

# Montreal

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## Fundamentals remain unchanged, increasing vacancy continues to pull rates down

Montreal’s industrial market performance remained stable in Q4, closing out 2024. Vacancy within the Greater Montreal Area (GMA) rose by 160 basis points (bps) year over year, with the most notable increases occurring in the Vaudreuil-Soulanges submarket. Core submarkets like the South Shore, West Island and North Shore all posted decreases in vacancy from last quarter, at 70, 60, and 30 bps, respectively. Rental rates in the GMA continued their slow decline, dropping 1.4% from the prior year. Rates are now at their lowest levels since Q3 2022, two quarters before the all-time high recorded in Q1 2023. Despite the rapid rate increases during that period, downward pressure from rising vacancy is lowering rents at a slower pace. The decline in 2024 has been much slower than in 2023, suggesting rents are beginning to stabilize.

### Montreal occupiers continue to shed space

Montreal continues to post some of the largest negative absorption among major Canadian markets, marking its 10th consecutive quarter of decline as of Q4 2024. The Montreal Mid-Town South, Vaudreuil-Soulanges and Laval submarkets shed the most space in Q4, with 0.5 msf of negative absorption combined.

### Construction pipeline set to stabilize in 2025

Despite Montreal’s construction pipeline reaching historic lows in Q4, it is set for a partial rebound in 2025. Montoni and Loracon, among others, are expected to begin vertical construction in 2025 for projects such as the Ecoparc in St Bruno, and 40NetZero Building B. Developers are likely to continue spacing out construction starts for additional planned buildings unless they are pre-leased or build-to-suit. Despite increasing vacancy, negative absorption and slowly falling rates, major developers are maintaining robust project pipelines, likely addressing real demand for zero-carbon builds. The nature of big-box industrial space has evolved rapidly in recent years, with environmental impact and automation driving the design of the next development cycle.

## Key Statistics

| Greater Montreal Area (GMA) | Q4 2023   | Q4 2024   | Y-O-Y     |
|-----------------------------|-----------|-----------|-----------|
| Inventory                   | 323.6 msf | 337.0 msf | +13.4 msf |
| Vacancy Rate                | 3.5%      | 5.1%      | +160 bps  |
| Asking Rental Rate          | \$15.23   | \$15.02   | -1.4%     |
| Net Absorption              | -0.3 msf  | -0.3 msf  | 0.0 msf   |
| Under Construction          | 3.8 msf   | 1.7 msf   | -2.5 msf  |
| Deliveries                  | 0.7 msf   | 0.3 msf   | -0.4 msf  |

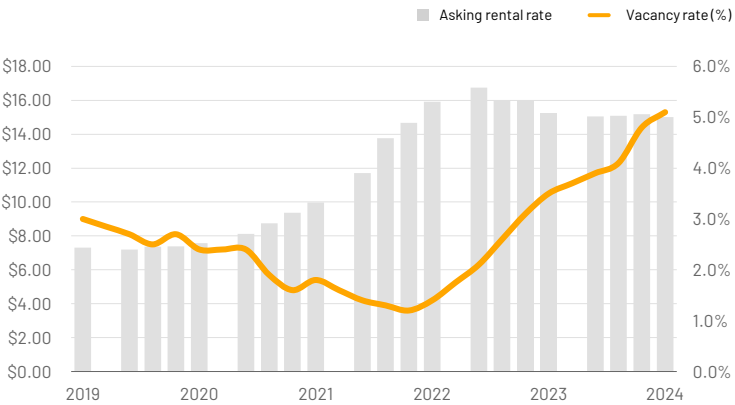
## Outlook

**01** Automation and eventual AI integration will have a powerful effect on space efficiency in the future, potentially leading to further negative absorption if occupiers downsize as a result

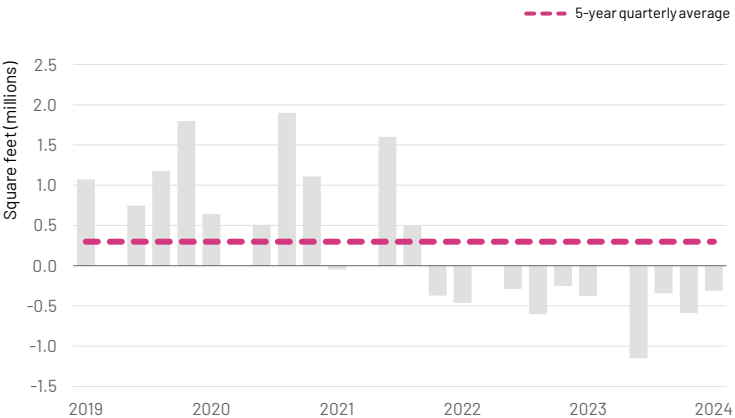
**02** While rents are beginning to stabilize, the market—especially in the 100,000-sf range—still has room for further rent declines in 2025

**03** Montreal faces a large degree of economic uncertainty from the United States’ proposed tariffs, which could severely impact the Canadian economy

