



Greater Montréal area industrial market report

Q2 2024

**AVISON
YOUNG**

Greater Montréal area (GMA) market fundamentals

3.9%

total vacancy
up 0.5% since last quarter

2.7M

square feet (sf) available for sale in
93 buildings across the GMA

\$15.70

average net asking rent
\$4.42 psf average additional rent

14.0M

sf vacant, including
**1.43 million square feet (msf)
of sublet space**

-5.1M

sf of negative absorption
year-over-year

3.6M

sf under construction
11 projects

Greater Montréal area industrial market trends

01

Lease renewals, relocations and post-COVID rightsizing

Between 2020 and 2022, major supply chain disruptions, combined with the exceptional growth of e-commerce and the shortage of available space, pushed logistics and distribution companies to secure as much warehouse space as possible. Three-to-five-year leases signed at historically high rates during this boom period are gradually expiring, providing the leasing market more options.

Now armed with more negotiating power, tenants who secured surplus space over the past few years are re-evaluating their requirements. Now that market conditions have stabilized, it is a good time to analyze and implement occupancy strategies.

02

Return of more favourable market conditions in sight

The substantial rise in industrial vacancy, coupled with the fall in asking rents observed since 2023, are symptoms of the positive adjustment of a market that had gotten ahead of itself. Other market conditions remain stable, and the economic factors that typically fuel demand for industrial real estate seem favourable for 2025. Interest rates are trending downward, the loonie is weakening, the forecast for GDP growth is 1.8% (1% in 2024) and industrial production is expected to increase by 1.7%, versus 0.2% in 2024. Other influent factors include the slow but steady progression of e-commerce, the growth of the battery industry, as well as the rise of AI and automation in logistics. The slower development activity observed in 2024 should help curtail vacancy rates in the near future as well.

03

Possible shortage of industrial space as early as 2026

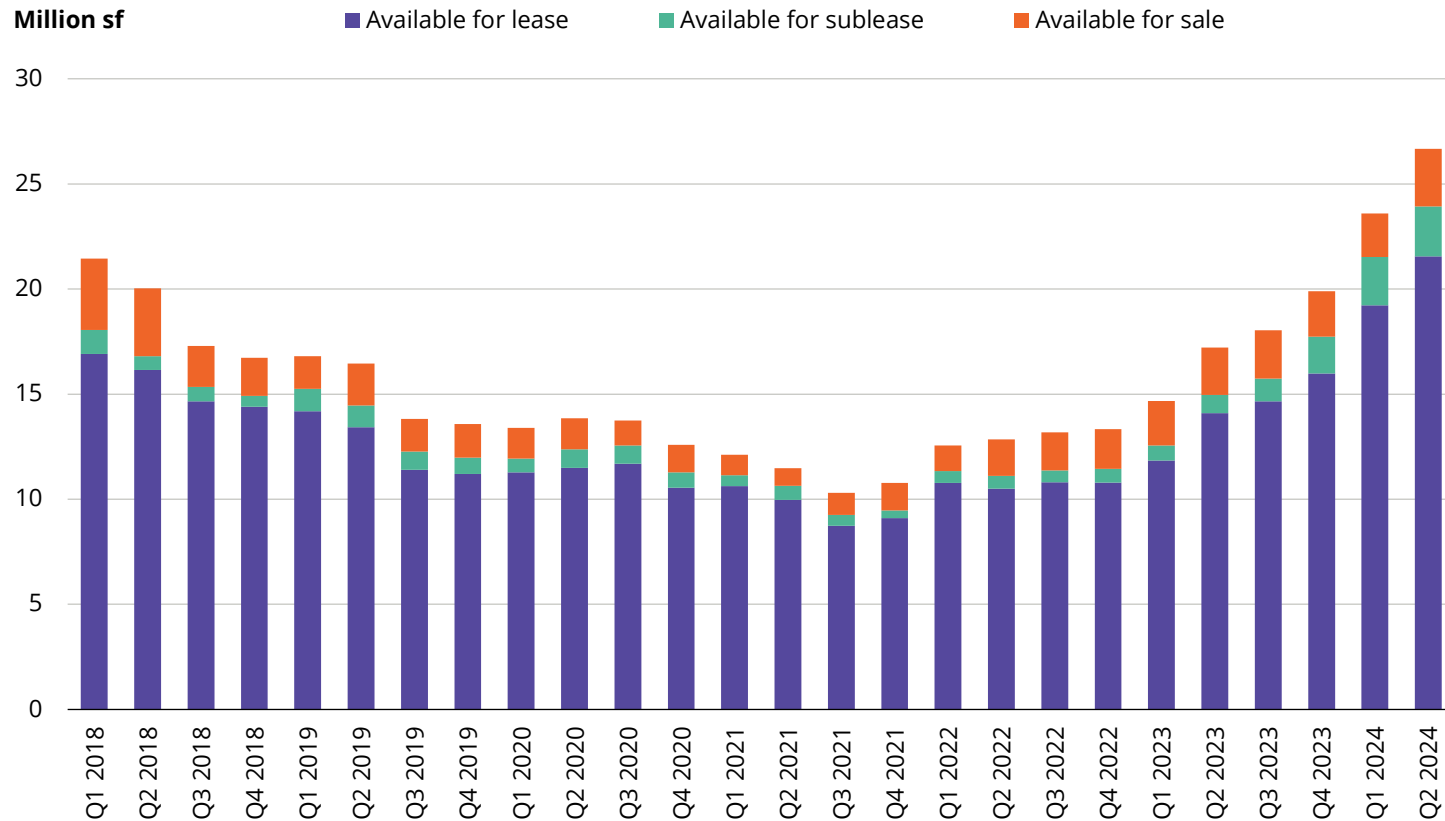
As construction activity decreased over the past year, the area under construction at Q2 dropped from 6.8 msf in 2023 to 3.6 in 2024. Projects currently under construction should be completed by late 2025, while 8.5 msf of industrial space are available for pre-lease.

As building deliveries can take 12 to 18 months, the new supply pipeline could run dry as early as 2026 unless new projects are launched before the end of the year.

Developers who take the risk of launching a project on a speculative basis will take the wind out of the sails of their competitors at the first signs of an upturn in demand. However, it will be necessary to adapt supply to tenants' appetite for smaller spaces.

