

5.0%
Vacancy Rate



-2.8M
Net Absorption, SF



\$15.10
Asking Rent, PSF



Overall, Direct Net Asking Rent

ECONOMIC INDICATORS Q2 2024

2.4M
Montreal Employment



6.2%
Montreal Unemployment Rate



6.4%
Canada Unemployment Rate



Source: Statistics Canada

ECONOMY

Canada's employment market showed stability with a slight decrease of 1,400 jobs, maintaining the employment rate at 61.1%. However, the unemployment rate increased to 6.4%, up by 1.3 percentage points since April 2023. In contrast, Montreal witnessed a YOY decline in employment by 3.5%, bringing its rate to 61.8%. Meanwhile, Quebec City, Sherbrooke, and Trois-Rivières saw employment gains during the same period.

Source: Statistics Canada

SUPPLY & DEMAND

The overall vacancy rate in the Greater Montreal Area (GMA) continued to climb, closing the second quarter of 2024 at 5.0%. Concurrently, the GMA recorded another quarter of negative absorption over 1 million square feet (msf), closing the second quarter of 2024 at negative 2.8 msf. Despite the twofold decrease in absorption relative to the first quarter of 2024, leasing activity in the second quarter of 2024 sustained, with over 2.1 msf leased. This marks the second quarter in a row that leasing activity exceeded two million square feet.

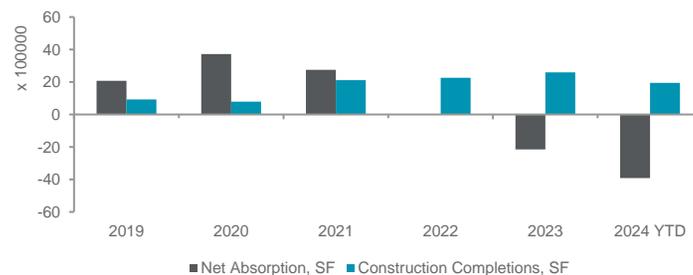
There is currently a significant surplus of large-bay inventory (100k – 200k square feet (sf)) across the GMA, with more than 40 options available. Decreased demand for big-box spaces has created a market favouring tenants in this size category, prompting landlords to offer increased incentives and lower asking rates to attract potential lessees. Many of these spaces were previously occupied by 3PL agencies, whose space requirements expanded during the e-commerce surge brought on by the pandemic. However, with consumer market cooling and inflation rising, many 3PLs that benefited from short-term commitments by major retailers are now experiencing reduced demand in supply chain logistics. Consequently, there is a substantial amount of vacant space arriving on the market, and some companies are struggling to meet rental obligations, leading to downsizing or closure. Currently, over 2.0 msf of sublet space is available as a result of these market conditions.

A little over 160k sf of new inventory was delivered this quarter, making it one of the lowest quarterly totals of new supply to come online in a single quarter in the post-pandemic period. The GMA saw a tremendous boost in new inventory over the past few years, with over 10.0 msf delivered since 2020, when demand for new space was high. Now, as supply outweighs demand, the GMA is seeing several prospective projects put on hold as developers delay construction as they await interest from prospective tenants. In spite of this cooling, demand for high-quality, modern space remains, and the industrial development cycle continues with several projects underway, primarily as speculative builds. The GMA is poised to receive an additional 2.0 msf of new inventory, currently scheduled to be delivered over the remainder of 2024.

PRICING

A marginal decrease in the overall asking net rent was recorded in the GMA this quarter, reaching \$15.10 per square foot. 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 & DIRECT ASKING RENT



MARKETBEAT

MONTREAL



Industrial Q2 2024

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 CURRENT QTR (SF)	YTD COMPLETIONS	OVERALL WEIGHTED AVG NET RENT*	OVERALL WEIGHTED AVG ADDITIONAL RENT
Montreal Midtown North	42,753,308	1,476,599	3.5%	-196,951	-188,332	0	0	0	\$16.16	\$3.81
Montreal Midtown South	28,631,969	1,651,103	5.8%	-210,905	-218,247	0	0	0	\$10.06	\$3.82
Montreal East	71,284,114	3,259,184	4.6%	-806,022	-1,132,673	693,899	0	0	\$13.60	\$4.58
Laval	24,869,792	1,152,316	4.7%	-422,947	-337,844	1,216,678	0	21,582	\$16.44	\$5.07
North Shore Lanaudiere	5,010,264	97,912	2.7%	-54,866	29,417	0	0	79,000	\$17.47	\$4.35
North Shore Laurentides	7,156,771	602,114	8.9%	-153,879	-291,246	0	0	0	\$15.22	\$4.15
South Shore	30,399,719	1,785,748	5.9%	31,880	467,731	583,146	0	1,063,998	\$15.87	\$4.05
Lachine	19,384,411	1,046,268	5.5%	-76,982	-101,445	0	0	0	\$17.90	\$4.76
Saint-Laurent	66,269,557	3,085,517	4.7%	-343,649	-1,529,096	141,581	0	0	\$16.09	\$4.17
West Island	46,013,911	2,095,600	4.7%	-372,791	-584,555	0	161,331	330,076	\$18.12	\$5.74
Vaudreuil-Dorion	3,838,006	779,611	20.3%	-146,800	-31,763	0	0	457,520	\$9.92	\$2.97
MONTREAL TOTALS	345,611,822	17,282,374	5.0%	-2,753,912	-3,918,053	2,635,304	161,331	1,952,176	\$15.10	\$4.39

*Rental rates are in CAD and reflect weighted direct net asking \$psf/year

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
960 Rang du Canal – Building A	South Shore	MAAX Canada	199,723	New Lease
17400 Trans-Canada Highway	West Island	KD Services	158,098	New Lease
2945 Andre Avenue	West Island	KD Services	134,340	Renewal*
8301 Elmslie Street	Montreal Midtown South	Gardaworld Cash Services Canada	120,000	Renewal*

*Lease renewals are not captured in market statistics

KEY SALE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1050 Beaulac Street	Saint-Laurent	Immeubles Cansett Inc. / Woodbourne Capital Management JV Epic Investments	313,511	\$66,500,000 / \$212
1000 Paul-Kane Place	Laval	Zorg Inc. / Groupe Mach	281,165	\$67,500,000 / \$240
5850 Maurice-Cullen Street	Laval	Zorg Inc. / Groupe Mach	137,745	\$29,161,564 / \$212

KEY CONSTRUCTION COMPLETIONS Q2 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
16987 Trans-Canada Highway – Building C	West Island	Building delivered vacant	161,331	Rosefellow

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