



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
5.7% Vacancy Rate	▲	▲
-5.6M YTD Net Absorption, SF	▼	▲
\$14.87 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▼

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.4M Montreal Employment	▼	▲
6.6% Montreal Unemployment Rate	▲	▲
6.5% Canada Unemployment Rate	▲	—

Source: Statistics Canada

KEY TAKEAWAYS

- Construction projects put on hold as supply outweighs demand
- New lease transactions skew heavily towards small- to medium-sized spaces

UNEMPLOYMENT RATE UP BY 0.4% IN THE LAST YEAR

The unemployment rate in Canada increased by 10 basis points (bps) from end of Q2 2024 to 6.5% in September. In Montreal, the rate edged up from 6.2% to 6.6% during this same time frame and has climbed 140 bps since September 2023. Over the course of the last year employment in the Montreal census metropolitan area has decreased by 24,000.

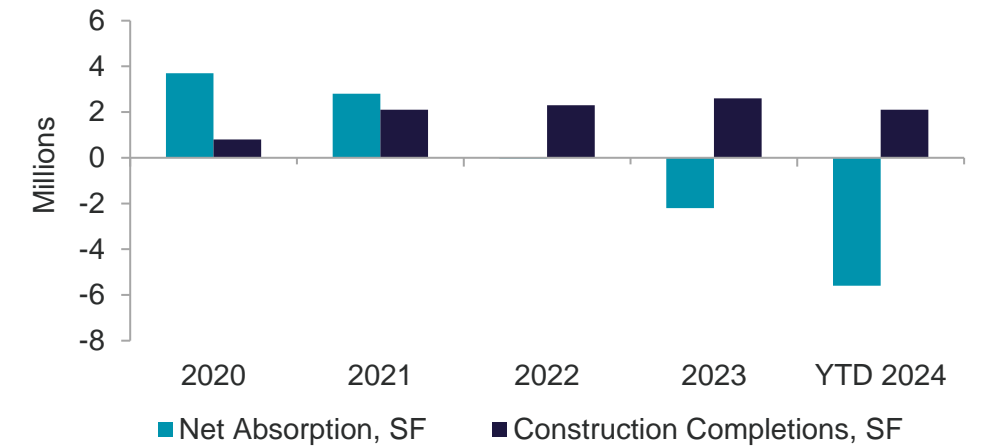
NEGATIVE ABSORPTION INFLUENCING CONSTRUCTION PIPELINE

The overall vacancy rate in the Greater Montreal Area (GMA) rose to 5.7% in Q3 2024, with absorption remaining negative for the fourth consecutive quarter at negative 1.8 million square feet (msf). This is largely due to a surplus of large-bay inventory (<100k square feet (sf)) and a rising ratio of new availabilities to lease transactions for big-box spaces, which jumped from 0.5 in 2021, when absorption was largely positive, to 2.1 in 2024 (year-to-date). This trend may be influencing several developments being put on hold, as less than 160k sf of new inventory came online this quarter—the second consecutive quarter under 200k sf. Despite this, construction completions in 2024 are on par with prior years, indicating sustained demand for high-quality, modern space.

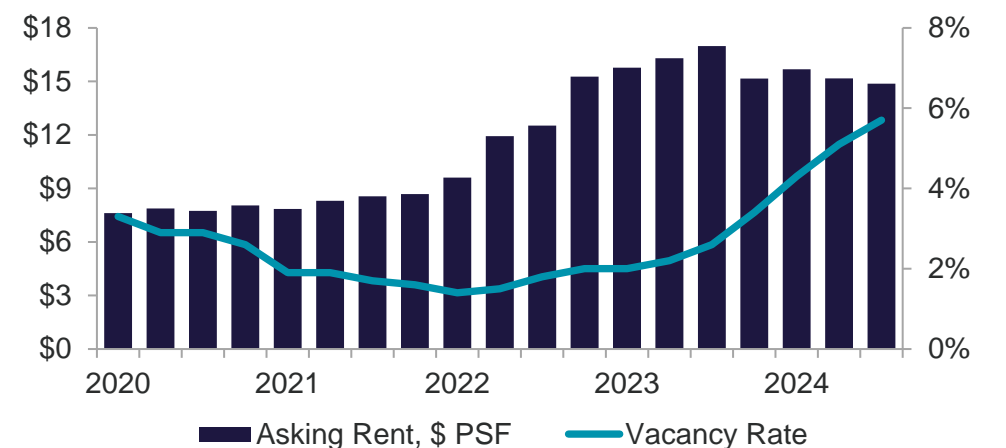
STABILITY IN OVERALL ASKING NET RENTS CONTINUES

