

Montreal

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Market increasingly shifts towards tenant-sided dynamic as glut of large-bay space grows

Montreal's industrial market continues to correct following the construction boom of recent years. Despite a recent tapering of the development pipeline, the Greater Montreal Area (GMA) recorded 2.6 million square feet (msf) of deliveries over the last four quarters. Older distribution space is no longer competitive at historical rates, and many occupiers are renewing in newer builds. Vacancy continues to rise, with a 200-basis-point (bps) increase from one year ago. Among GMA submarkets, Vaudreuil-Soulanges saw the largest year-over-year vacancy increase of 650 bps. While oversupply remains a key driver of loosening market conditions, tenant demand has also been more muted, especially as the U.S. has significantly altered its trade policies with Canada this year. Some occupiers in Q2 are still moving forward despite the uncertainty, as evidenced by a pickup in leading demand indicators such as touring.

Rental rates continue to drop as landlord competition increases

The average asking rent has declined significantly, dropping 8.1% over the past year, with the North Shore and Laval submarkets seeing the steepest declines. This repricing includes new construction, where rates may need to decline further to remain competitive, particularly in secondary locations.

Construction pipeline maintains momentum amid deliveries

Despite more than 1.0 msf delivering in the GMA in 2025, the construction pipeline has increased slightly from last quarter. Montoni's Écoparc Châteauguay 30 and Mascouche condos hit the market in Q2, adding over 0.5 msf of additional speculative inventory. Nearly half of the current construction pipeline comes from the Rosefellow project at 1500 Chemin de Service (0.9 msf) in the South Shore, while an additional 0.5 msf comes from two Montoni expansion projects at 4155 Chomedey (Laval) and 2055 Des Entreprises Boulevard (North Shore). The Chemin de Service project has 143,000 square feet (sf) listed for sublease, while the 4155 Chomedey expansion has 270,000 sf available for lease.

Key Statistics

Greater Montreal Area (GMA)	Q2 2024	Q2 2025	Y-O-Y
Inventory	329.1 msf	340.0 msf	+11.9 msf
Vacancy Rate	3.8%	5.8%	+200 bps
Asking Rental Rate	\$15.13	\$13.90	-8.1%
Net Absorption YTD	-1.4 msf	-0.7 msf	+0.7 msf
Deliveries YTD	0.7 msf	1.1 msf	+0.4 msf
Under Construction	2.6 msf	1.9 msf	-0.7 msf

Outlook

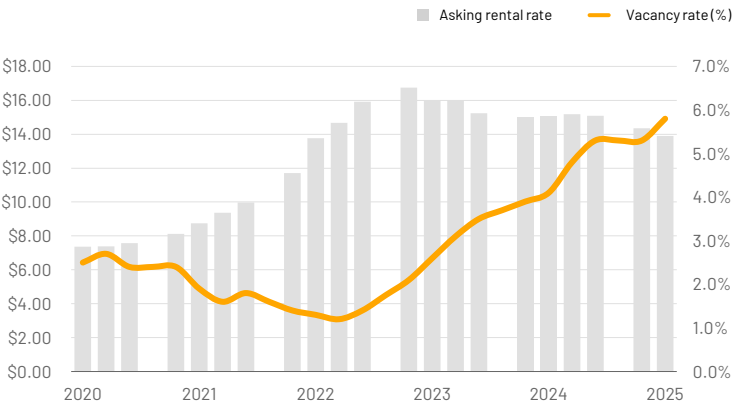
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Demand could gradually recover in the second half of 2025, supported by measures such as the C-5 Bill and as companies increasingly move forward despite ongoing U.S. trade policy uncertainty
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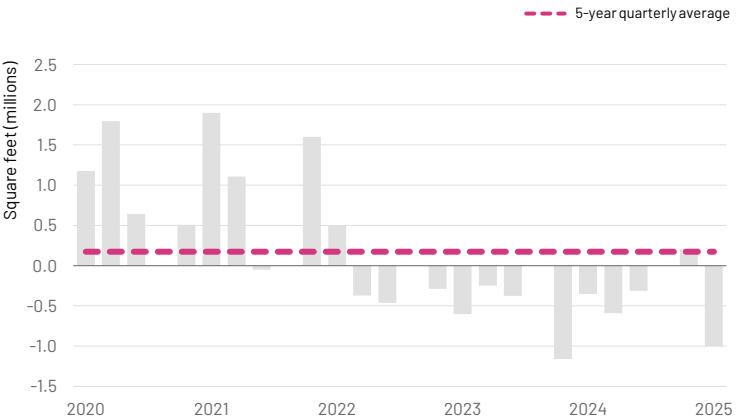
Significant construction activity in Laval, coupled with Amazon's departure, could place a large volume of inventory on the market in a short period of time, driving further softness
- 03

As more prime assets are delivered, the rental rate spread between Class A and older Class B and Class C assets is likely to widen as tenants increasingly seek upgraded options