Greater Montréal area industrial market indicators

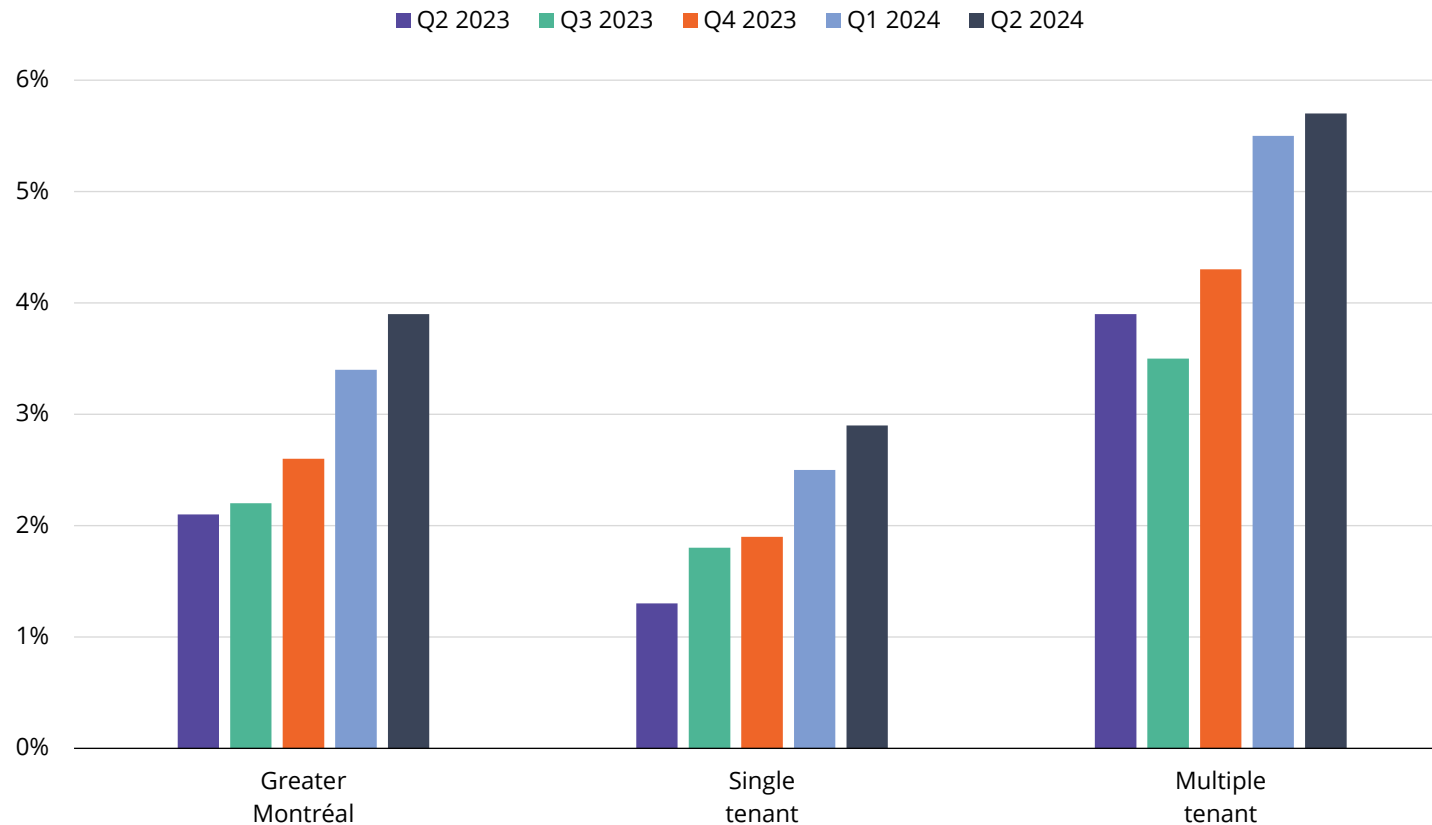
Available for sale and lease (sf)



Total available space continues trending up, with an additional 2.4 msf on the leasing market since last quarter. Sublets have however stabilized slightly.

