

Q3 2023

Montréal

Industrial Market Report

Net Absorption

This Quarter

-141K SF

Previous Quarter

-787K SF

12-Month Absorption

-451K SF

5-Year Quarterly Avg.

529K SF

Availability

This Quarter

2.4%

Year-over-Year

▲ 130 bps

Asking Net Rent

This Quarter*

\$16.53 PSF

Year-over-Year

▲ 13.0%

Development

Under Construction

3.1M SF

New Supply

876K SF

Sales

Sale Price Avg.

\$215 PSF

Year-over-Year

▲ 10.3%

*Weighted Average
Colliers International (Québec) Inc.

Market Outlook

The Greater Montreal Area's (GMA) industrial market continues to move towards equilibrium between landlords and occupiers. Prospecting for spaces became easier in Q3, as both vacant and available inventory increased. Tenants now have options when surveying. To remain competitive, landlords showed flexibility on tenant incentives and asking rents.

The GMA saw the net asking average net rent decrease 1.6% quarter-over-quarter (QoQ) to \$16.53 per square foot. Although a marginal drop, it marked the first decrease in 20 quarters, indicating that the market has moved away from an exponential growth cycle.

The East End gave back 486,425 square feet QoQ to inventory, causing the availability rate to increase by 30 basis points to 2.4%. Sublet activity almost doubled, resulting in 742,399 square feet of availability. By comparison, the previous quarter had 375,497 square feet. The East End, Saint-Laurent, and the West Island currently have the most sublease available.

The rise in sublet product was a consequence of a stagnant

economy. For certain clients, retail goods were not being liquidated swiftly enough to justify excessive requirements for space.

The GMA registered 876,445 square feet of new supply. Three large projects delivered across the North Shore, West Island, and East Island. Rosefellow delivered 323,040 square feet in Mascouche and another 255,265 square feet in Pointe-Claire, which were fully leased at the time of delivery. Manulife's first phase was delivered in Montreal East with 246,740 square feet.

With approximately 3.1 million square feet currently under construction, pre-leasing activity faced a similar slow-down compared to available product. Montreal's tertiary markets in Beauharnois had 1.1 million square feet delivered and 400,000 square feet delivered in Varennes.

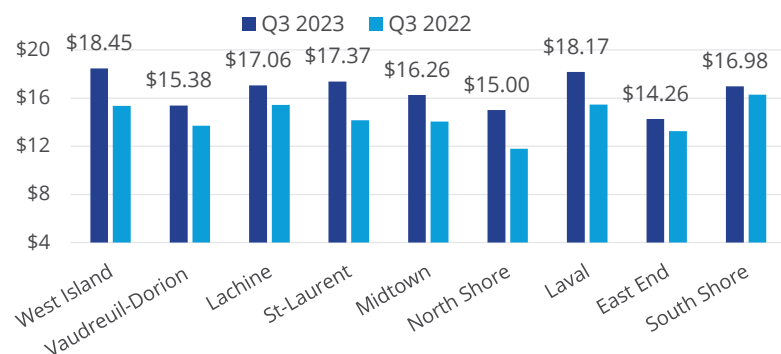
We anticipate the softening trend that has occurred in the last two quarters to persist in Q4. Asking rents should grow at a moderate rate as a new cycle emerges in the GMA industrial market.

Accelerating success.

Market Overview

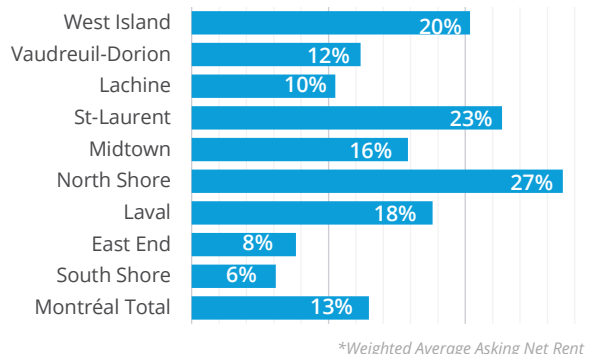
01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



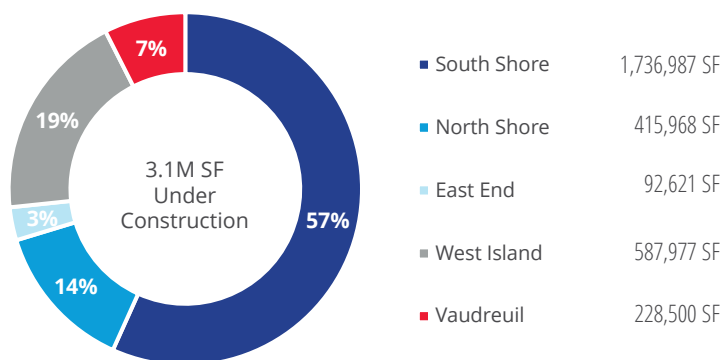
02 Rental Rate Growth*

By Market | Q3 2022 – Q3 2023



03 Under Construction by Market

By Building Area (SF)



