



Greater Montréal area industrial market report

Q3 2024

**AVISON
YOUNG**

Greater Montréal area (GMA) market fundamentals

4.3%

total vacancy
up 0.4% since last quarter

2.8M

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

\$15.47

average net asking rent
\$4.57 psf average additional rent

15.5M

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

-5.4M

sf of negative absorption
year-over-year

2.8M

sf under construction
10 projects

Greater Montréal area industrial market trends

01

Persistent discrepancy between supply and demand

Since 2021, more than 8 msf of new supply have been added to Greater Montréal's industrial inventory, most of which are large spaces catering to the needs of logistics and distribution companies. As activity in these sectors has subsided over the last year, the number of blocks of 100,000 sf and up has increased considerably, pushing the vacancy rate above 4.0%. These large spaces now account for almost half of the 15,5 msf currently for lease. On the other hand, industrial space in the 10,000 to 30,000-sf range remain scarce. Landlords are still reluctant to allocate the capital required to subdivide large vacant spaces, but the recent reduction in interest rates could help reverse this trend.

02

Net rents stabilizing coupled with more tenant incentives

The surge in available space in several market segments over the last year has pushed asking rents down by roughly \$2.00 psf. Landlords are showing greater flexibility at renewals and tenant incentives are increasingly generous, hovering around \$4.00 to \$5.00 psf. This rental rate correction is a breath of fresh air for manufacturing small and medium enterprises whose capacity to bear high occupancy costs is limited. Smaller companies can once again negotiate net rents in the range of \$12.00 to \$13.00 psf for older buildings. While the imposing clear heights of recent projects allow logistics giants to optimise the use of warehousing and distribution space, this translates into higher heating and handling costs for manufacturers.