Greater Montréal area industrial market indicators

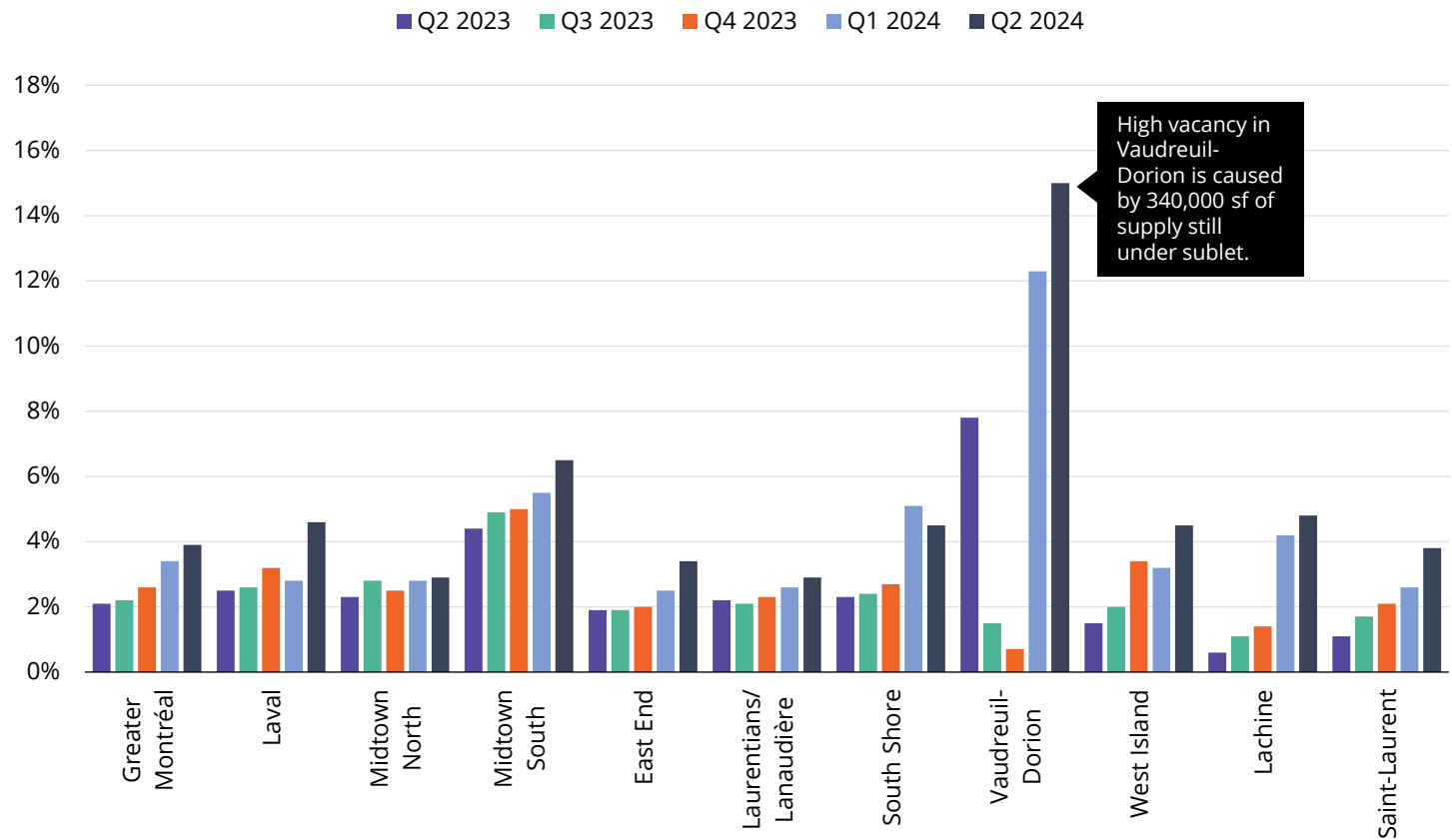
Vacancy rate by property type



Vacancy rate for multi-tenant properties has reached the 5.0% threshold in 2024, while single-tenant is approaching 3.0%. In Q2 of 2023, these rates were at 3.9% and 1.3% respectively.

Greater Montréal area industrial market indicators

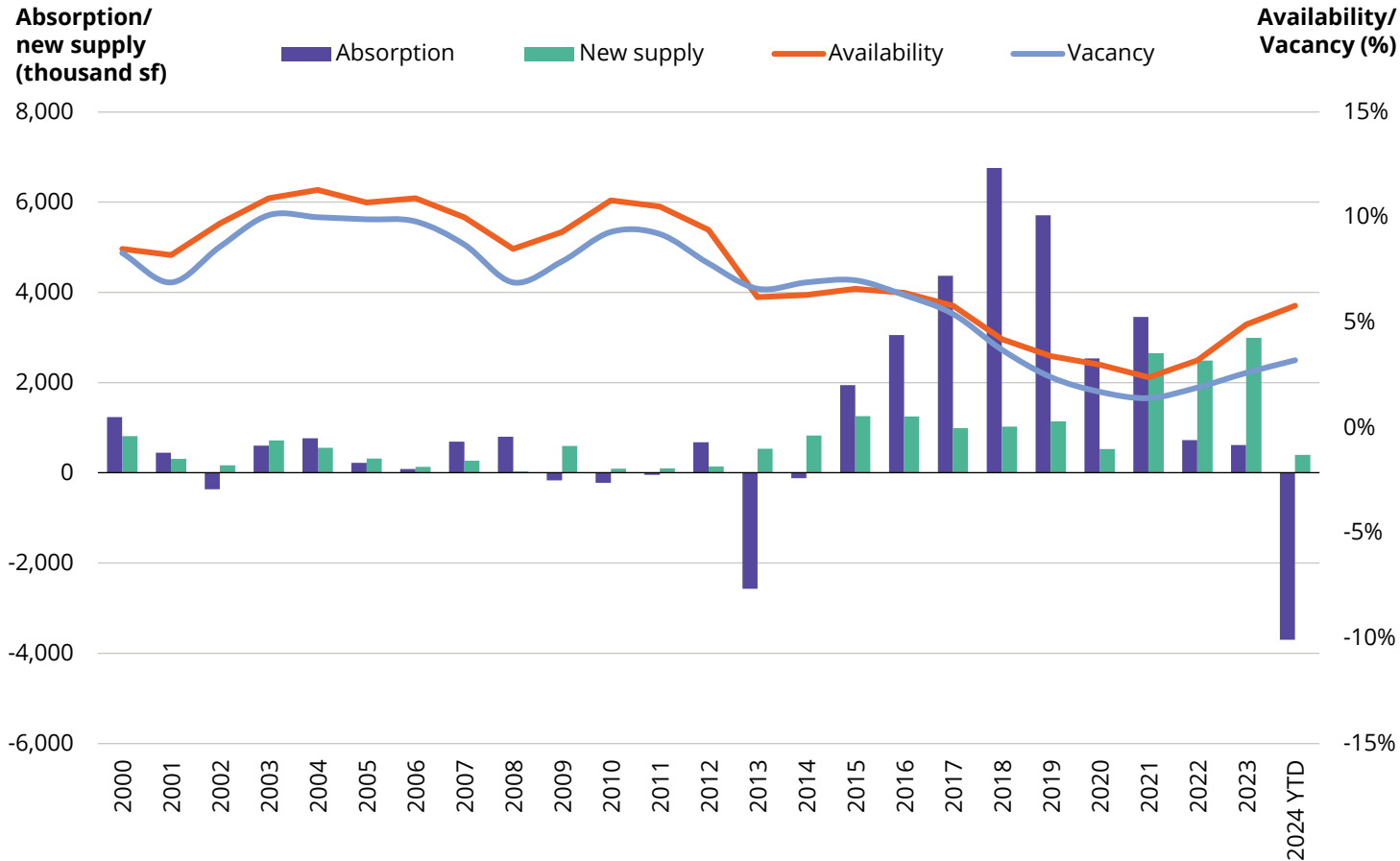
Vacancy rate by market



Overall vacancy (14.0 msf) is driven by the larger Saint-Laurent and East End submarkets, which account for 38% of total inventory and a little more than one-third of all vacant space.

