

# SPECIAL REPORT

## ONE CANADIAN ECONOMY ACT

FEBRUARY 2026

### Push for Market Integration and Nation-Building Paves Way for Long-Term Gains

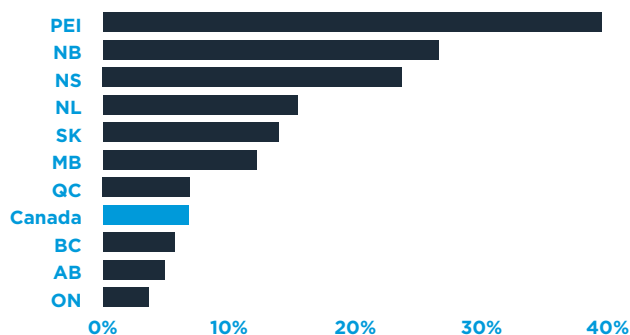
**New legislation set to reshape domestic market.** In response to rising trade tensions, Canada passed the One Canadian Economy Act in 2025. This legislation, which took effect in January of this year, aims to build a more integrated domestic market by reducing internal trade barriers and accelerating nation-building projects. By improving the flow of goods, services, labour, and capital across provinces, the Act can help diversify growth drivers beyond external demand and strengthen the country's long-term economic resilience. For Canada's commercial real estate sector, these shifts could support sustained demand in logistics, infrastructure-linked development, and professional services, helping to underpin tenant-space demand and investor confidence across Canada's property markets.

**Interprovincial trade barriers impose high costs on Canada.** Internal trade restrictions have long been criticized for limiting Canada's economic growth potential. The latest estimate from the International Monetary Fund suggests these barriers are equivalent to a 9.0 per cent tariff. These restrictions arise from Canada's federal system, where provinces hold constitutional authority over many commercial policies. While internal trade barriers affect both goods and services, they are concentrated primarily in the service sector, including retail trade, health care, education, and professional services. Without these obstacles, Canada's GDP is estimated to be approximately 7.0 per cent – or \$210 billion – higher over the long run. This increase would be driven mainly by productivity gains, reflecting a more efficient allocation of capital and labour, stronger competition, and greater scale for high-performing firms.

**Past initiatives have made limited progress.** Efforts to strengthen Canada's internal market are not new. Over the past three decades, governments have introduced multiple frameworks to reduce interprovincial trade barriers, most notably the 1995 Agreement on Internal Trade and its successor, the 2017 Canadian Free Trade Agreement. These initiatives sought to improve the mobility of goods, services, investment, and labour by applying principles such as nondiscrimination and mutual recognition. Regional agreements and a series of bilateral memoranda of understanding have also aimed to deepen cooperation. However, the overall impact has been rather incremental. Broad sectoral exceptions, uneven provincial implementation, and limited enforcement mechanisms have allowed many regulatory differences and administrative frictions to persist.

**New Act to further enhance trade and labour mobility.** Against this backdrop, the One Canadian Economy Act represents a potential structural shift rather than simply another incremental reform. As part of this legislation, the Free Trade and Labour Mobility in Canada Act requires the federal government to recognize comparable provincial and territorial requirements for certain goods and services. It also applies to specific occupations, whereby a worker authorized to practise in a province or territory would be authorized to work in the same occupation under federal jurisdiction without the need for additional approvals or requirements. Unlike earlier agreements that relied heavily on negotiated cooperation and broad opt-outs, the Act introduces a more direct federal mechanism to reduce duplicative requirements affecting interprovincial commerce.

### Gains from Eliminating Internal Trade Costs



Percentage Point Change in Real GDP Per Worker

### One Canadian Economy to Unlock Potential



**Building Canada Act to facilitate nation-building projects.** Complementing regulatory reforms on internal trade and labour mobility, the Building Canada Act — the second component of the One Canadian Economy Act — addresses another longstanding constraint on economic integration: infrastructure capacity and project delivery timelines. A central element of the Act is the creation of a Major Projects Office, designed to coordinate across federal departments, streamline review and approval processes, and serve as a single window for project proponents. Unlike the existing legislative regime, projects designated as being in the national interest will receive required federal authorizations through a single, consolidated conditions document issued by a responsible minister. This focus on accelerating nationally significant infrastructure links internal trade policy more directly with physical connectivity, recognizing that regulatory alignment alone cannot ensure market integration if goods, workers, and inputs cannot move efficiently across regions.