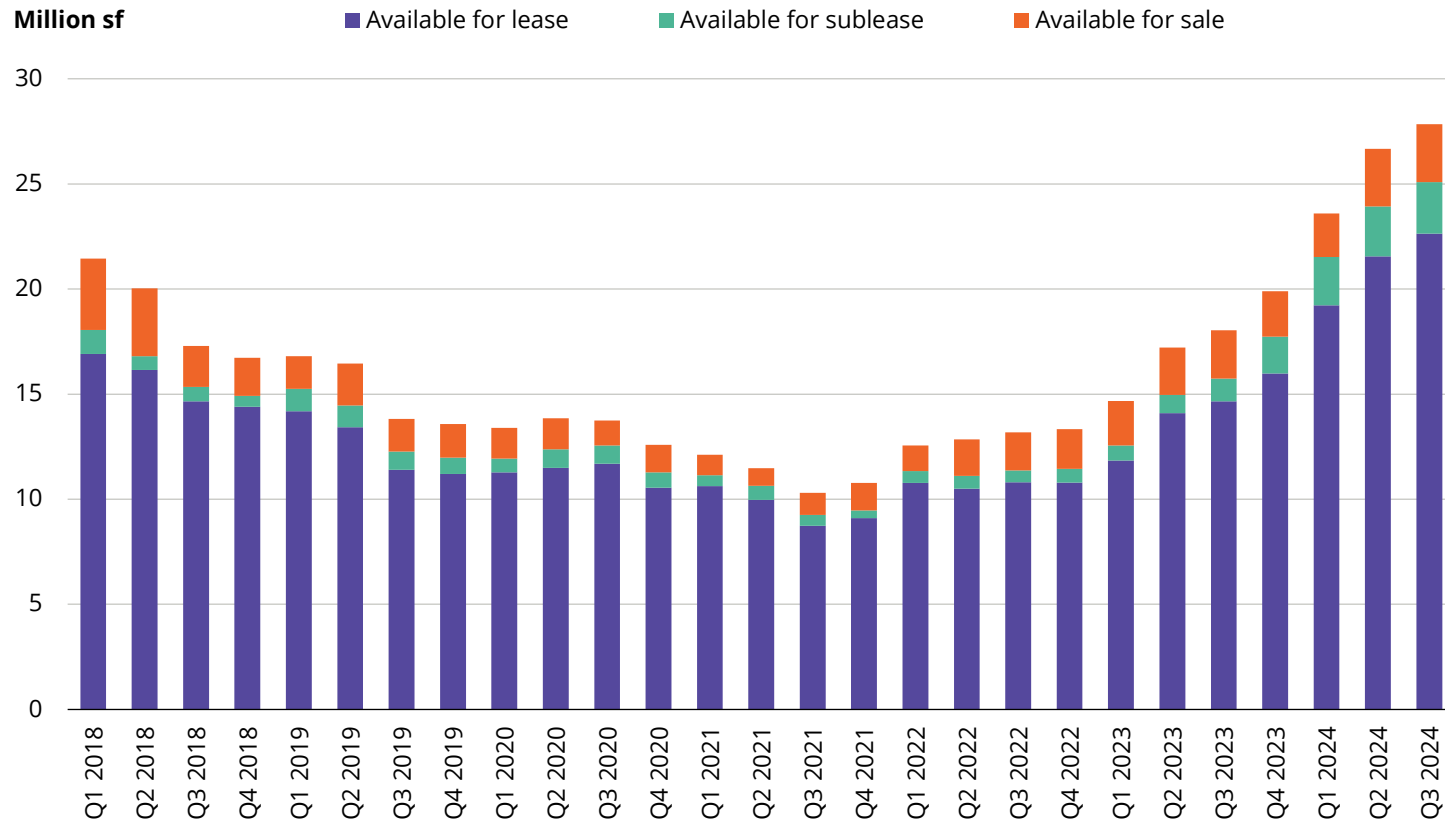
03

New supply continues to expand outside of the city

Due to the scarcity and the high cost of land on the island of Montréal, industrial development has been expanding off-island for several years now. During the wave of industrial construction that followed NAFTA in the mid-90s, the island of Montréal accounted for approximately 65% of all new developments. The most recent wave of projects, from 2019 to today, shows the opposite trend, with only 35% of new projects on the island compared to 65% off the island. Over the past five years, there has been a surge in projects in the distant suburbs (Mirabel, Beauharnois, Châteauguay, Vaudreuil and Valleyfield), and new developments are now spreading out from the Montérégie and to the Eastern Townships, where new-generation industrial parks are being developed or pre-leased, notably in Bromont and Sherbrooke.

Greater Montréal area industrial market indicators

Available for sale and lease (sf)