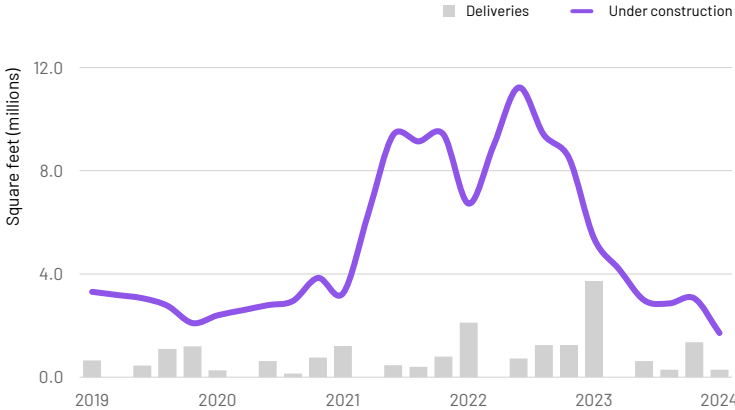
## Asking Rent and Vacancy



## Net Absorption



## Deliveries and Under Construction



Top Leases

Source: Savills Research

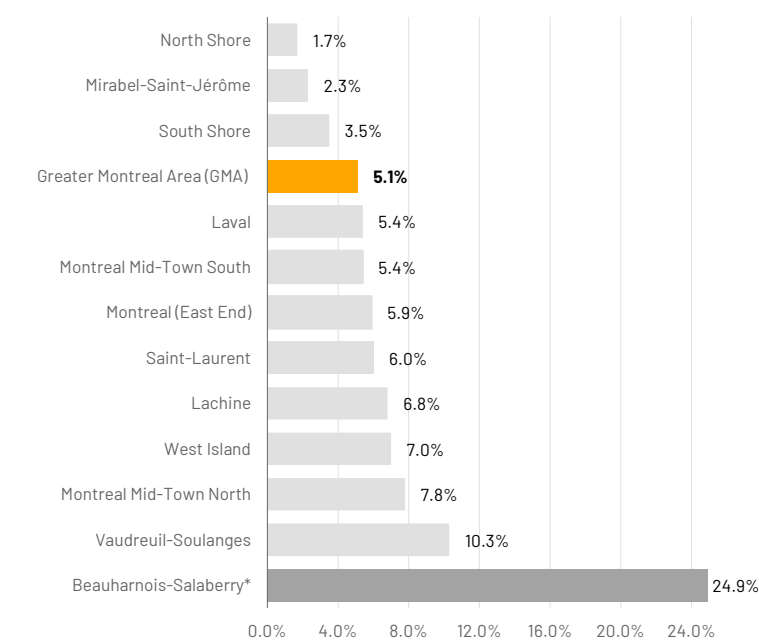
| Tenant    | Size (sf) | Submarket     | Address                      | Transaction Type | Industry                                   |
|-----------|-----------|---------------|------------------------------|------------------|--------------------------------------------|
| Intelcom  | 407,080   | Saint-Laurent | 3400 Raymond-Lasnier         | New Lease        | Logistics & Distribution/3PLs              |
| Polar Pak | 257,901   | West Island   | 17711 Trans-Canada, Kirkland | New Lease        | Paper & Packaging                          |
| MAAX Bath | 206,778   | South Shore   | 1601 Rue René-Descartes      | New Lease        | Construction Materials & Building Fixtures |
| LSU       | 144,000   | South Shore   | 1373 Rue Newton              | New Lease        | Logistics & Distribution/3PLs              |
| Berthelet | 118,000   | Laval         | 137 Boul Bellerose E         | New Lease        | Logistics & Distribution/3PLs              |

Top Sales

| Owner/Buyer               | Size (sf) | Submarket               | Address                   | Price / \$/sf    | Seller                                |
|---------------------------|-----------|-------------------------|---------------------------|------------------|---------------------------------------|
| Brookfield                | 234,697   | Saint-Laurent           | 1585-1785 Rue Beaulac     | \$56.7 M / \$242 | VSL Logistics Hub Limited Partnership |
| Broccolini                | 120,000   | Montreal Mid-Town South | 8301 Elmslie Rue          | \$32.0 M / \$266 | Manulife                              |
| Mondev                    | 118,662   | South Shore             | 5000 J.-A.-Bombardier Rue | \$17.8 M / \$157 | Chenail                               |
| IKEA Properties Limited   | 89,322    | Saint-Laurent           | 9070-9300 Cavendish Boul  | \$20.3 M / \$227 | Dream Unlimited Corporation           |
| Technoform Industries Ltd | 82,898    | Montréalégie            | 10 Roger-Dorais Rue       | \$16.5 M / \$199 | Luxo Marbre                           |

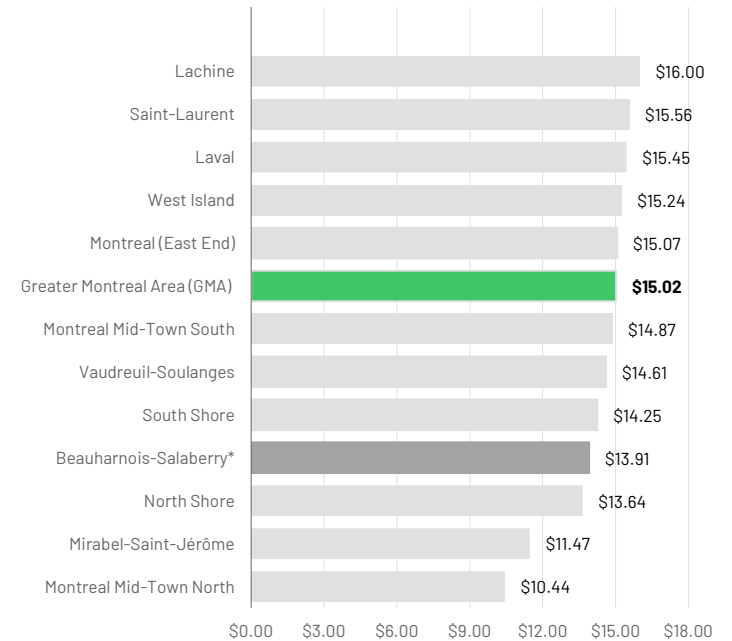
Vacancy Rate Comparison (%)

MONTREAL SUBMARKETS



Rental Rate Comparison (\$/sf)

MONTREAL SUBMARKETS



\*Not included in GMA

Montreal Q4 2024 - 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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