

Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
2.6% Vacancy Rate	▼	▼
464K Net Absorption, SF	▲	▲
\$8.05 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS
Q4 2020

	YoY Chg	12-Mo. Forecast
2.2M Montreal Employment	▼	▲
8.1% Montreal Unemployment Rate	▲	—
8.6% Canada Unemployment Rate	▲	▼

Source: Statistics Canada

ECONOMY: A glimmer of hope

October and preliminary November GDP figures suggested the Canadian economy remained resilient in the face of resurging COVID-19 cases across the country. In October, the Canadian economy grew by 0.4%, a better performance than the 0.2% forecast. According to Statistics Canada's advance estimate for the month of November, the economy grew by another 0.4% that month. The targeted nature of the containment measures imposed during the second wave should limit their impact on most sectors.

Mass vaccination efforts began in December after Health Canada approved a first COVID-19 vaccine. Yet, with new restrictions imposed on non-essential services by provinces starting on December 25, record-breaking numbers of new cases and a new more transmissible strain of the virus, a swift return to normal seems unlikely. Access the most recent research on CRE and the state of economy [here](#).

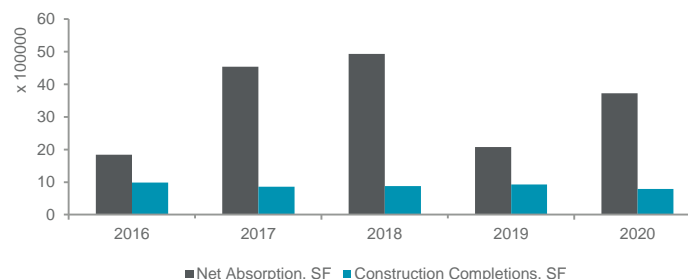
SUPPLY & DEMAND: Vacancy rates continue to plummet

In the fourth quarter of 2020, the market recorded 464,552 square feet (sf) of absorption, bringing the year-to-date total to 3.72 million square feet (msf). The market has now recorded a record 18 consecutive quarters of positive absorption, causing the vacancy rate to decline to 2.6%, down from 2.9% reported in the previous quarter. Despite tightening market conditions, many developers were hesitant to build on spec, resulting in only 791k of new supply in 2020. There are currently 1.4 msf of industrial space under construction with anticipated delivery dates in the next 48 months and 3.3 msf of proposed space in the pre-leasing stage.

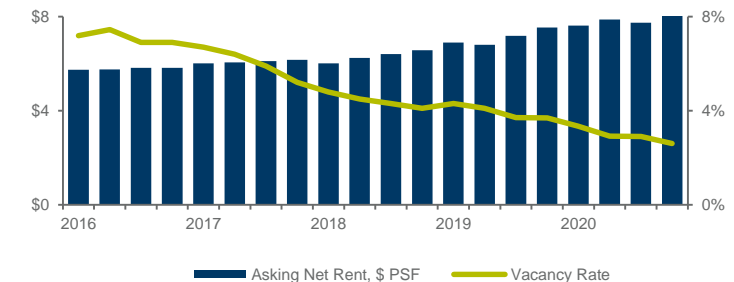
PRICING: Slow but persistent growth

As a result of the pandemic, rental rates have maintained slow but persistent growth. The average net asking rent in the Greater Montreal area reached \$8.05 per square foot (psf), up from \$7.74 psf in the third quarter of 2020. As the vacancy rate continues to plummet and delivered new product is priced at a premium, tenants can expect to see sustained upwards pressure on occupancy costs over the next 12-24 months.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT MONTREAL

Industrial Q4 2020



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTR. (SF)	CONSTRUCTION COMPLETIONS QUARTER (SF)	YTD COMPLETION	OVERALL WEIGHTED AVG NET RENT	OVERALL WEIGHTED AVG NET TAXES
Montreal Midtown North	46,295,523	1,777,830	3.8%	-273,601	207,403	0	0	118,000	\$9.29	\$2.08
Montreal Midtown South	28,095,290	717,134	2.6%	195,364	948,063	0	0	0	\$8.04	\$2.59
Montreal East	69,877,134	1,873,134	2.7%	-4,440	2,747	160,000	0	0	\$7.96	\$2.40
Laval	22,747,212	199,889	0.9%	94,274	887,888	0	63,325	63,325	\$6.95	\$4.08
North Shore Lanaudière	4,068,350	24,860	0.6%	-10,284	220,847	29,374	0	137,950	N/A	N/A
North Shore Laurentides	5,751,899	66,080	1.1%	42,737	107,863	0	0	0	\$8.24	\$3.26
South Shore	26,741,688	720,160	2.7%	230,669	94,241	837,531	0	28,227	\$8.74	\$3.46
Lachine	20,773,378	870,691	4.2%	-7,866	97,328	0	0	0	\$5.35	\$1.91
Saint-Laurent	66,295,493	1,697,625	2.6%	-381,147	-577,275	0	0	0	\$8.09	\$4.36
West Island	45,147,020	594,534	1.3%	67,329	619,764	0	134,950	430,560	\$6.77	\$2.80
Vaudreuil-Dorion	2,269,106	94,461	4.2%	511,517	1,127,884	390,000	0	13,250	\$8.00	\$3.00
MONTREAL TOTALS	338,062,093	8,636,678	2.6%	464,552	3,726,753	1,416,905	198,275	791,312	\$8.05	\$2.80

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
401 Marie-Curie Street	Vaudreuil-Dorion	Confidential	535,000	New Tenant
5799 route de l'Aéroport	South Shore	Undisclosed	208,475	New Tenant
9200-9464 de la Cote-de-Liesse Road	Lachine	Groupe Marcelle	204,084	Renewal
550 McArthur Street	Saint-Laurent	Undisclosed	156,514	New Tenant
9393 Louis-H-Lafontaine Boulevard	Montreal East	Undisclosed	105,962	New Tenant

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Interstate Construction – Cansett Properties Portfolio	Saint-Laurent	Interstate Construction / Cansett Properties	308,992	\$45M / \$146
550 McArthur Street	Saint-Laurent	Velan Inc / Mondey	156,514	\$17M / \$111
5375 boulevard Henri-Bourassa West	Saint-Laurent	Amira Inc / Construction Jadco Inc	59,301	\$15M / \$254

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KEY CONSTRUCTION COMPLETIONS Q4 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
17600 Transcanada Highway	West Island	Brault & Martineau	85,650	Broccolini Construction
17650 Transcanada Highway	West Island	EconoMax	49,300	Broccolini Construction
1109-1131 Montée-Masson	Laval	Kenworth	63,325	Werner Malderle

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