The overall asking net rent within the GMA remains relatively stable, at \$14.87 per square foot recorded this quarter. Overall asking net rents are expected to remain stable, with an annual growth rate of approximately 1-2%, akin to historical, pre-pandemic rates. Despite this outlook, overall asking net rents remain at a historic high, increasing by over 102% since Q1 2020, and are expected to remain elevated into 2028.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CURRENT QTR CNSTR COMPLETIONS (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*	OVERALL WEIGHTED AVG ADDITIONAL RENT
Montreal Midtown North	42,861,266	1,735,972	4.1%	-356,702	-461,123	0	0	0	\$15.38	\$4.26
Montreal Midtown South	28,662,555	1,570,241	5.5%	-3,533	-137,413	0	0	0	\$9.48	\$4.05
Montreal East	71,662,483	3,323,200	4.6%	-270,693	-1,127,191	667,080	39,198	39,198	\$13.95	\$4.56
Laval	25,172,349	1,614,275	6.4%	-89,048	-674,557	1,379,658	118,440	140,022	\$15.55	\$4.45
North Shore Lanaudiere	5,080,374	195,721	3.9%	-101,256	-29,130	0	0	79,000	\$16.99	\$4.40
North Shore Laurentides	7,258,556	615,800	8.5%	47,772	-272,700	0	0	0	\$15.26	\$4.21
South Shore	30,411,617	1,937,904	6.4%	-121,449	318,850	583,146	0	1,089,838	\$15.66	\$4.09
Lachine	19,686,065	1,817,441	9.2%	-278,422	-575,298	0	0	0	\$17.28	\$3.59
Saint-Laurent	66,274,093	3,487,431	5.3%	-481,074	-1,881,369	141,581	0	0	\$16.03	\$4.28
West Island	46,224,837	2,511,819	5.4%	-183,810	-638,846	0	0	330,076	\$16.08	\$5.44
Vaudreuil-Dorion	3,838,006	906,312	23.6%	10,000	-158,464	0	0	458,242	\$10.37	\$3.17
MONTREAL TOTALS	347,132,201	19,716,116	5.7%	-1,828,215	-5,637,241	2,771,465	157,638	2,136,376	\$14.87	\$4.33

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

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5500 TransCanada Highway	West Island	L. Simard Transport Limited	213,600	Sublease
2125 Lily-Simon Street	Montreal Midtown North	Berlin Packaging	150,225	New Lease
6767-6771 Leger Boulevard	Montreal East	Linen Chest	144,663	Renewal*
9275 Henri-Bourassa Boulevard East	Montreal East	Recochem Inc.	105,912	New Lease
3000 TransCanada Highway	West Island	Confidential	87,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
7171 de la Cote-Vertu Boulevard	Saint-Laurent	Lockheed Martin Canada Inc. / FTAIC Aviation Inc.	526,000	\$53.3M / \$101
1625-1795 32 nd Avenue	Lachine	Immeubles Cansett Inc. / Lachine Investissements S.E.C. (Brasswater)	192,261	\$43.9M / \$228
165-167 Hymus Boulevard	West Island	Redbourne Group / KS 165 Hymus Inc. (KingSett Capital)	220,713	\$34.6M / \$157
2945-2965 Andre Avenue	West Island	Immeubles Cansett Inc. / Societe en Commandite FPI Pro Acquisition	134,340	\$32.7M / \$243
8051 Metropolitan Boulevard East	Montreal East	16091032 Canada Inc. / 16447864 Canada Inc.	95,655	\$25.2M / \$263

KEY CONSTRUCTION COMPLETIONS Q3 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
137 Bellerose Boulevard West – Building B	Laval	Produit Alimentaire Berthelet	118,440	Rosefellow
10900 Golf Boulevard	Montreal East	Building delivered fully vacant	39,198	Di Lillo Construction

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