Greater Montréal area industrial market indicators

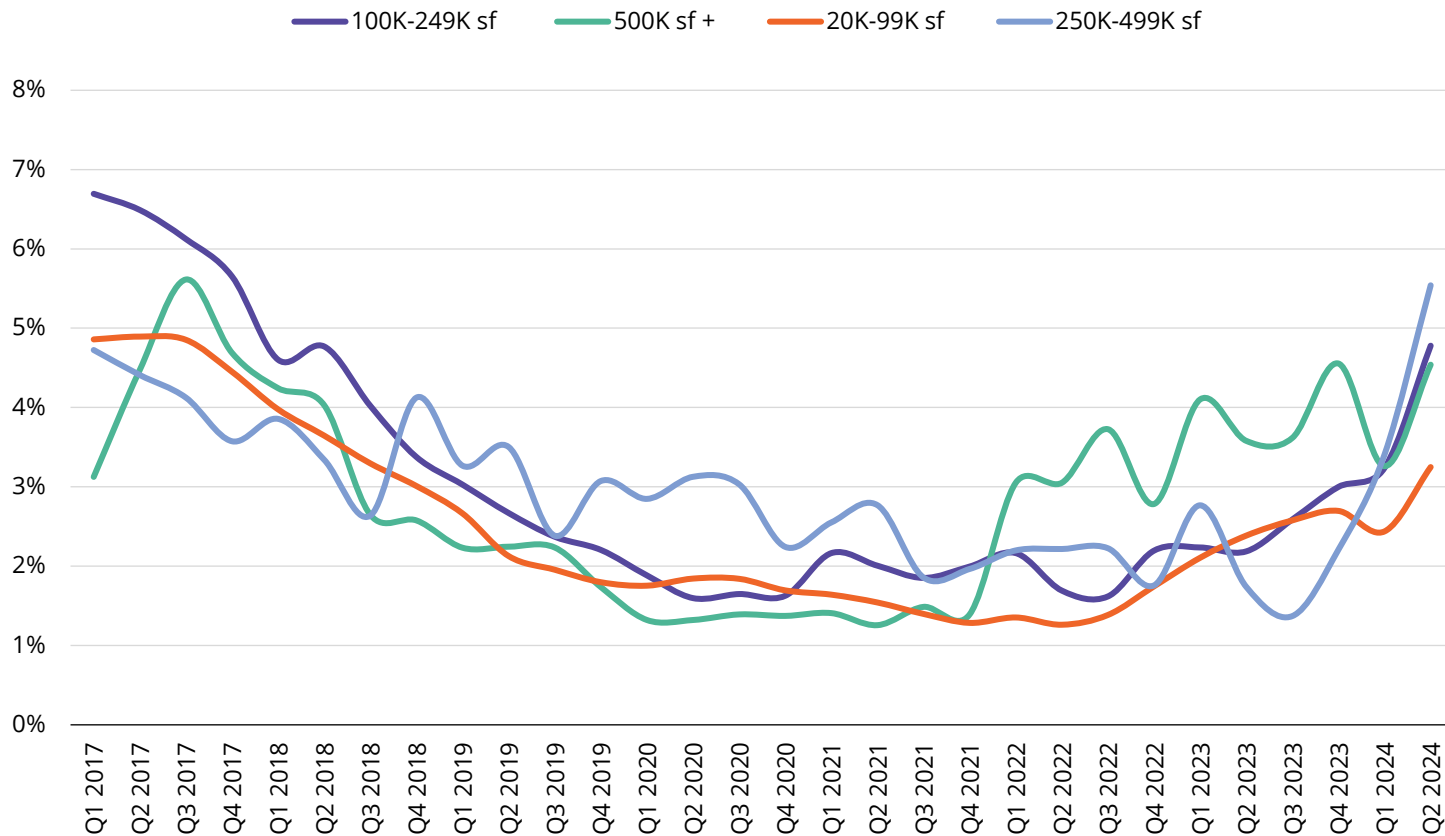
Historic industrial market trends



Negative absorption combined with new supply pushed availability rates further up this quarter. Nearly 2.7 msf of new supply are slated for completion by year end.

Greater Montréal area industrial market indicators

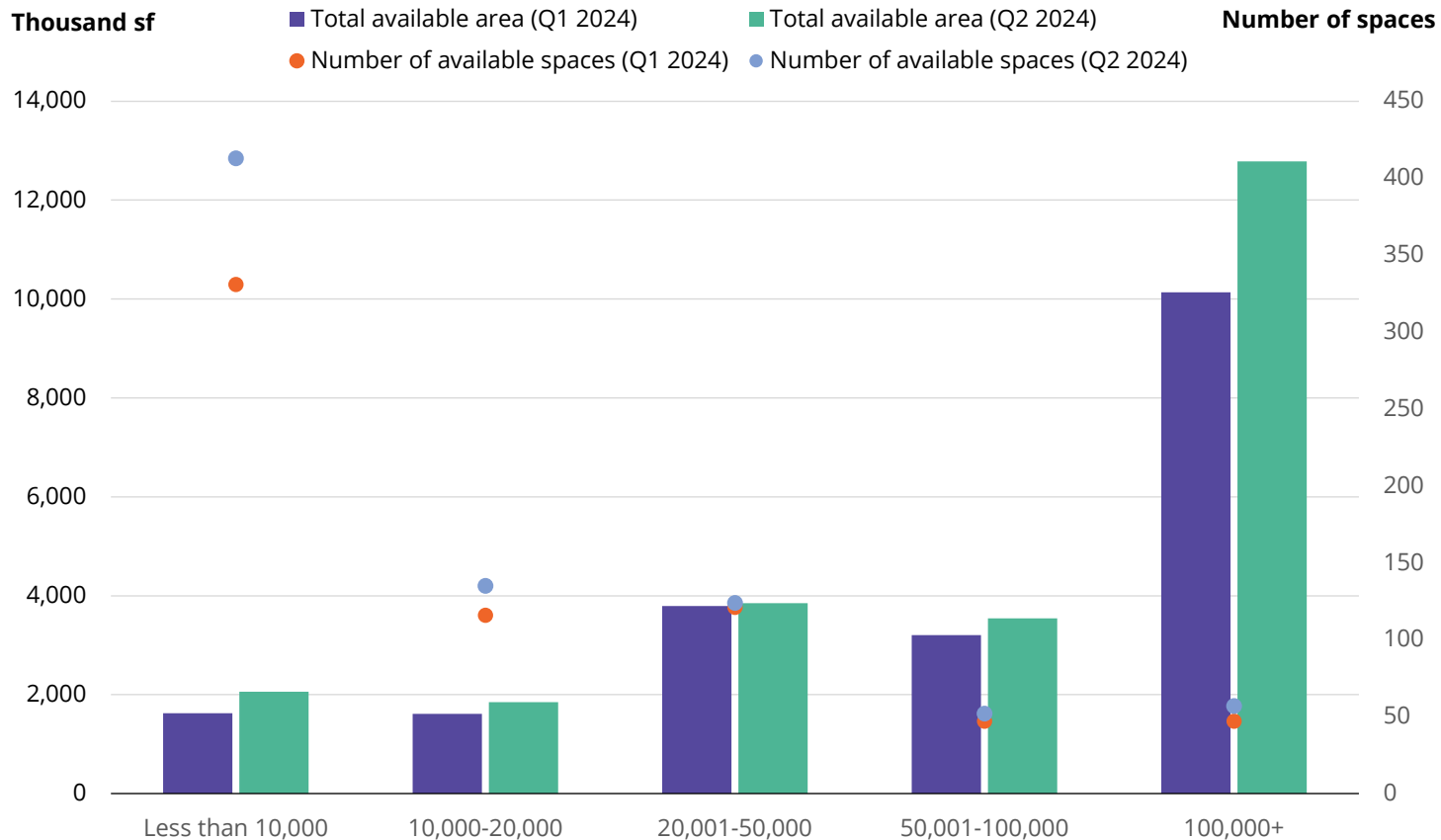
Vacancy by building size



Vacancy rates are approaching the 5.0% threshold for all properties over 100,000 sf. Smaller properties, which were pointing to lower vacancy rates in Q1, are seeing a new uptick in vacancy in Q2.