**The Act places strong emphasis on national interest.** Projects being reviewed as national interest projects under the Building Canada Act span a wide range of sectors and regions, reflecting the Act’s broad criteria and strategic goals. For example, LNG Canada Phase 2 would double Canada’s liquefied natural gas export capacity in Kitimat, British Columbia, and attract substantial private investment while diversifying energy trade links. The Darlington New Nuclear Project in Ontario would make Canada one of the first G7 countries with operational small modular reactors, supplying clean power and supporting skilled jobs. In Quebec, the Contrecoeur Terminal Container Project aims to expand the Port of Montreal’s capacity, strengthening Canada’s trade infrastructure and supply chains. These initiatives illustrate how national-interest projects are chosen not only for their economic scale but also for their potential to enhance trade connectivity, diversification, clean energy growth, and long-term resilience.

### Select Projects Deemed of National Interest

Project	Proponent	Sector	Location
LNG Canada Phase 2	LNG Canada	Energy	Kitimat, BC
Darlington New Nuclear Project	Ontario Power Generation	Energy	Bowmanville, ON
Contrecoeur Terminal Container Project	Montreal Port Authority	Industrial	Contrecoeur, QC
McIlvenna Bay Foran Copper Mine Project	Foran Mining	Mining	East-Central, SK
Northcliff Resources’ Sisson Mine	Northcliff Resources Ltd.	Mining, Critical Minerals	Sisson Brook, NB

Sources: Government of Canada

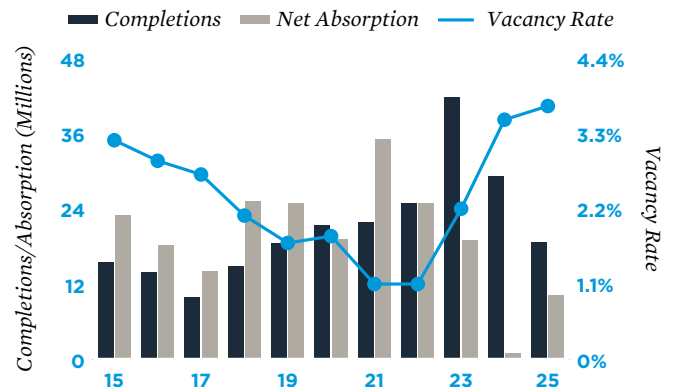
## Impact on Commercial Real Estate

### New legislation a long-term boon for commercial real estate.

By facilitating internal trade and reducing regulatory red tape for nation-building projects, the One Canadian Economy Act will help strengthen Canada’s long-term growth and reshape its commercial real estate landscape. The effects may vary across property types, with sectors more closely tied to goods movement and major infrastructure projects — particularly industrial — likely to see the most direct benefits. Other sectors, such as retail, may benefit indirectly through stronger consumer spending and improved tenant performance. Rather than driving sudden shifts, the Act points to a longer-term change in how and where economic activity takes place across the country. Over time, this could strengthen investor confidence and support new investment opportunities in regions and sectors positioned to benefit from deeper economic integration.

**Stronger internal trade supports industrial demand.** The industrial sector stands to benefit the most from the One Canadian Economy Act. Fewer interprovincial regulatory frictions and better labour mobility make it easier for companies to design supply chains at the national scale rather than operate province by province. At the same time, faster delivery of major transportation and trade infrastructure — such as ports, rail links, highways, and logistics hubs — improves the physical network on which goods depend. Together, these changes could lift demand for modern warehousing and distribution space, especially near key trade corridors and intermodal nodes. Over time, this supports a shift toward larger, more centralized, and technologically advanced logistics facilities. It may also encourage firms to maintain higher domestic inventory levels as supply chains within Canada become more reliable and cost-efficient.