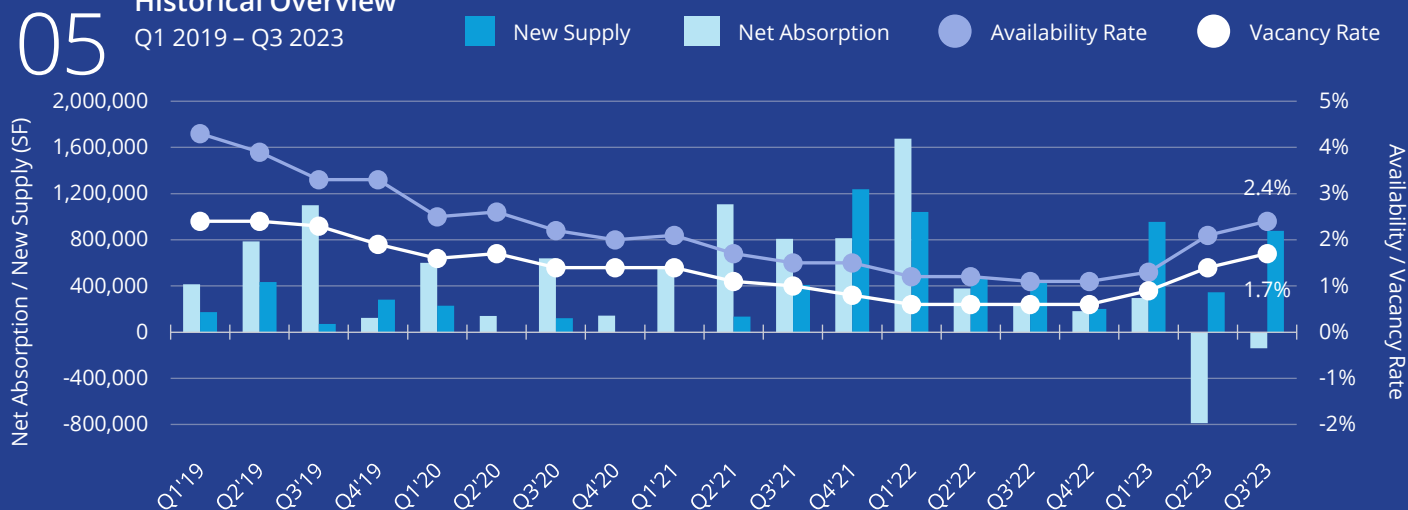
04 Availability Rate

By Market | Q3 2022 – Q3 2023

West Island	2.3%	▲	from 1.2 % Q3'22
Vaudreuil	4.0%	▼	from 5.9 % Q3'22
Lachine	3.4%	▲	from 0.9 % Q3'22
St-Laurent	3.2%	▲	from 0.9 % Q3'22
Midtown	1.1%	▲	from 0.9 % Q3'22
Laval	2.2%	▲	from 1.6 % Q3'22
North Shore	2.2%	▲	from 0.5 % Q3'22
East End	4.5%	▲	from 1.2 % Q3'22
South Shore	2.2%	▲	from 1.4 % Q3'22
Montréal Total	2.4%	▲	from 1.1 % Q3'22