Greater Montréal area industrial market indicators

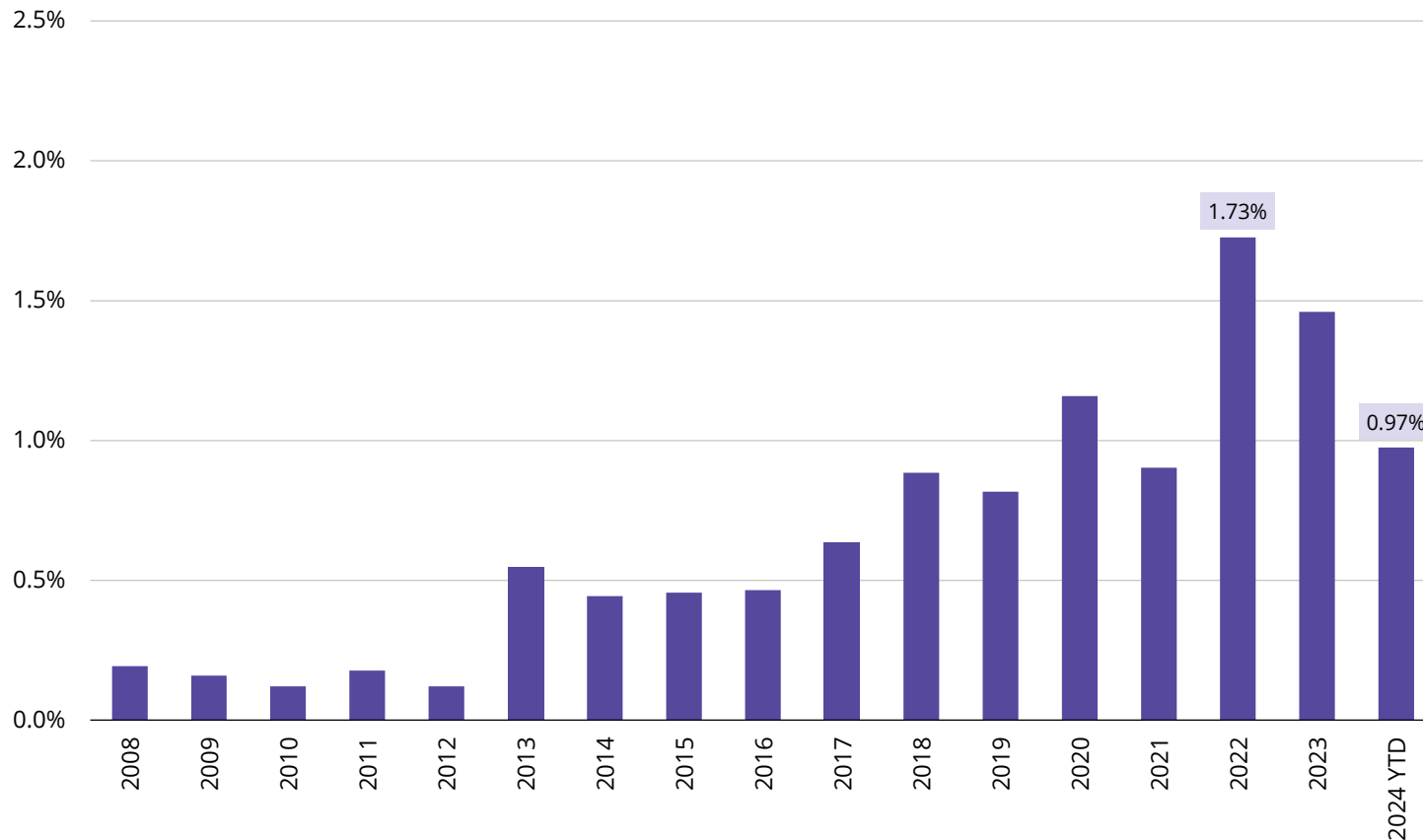
Available for lease by suite size (sf)



The number of available spaces over 100,000 sf rose from 47 to 57 with these new options representing a 2.6 msf increase in new availability.