### Industrial Supply and Demand



**Nation-building efforts to help long-term office outlook.** Easier labour mobility makes it simpler for firms to recruit talent across provincial lines, particularly in professional services, engineering, and project-related industries. Regions hosting major infrastructure projects may see stronger demand for office space tied to management, design, and support roles. In particular, office utilization in Western Canada could get a boost, as energy projects of national interest drive longer-term demand in the region. Over time, the One Canadian Economy Act could create clusters of office-based employment, encouraging companies to expand their footprint in regions connected to major projects. As a result, the legislation could gradually lift occupancy and tenant activity in key regions, giving office owners and developers a more positive long-term outlook.

**Emerging job hubs may drive new apartment rental demand.** Stronger labour mobility could lead to more workers moving between provinces, especially toward regions connected to nationally significant projects. Combined with greater income potential, these factors could increase rental demand in those areas, including in some secondary markets that haven't traditionally seen much in-migration. Faster infrastructure delivery can also make it easier for people to live near new job hubs and open land for development over time. Overall, the shift in rental demand is likely to be gradual. However, areas near major project sites may see a more pronounced impact, with tighter rental markets during construction and the early stages of operation.

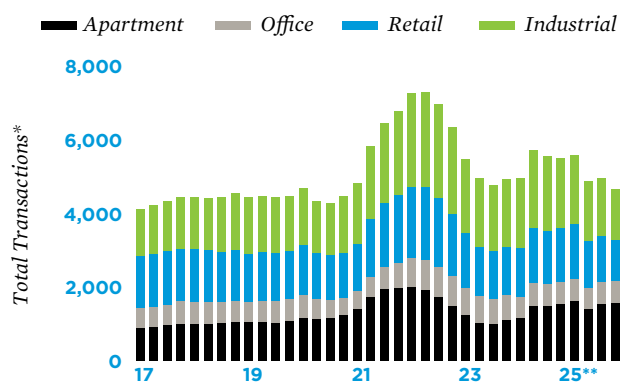
**Retail sector to gain from higher spending and income growth.** Retail is likely to benefit indirectly from the Act. A more integrated domestic market and smoother goods movement can help lower supply chain costs and make it easier for retailers to expand across provinces. Over time, productivity gains and improved infrastructure could support higher incomes and consumer spending, which, in turn, help retail fundamentals. That said, retail property performance will still depend heavily on local population growth, household finances, and shopping patterns. The biggest advantage is likely that retailers can operate more efficiently and consistently across provinces, but this is unlikely to prompt a jump in overall space demand.

**New legislation helps restore investor confidence.** For investors, the One Canadian Economy Act points to a more connected and potentially more productive domestic economy over time. Locations linked to trade corridors, logistics networks, and major infrastructure projects may become increasingly attractive. By reducing internal frictions and improving the reliability of project delivery, the new legislation may also help lower perceived regional risk and support more stable long-term growth expectations. If well implemented, the Act could strengthen investor confidence, particularly after multiple years marked by external shocks and heightened uncertainty. Over time, this may create a more favourable environment for capital deployment into sectors and regions positioned to benefit from deeper economic integration within Canada.

### Impact on Commercial Real Estate

Sector	Impact
Industrial	<ul style="list-style-type: none"> <li>National supply chains and faster transport infrastructure boost demand for large, modern logistics space near trade corridors.</li> </ul>
Office	<ul style="list-style-type: none"> <li>Cross-province hiring and major projects support professional and project-related office jobs in key cities and regions.</li> </ul>
Multifamily	<ul style="list-style-type: none"> <li>Worker mobility and project-driven migration increase rental demand near major project areas.</li> </ul>
Retail	<ul style="list-style-type: none"> <li>More efficient goods movement and stronger incomes support spending, though outcomes remain locally driven.</li> </ul>

### Nation-Building Could Help Lift Future Sales



\* Trailing 12-month totals; \*\* Preliminary estimates

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Sources: IPA Research Services; Altus Data Solutions; IMF; Government of Canada

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