05 Historical Overview

Q1 2019 – Q3 2023



Market Statistics

Market	Total Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Wgt. Avg. Asking Net Rent (PSF)
West Island											
Baie D'Urfé	4,395,775	44,121	1.0%	44,121	0	44,121	1.0%	-44,121	0	0	\$17.00
Ste-Anne-de-Bellevue	1,952,903	64,024	3.3%	64,024	0	64,024	3.3%	-64,024	0	0	\$ 18.00
Dollard-des-Ormeaux	1,968,083	16,723	0.8%	16,723	0	16,723	0.8%	-10,020	0	0	\$16.20
Dorval	15,129,665	202,868	1.3%	202,868	0	307,841	2.0%	-7,357	0	0	\$18.60
Kirkland	2,554,265	102,038	4.0%	102,038	0	260,136	10.2%	-77,038	25,000	587,977	\$19.50
Pointe-Claire	17,998,084	282,677	1.6%	282,677	0	337,344	1.9%	279,695	255,265	0	\$18.37
Total	43,998,775	712,451	1.5%	712,451	29,795	1,030,189	2.3%	77,135	280,265	587,977	\$18.45
Vaudreuil-Dorion											
Total	4,540,640	48,806	1.1%	40,806	0	181,606	4.0%	25,000	0	228,500	\$15.38
Lachine											
Total	20,925,962	76,562	0.4%	76,562	0	713,736	3.4%	19,623	0	0	\$17.06
St-Laurent											
Total	58,091,201	958,069	1.6%	816,540	0	1,836,929	3.2%	-7,920	0	0	\$17.37
Midtown											
LaSalle	10,123,755	86,456	0.9%	86,456	0	86,456	0.9%	8,239	0	0	\$13.58
Montréal	70,797,501	558,928	0.8%	558,928	0	688,259	1.0%	-29,763	0	0	\$16.47
Mont-Royal	9,623,598	217,493	2.3%	183,493	0	221,439	2.3%	-111,523	0	0	\$16.75
Total	90,544,854	862,877	0	828,877	0	996,154	1.1%	-133,047	0	0	\$16.26
Laval											
Total	35,797,843	692,869	1.2%	692,869	0	794,774	2.2%	-137,102	26,400	0	\$18.17
North Shore											
Total	26,521,650	580,052	2.2%	560,227	0	583,802	2.2%	110,068	323,040	415,968	\$15.00
East End											
Anjou	16,914,666	385,117	2.3%	351,461	0	391,410	2.3%	24,168	0	0	\$13.73
Montréal-East	14,713,225	766,386	5.2%	669,386	0	1,030,283	7.0%	-196,379	246,740	92,621	\$14.13
St-Leonard	10,933,529	252,898	2.3%	240,649	0	476,013	4.4%	38,223	0	0	\$14.94
Total	42,561,420	1,404,401	3.3%	1,261,496	0	1,897,706	4.5%	-133,988	246,740	92,621	\$14.26
South Shore											
St-Hubert	6,317,622	113,135	1.8%	113,135	0	129,904	2.1%	40,612	0	0	\$17.64
Longueuil	10,632,053	206,722	1.9%	206,722	0	221,341	2.1%	-16,990	0	0	\$17.21
Boucherville	15,754,206	297,016	1.9%	297,016	0	356,314	2.3%	-8,685	0	0	\$15.94
Brossard	3,411,741	16,710	0.5%	16,710	0	18,210	0.5%	-2,250	0	0	\$16.95
Saint-Bruno-de-Montarville	3,289,004	121,561	3.7%	121,561	0	121,561	3.7%	26,974	0	1,736,987	\$18.91
Total	39,404,626	755,144	1.9%	755,144	0	847,330	2.2%	39,661	0	1,736,987	\$16.98
Montréal Total	362,386,971	6,071,406	1.7%	5,744,972	29,795	8,862,401	2.4%	-140,570	876,445	3,062,053	\$16.53

Transaction Highlights

Notable Lease Transactions

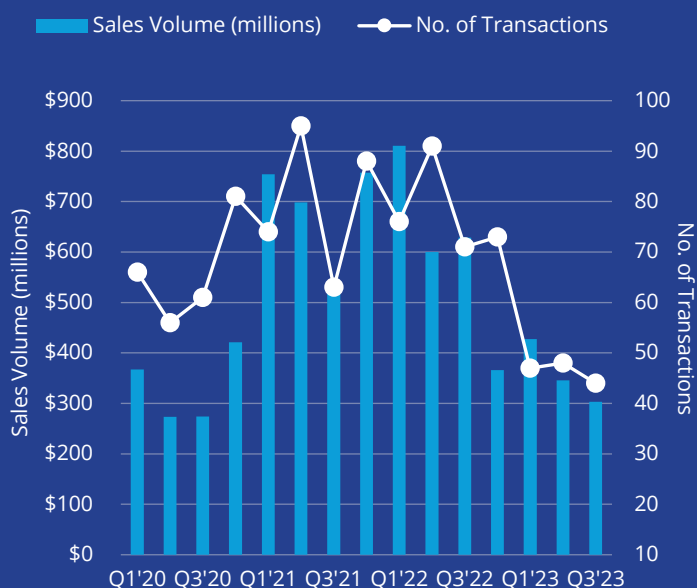
Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Keurig	1150 Urgel-Charette Boulevard	Beauharnois	New Lease	602,102
Hypertec	5555 Cypihot Street	Saint-Laurent	New Lease	178,940
Airbus	YMX 3/ Henri-Fabre Boulevard	North Shore	New Lease	135,000
Pro-Active Logistics	6100 Notre-Dame Bouelvard East	East Island	New Lease	96,954
Liftow	59 Hymus Boulevard	West Island	New Lease	56,445

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
4855 des Grandes-Prairies Boulevard	East Island	192,000	\$24,550,000	Brookfield	Private Investor
9305 Transcanadienne Highway	Saint-Laurent	274,044	\$24,100,000	KingSett	Private Investor
7801 Henri-Bourassa Boulevard East	East Island	84,191	\$22,592,764	St.Helen's Meat Packers	Private Investor
9415 Transcanadienne Highway	Saint-Laurent	62,585	\$18,800,000	KingSett	Private Investor
845 Saint-Charles Avenue	South Shore	52,590	\$17,000,000	Claridge	Private Investor

Sales Transactions and Volume

Q1 2020 – Q3 2023



Source: Altus Data Studio

Asking Rental Rates*

Weighted Average Asking Net Rent (PSF) | Q3 2019 – Q3 2023



Sale Price

Q3 2023 By Clear Height (PSF)



*Weighted Average

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