Greater Montréal area industrial market indicators

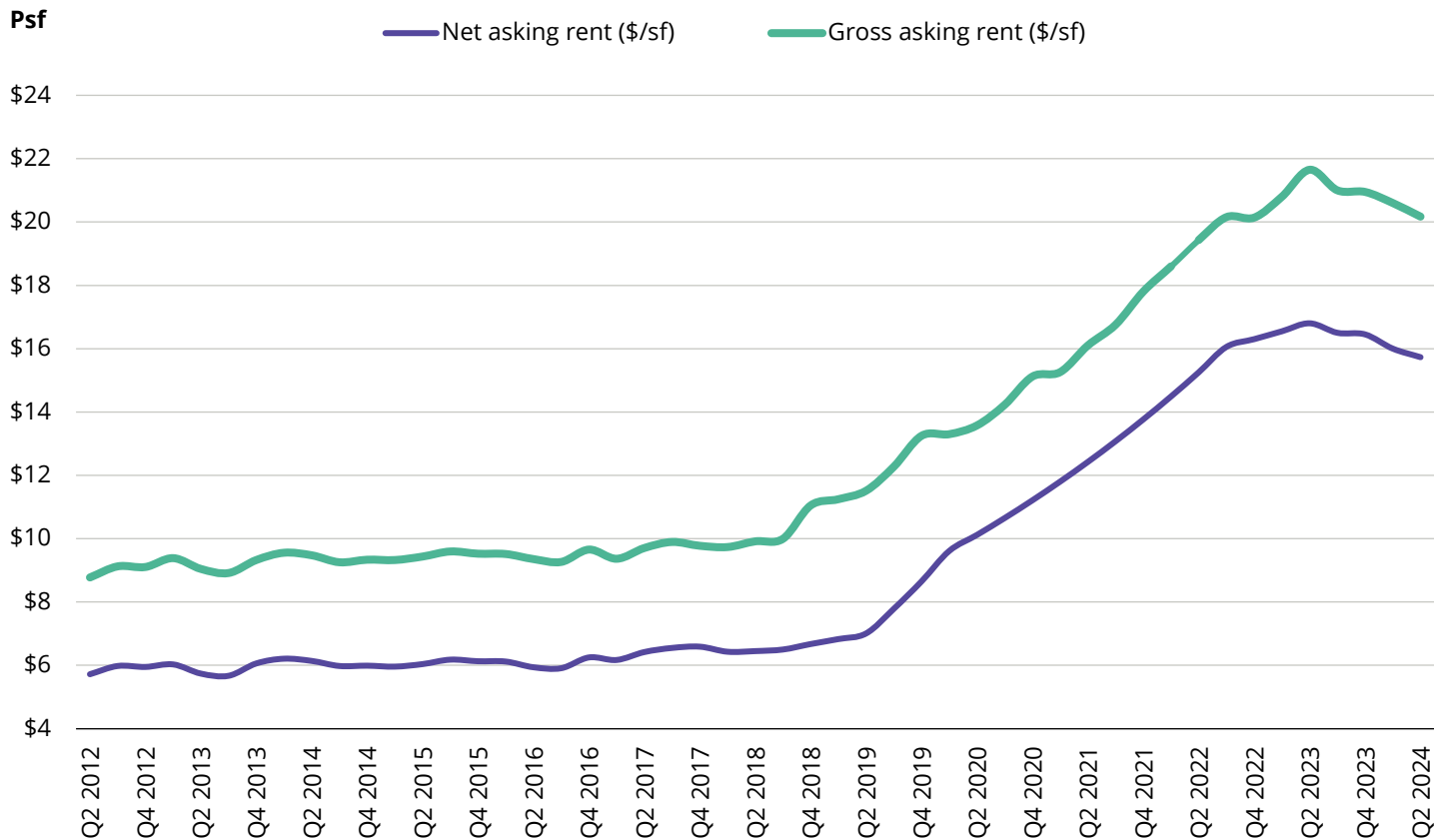
Space under construction as a percentage of existing inventory



Construction activity has noticeably slowed, from 6.8 msf in Q2 2023 to 3.6 msf this quarter.

Greater Montréal area industrial market indicators

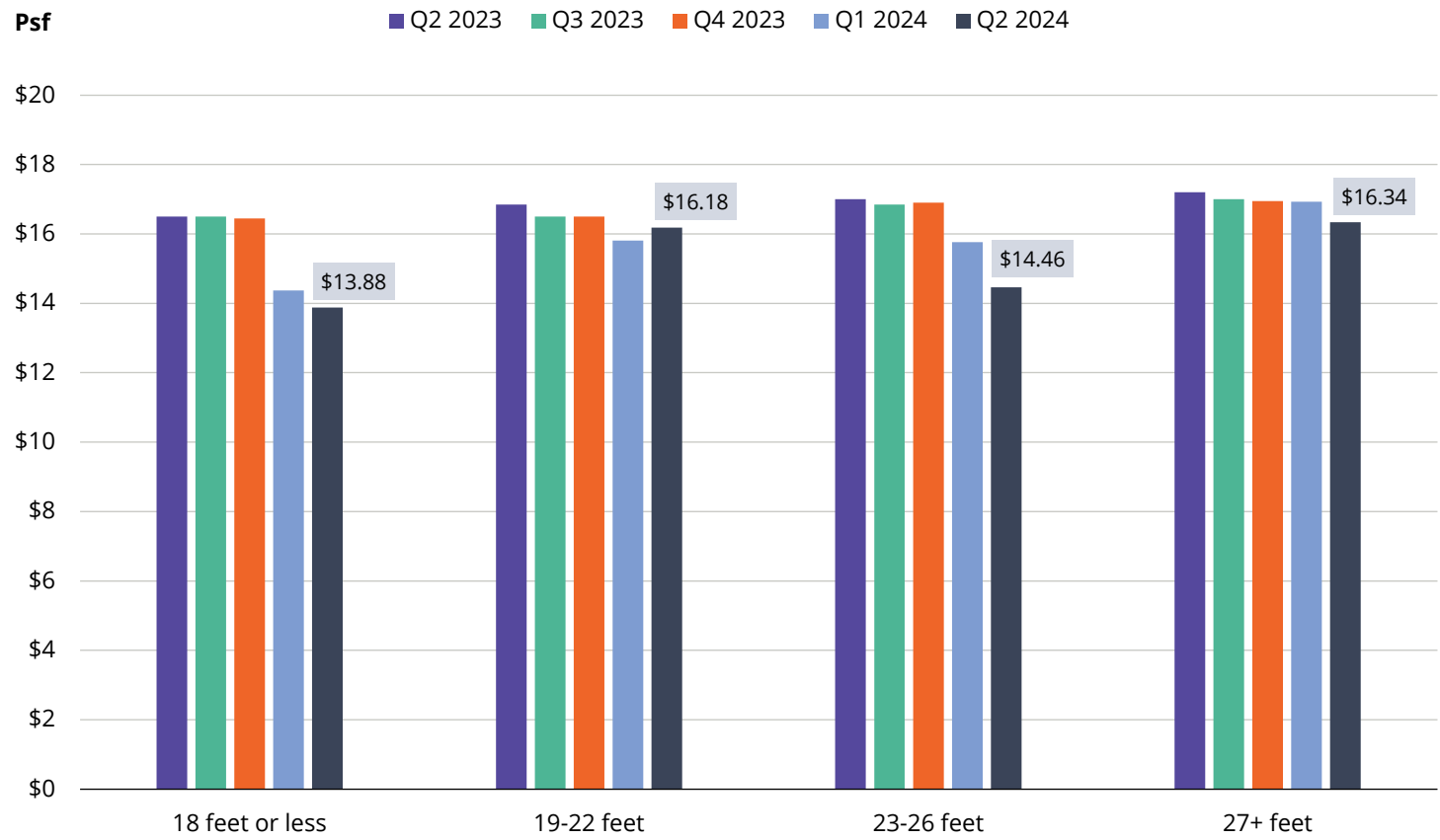
Average asking rents



Rising vacancies are impacting net asking rents, which now stand at \$15.70, down from a peak of \$16.80 for the same quarter of last year. Asking rents are back to mid-2022 levels.