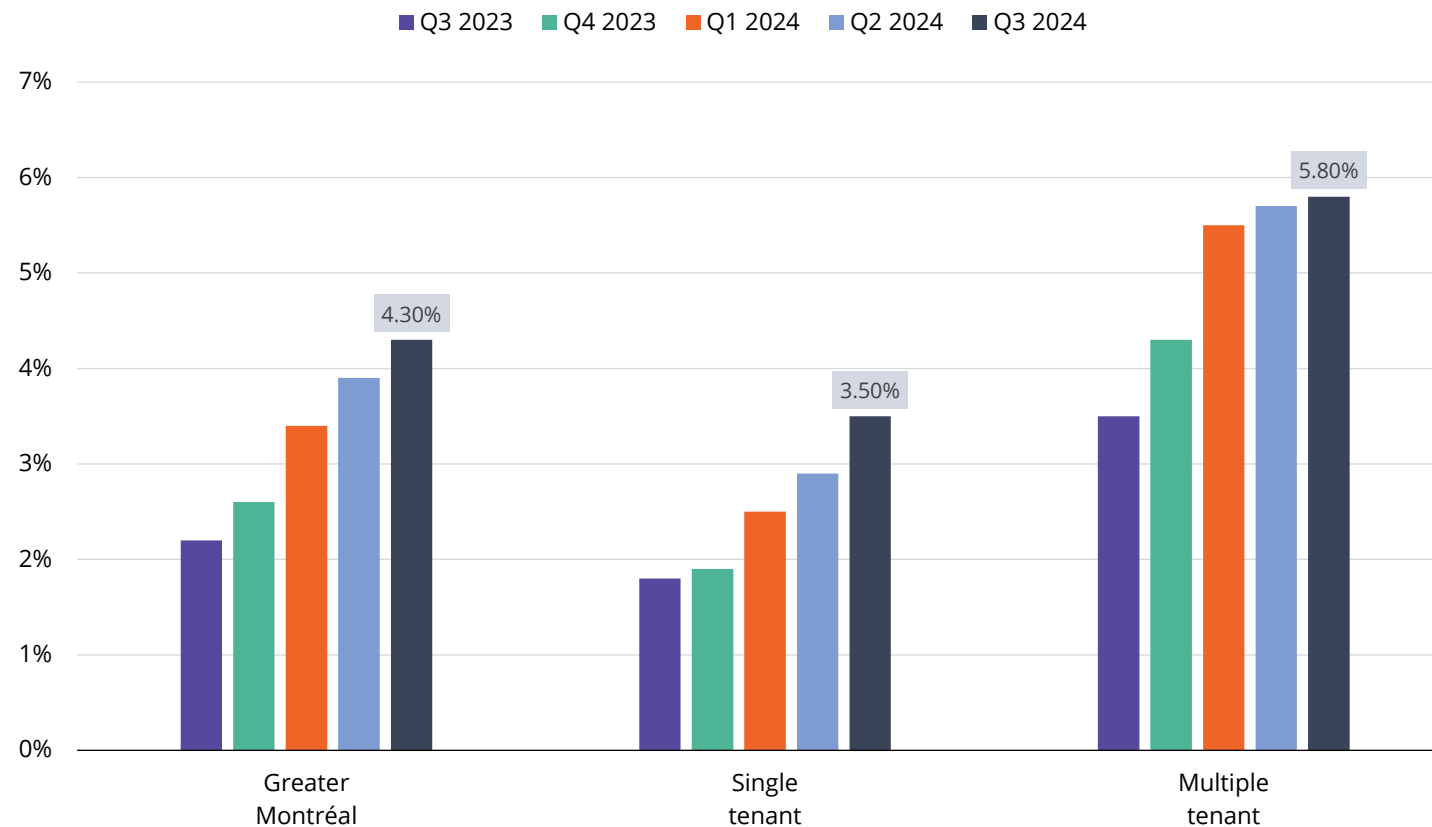


Available space increased by another 1.1 msf in Q3.

Sublet space available remained relatively stable, with a modest addition of 80,000 sf.

Greater Montréal area industrial market indicators

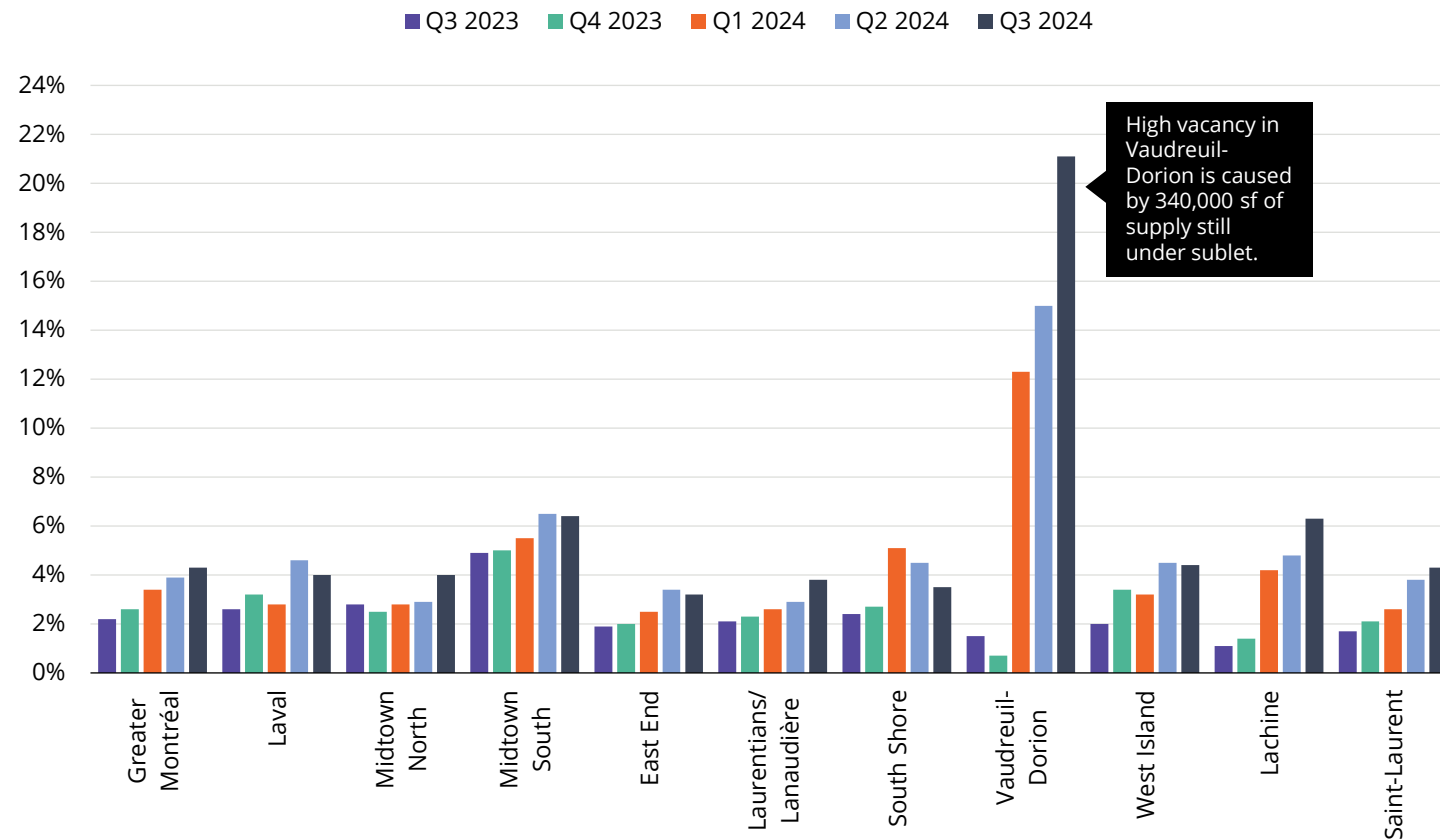
Vacancy rate by property type



The availability rate for single-tenant properties reached 3.5% in Q3, while multi-tenant properties remained stable. This could change, however, as half of the projects currently under construction are multi-tenant.