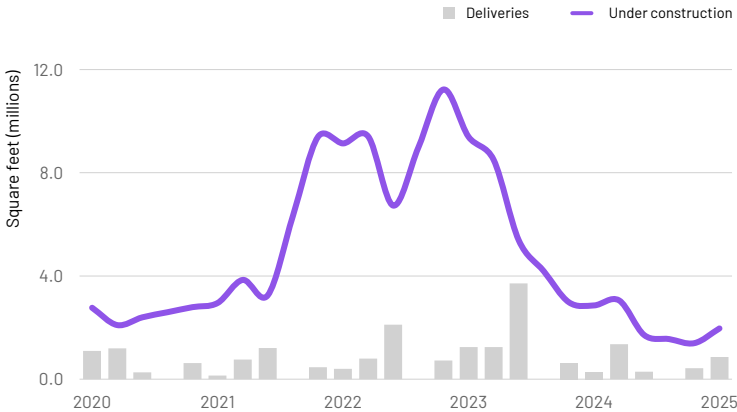
Asking Rent and Vacancy



Net Absorption



Deliveries and Under Construction



Top Leases

Source: Savills Research

Tenant	Size (sf)	Submarket	Address	Transaction Type	Industry
West Lake Supplies	174,490	Laval	900 Paul Kane	New Lease	Industrial Machinery & Supplies
Camionnage C.P. Inc.	137,396	West Island	555 Lee Avenue	Renewal	Logistics & Distribution/3PLs
Immeubles RB Ltee	99,714	South Shore	1201 Rue Marie-Victorin	Renewal	Professional & Business Services
Wolseley	87,650	Laval	4915 Louis B. Mayer	New Lease	Food & Beverage
Purolator	66,169	South Shore	425 Fouquet Avenue	New Lease	Logistics & Distribution/3PLs

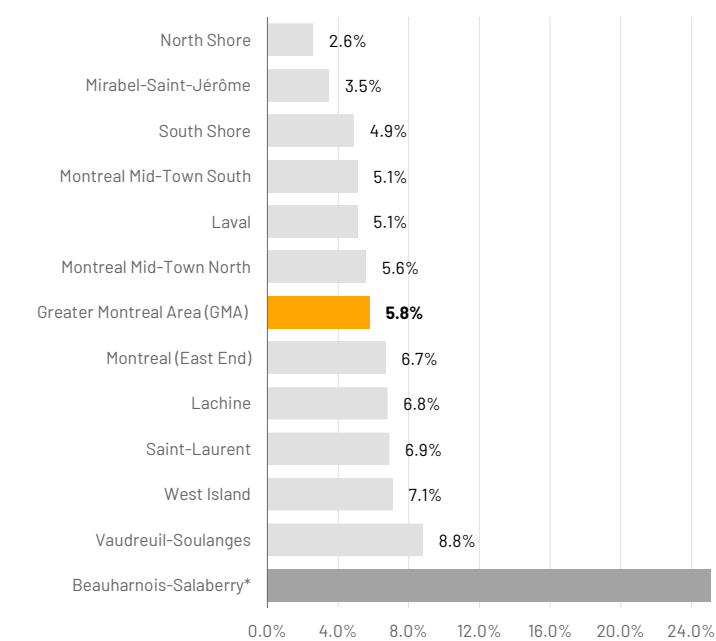
New Developments

*Expansion

Owner/Developer	Size (sf)	Submarket	Address	Development Type	Status
Rosefellow	951,231	South Shore	1500 Chemin De Service	Build-to-suit	Under Construction
Montoni	405,000	Laval	4155 Highway Chomedey (A-13)	Build-to-suit*	Under Construction
Loracon	195,000	Montreal (East End)	9200 Henri-Bourassa East Boulevard	Speculative (available)	Under Construction
Montoni	109,372	North Shore	2055 Boulevard Des Entreprises	Build-to-suit*	Under Construction
Quintcap	50,000	South Shore	1101 Rue Jean Talon	Speculative (available)	Under Construction

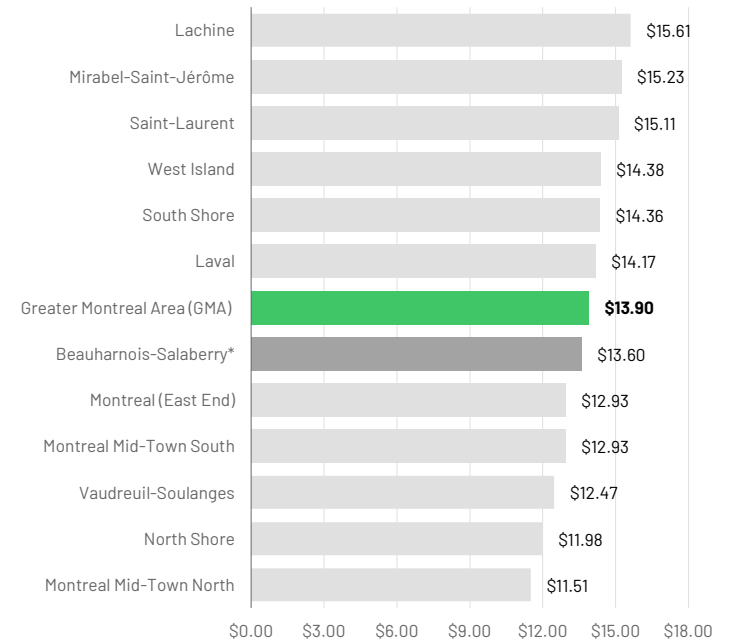
Vacancy Rate Comparison (%)

MONTREAL SUBMARKETS



Rental Rate Comparison (\$/sf)

MONTREAL SUBMARKETS



*Not included in GMA

Montreal Q2 2025 - Industrial

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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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