Greater Montréal area industrial market indicators

Net asking rents by clear height



Rental rates for spaces with clear heights of 23-26 feet have fluctuated the most since the last quarter, from \$15.76 to \$14.46, a reflection of the challenges faced by large industrial property owners.

Greater Montréal area industrial developments

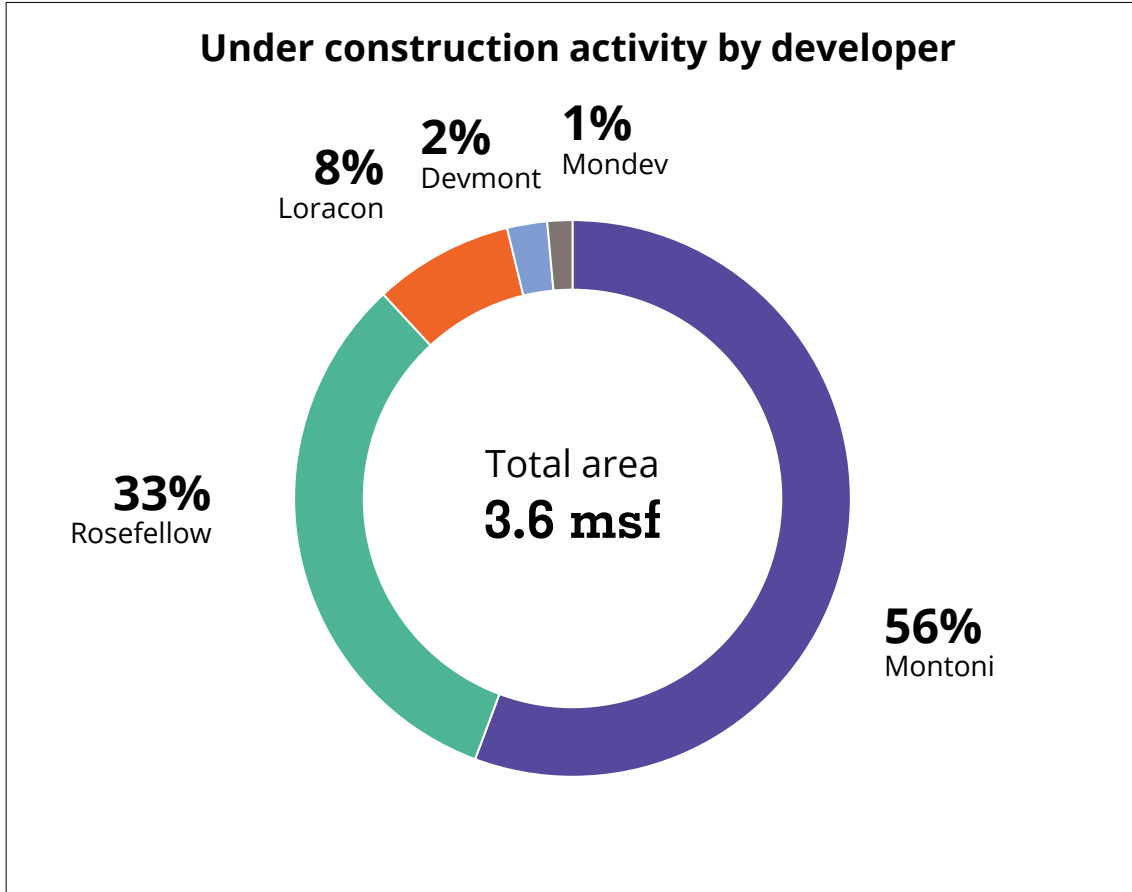
Buildings under construction by size

Address	Project name	Building size (sf)	City	Developer	Delivery
960 Rang du Canal	Écoparc Saint-Bruno - Building B	539,510	Saint-Bruno-de-Montarville	Montoni	2024
131 Montcalm Street North	Rosefellow Industrial 11.0	491,000	Candiac	Rosefellow	2024
168 de Service Road	Écoparc Châteauguay 30	438,640	Mercier	Montoni	2025
811 Turnbull Street (Phase 2)	Rosefellow Industrial 6.0	417,000	Beauharnois	Rosefellow	2024
Saulnier Street	Rosefellow Industrial 17.0	401,300	Laval	Rosefellow	2024
Louis-Blériot Street	Mondou Retail Distribution Centre	400,000	Mascouche	Groupe Montoni Groupe Legault	2024
137 Bellerose Boulevard West	Rosefellow Industrial 8.0	284,820	Laval	Rosefellow	2024
Bélanger Street	Centre Corporatif Châteauguay	200,300	Châteauguay	Montoni	2025
9200 Henri-Bourassa East Boulevard – Building B	40NetZERO	195,000	Montreal-east	Loracon Construction	2025
7300 de la Côte-de-Liesse Road	Le SE7T300	141,580	Saint-Laurent	Devmont	2024
5800 Ontario Street East	5800 Ontario Street East	71,400	Montreal	Mondev	2024
Total		3,580,550			

