events, it is based on Real REMAX Group's current plans and expectations, expressed in good faith and believed to have a reasonable basis. However, Real REMAX Group cannot give any assurance that any such expectation or belief as to future results will be achieved or accomplished. Significant risk factors that may cause such a difference include, but are not limited to, slowdowns in real estate markets, economic and industry downturns; the inability to successfully integrate the companies; Real REMAX Group's ability to attract and retain agents and franchisees; Real REMAX Group's inability to successfully launch new products and features; Real REMAX Group's inability to scale while improving operating leverage, or inability to successfully execute its strategies; possible unfavorable results in legal proceedings; changes in laws, regulations or the regulatory environment affecting our business; disruption to our technology or cybersecurity incidents; and other risk factors detailed from time to time in our reports filed with the SEC, as well as in legacy Real's and legacy REMAX's reports filed with the SEC, including legacy Real's annual report on Form 40-F, reports on Form 6-K and other documents filed with the SEC, and legacy REMAX's annual report on Form 10-K, quarterly reports on Form 10-Q, reports on Form 8-K and other documents filed with the SEC, copies of which are available at www.sec.gov, and legacy Real's reports filed with Canadian securities regulators, including legacy Real's audited annual financial statements and annual management's discussion and analysis for the financial year ended December 31, 2025, Annual Information Form dated March 4, 2026 and quarterly financial statements and quarterly management's discussion and analysis for the period ended June 30, 2026, copies of which are available under legacy Real's SEDAR+ profile at www.sedarplus.ca.

SOURCE: REMAX Canada