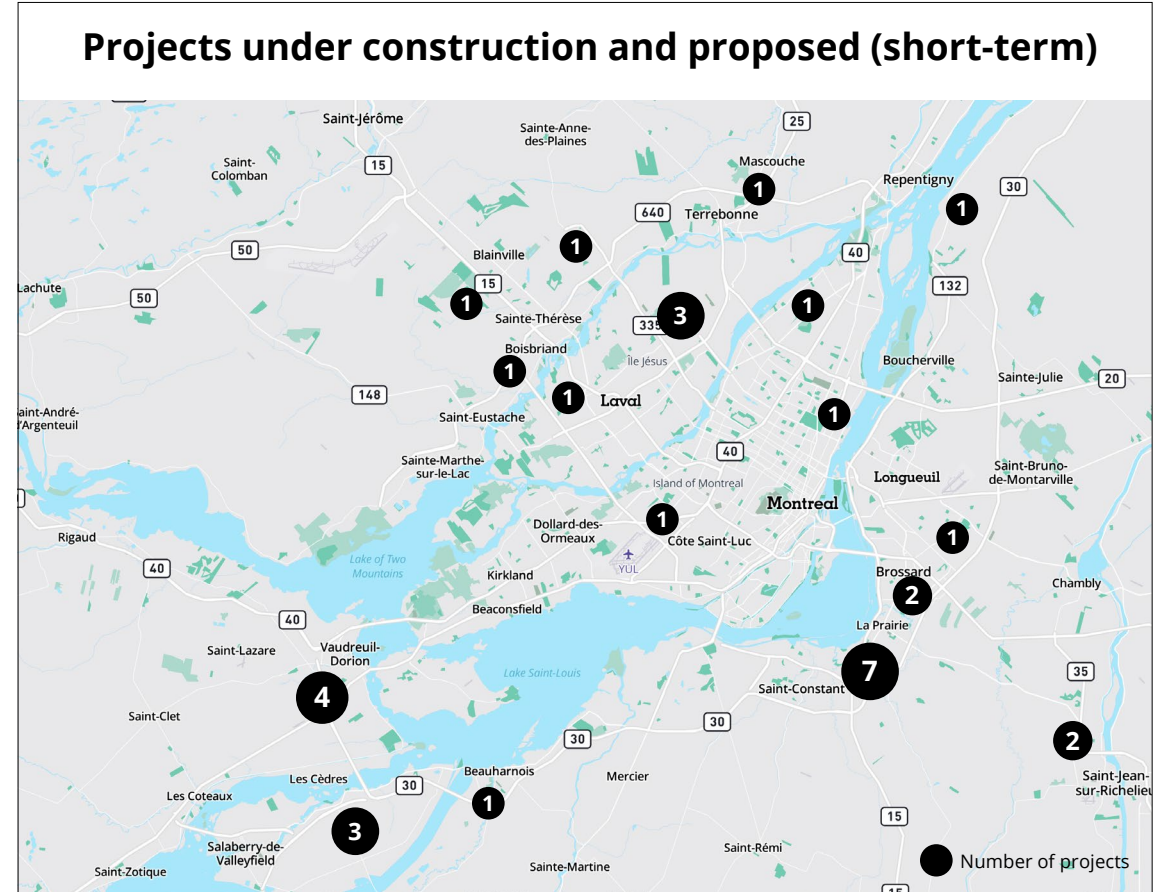
Total under construction and proposed area

Markets	Under construction (sf)	Proposed short-term (sf)
Island of Montreal	407,980	475,000
Laval	686,120	219,110
South Shore	539,510	1,743,070
Montréal West	1,546,940	5,455,900
Laurentides-Lanaudière	400,000	880,000

Greater Montréal area industrial developments



Source: AVANT by Avison Young



Source: AVANT by Avison Young

Greater Montréal area industrial market activity

New sublet space on the market

Address	Major sub-lessor	Listing date	Block size (sf)
8000 Blaise-Pascal avenue, Montréal	Drakkar Logistic	April 2024	328,000
11281-11287 Albert-Hudon Boulevard, Montréal	Sobeys	April 2024	237,170
17400 Transcanada Highway, Kirkland	Simmons Canada	May 2024	158,100
6767 Leger Boulevard, Montréal	GETPAQ Inc	April 2024	144,660
20 Sicard Street, Sainte-Thérèse	Whyte's	May 2024	113,230

Major industrial buildings transactions

Address	Buyer	Sale date	Sale price	Sale price (psf)	Seller
1000 Paul-Kane Place, Laval	Groupe Mach	June 2024	\$67.5M	\$240	Zorg Inc.
1050-1490 Beaulac Street, Montréal	KingSett Real Estate	April 2024	\$66.5M	\$212	WCP V GP Corp.
2900 de la Baronnie Road, Varennes	Groupe Mach	June 2024	\$40M	\$162	Zorg Inc.
5850 Maurice-Cullen Street, Laval	Groupe Mach	June 2024	\$29.2M	\$212	Zorg Inc.
55 Sicard Street, Sainte-Thérèse	Paccar of Canada Ltd.	May 2024	\$26.4M	\$355	9111-5675 Quebec inc.

Major industrial land transactions

Location	Buyer	Sale date	Sale price	Sale price (psf)	Seller
2521 Augustin-Cantin Street, Montréal	City of Montréal	June 2024	\$7.5M	\$292	Mondev
De l'Industrie Road, Saint-Mathieu-de-Beloeil	Placements Serge Beauchamp inc.	May 2024	\$6.62M	\$25	Gestion FLGB Inc.
Serge-Pepin Street, Beloeil	City of Beloeil	June 2024	\$6.24M	\$40	Les Bourgs de la Capitale
1041 Marie-Victorin, St-Bruno-de-Montarville	Pierre Laporte Investment Inc.	April 2024	\$5.0M	\$78	11375245 Canada Inc.
Fleetwood Street, Laval	Limited Partnership Fleetwood Development	April 2024	\$3.83M	\$23	Les Immeubles Bedstar Inc.

Greater Montréal area industrial market statistics

	Existing inventory (sf)	Total vacancy (%)	Vacancy (sf)	Available for sale (sf)	Q2 2024 net absorption (sf)	Year-over-year net absorption (sf)
Midtown North	45,664,610	2.9%	1,393,950	545,180	(57,820)	(289,230)
Midtown South	25,124,390	6.5%	1,659,390	115,000	(264,870)	(533,110)
East End	74,280,270	3.4%	2,310,350	430,610	(681,620)	(800,200)
Laval	27,442,310	4.6%	1,149,920	359,030	(489,190)	(572,190)
North Shore	17,097,780	2.9%	379,680	408,090	(63,660)	(101,970)
Saint-Laurent	66,155,140	3.8%	2,481,550	236,750	(312,980)	(1,763,220)
Lachine	21,837,680	4.8%	1,077,070	11,320	(159,560)	(940,360)
West Island	46,472,560	4.5%	1,691,820	248,550	(314,960)	(532,580)
Vaudreuil-Dorion	4,392,400	14.9%	653,200	0	(128,940)	(33,790)
South Shore	39,800,970	4.5%	1,178,980	385,750	234,780	438,300
Greater Montréal	368,268,110	3.9%	13,975,910	2,740,280	(2,805,520)	(5,142,220)

For more market insights and
information visit **avisonyoung.ca**

Marie-France Benoit

Principal, Director Market Intelligence, Canada
+1 541 392 5772
mf.benoit@avisonyoung.com

Frederic Mackay

Senior Analyst, Market Intelligence
+1 514 360 3641
frederic.mackay@avisonyoung.com

Maximillien Rahuba-Pigeon

Research Analyst
+1 514 392 9704
maximillien.rahuba-pigeon@avisonyoung.com

Antoine Benarrous

Junior Research Analyst
+1 514 360 9977
antoine.benarrous@avisonyoung.com