Greater Montréal area industrial market indicators

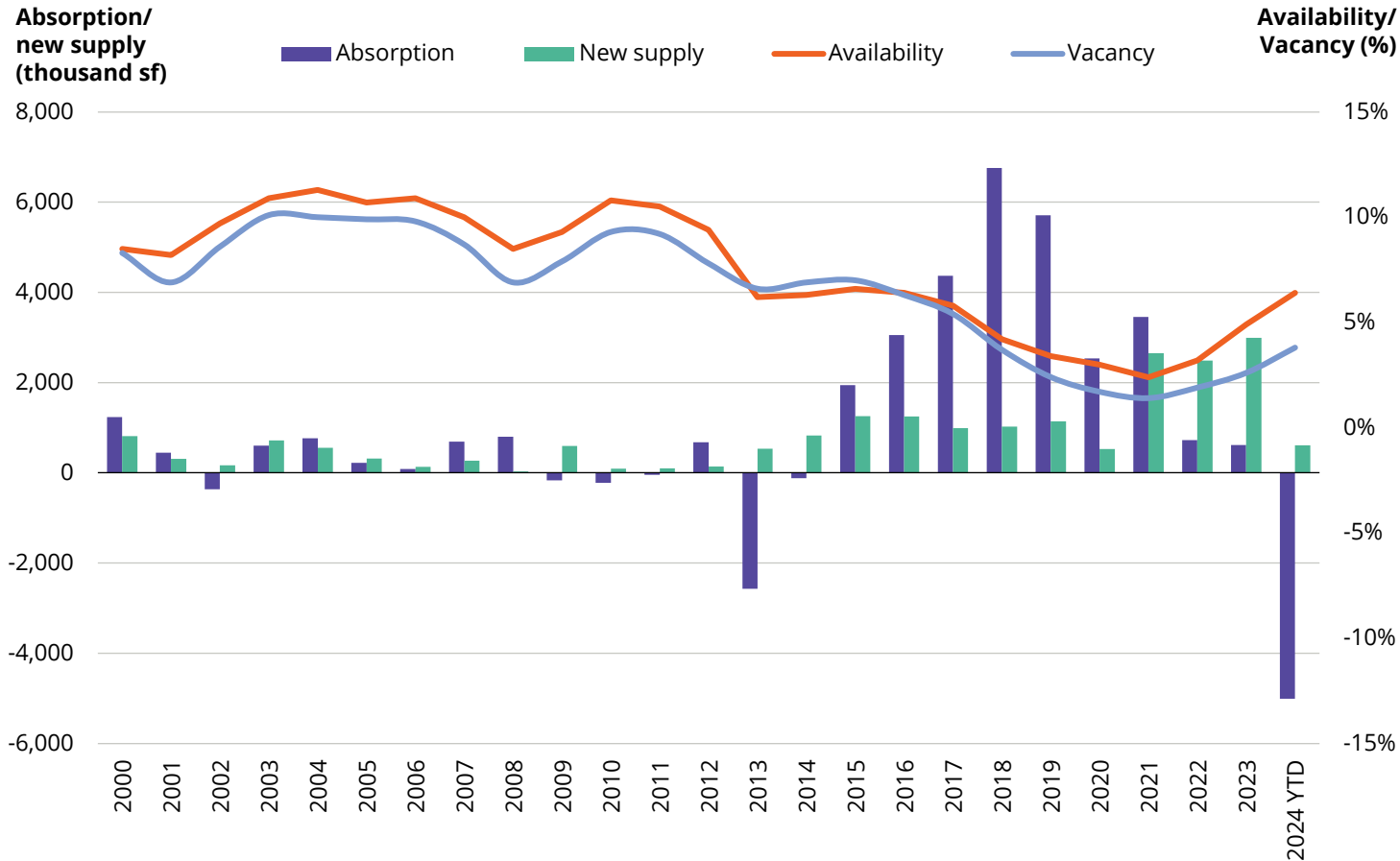
Vacancy rate by market



The increase in vacancy in the Lachine and Midtown North submarkets is due to the new available listings, as no new projects were delivered in these two areas.

Greater Montréal area industrial market indicators

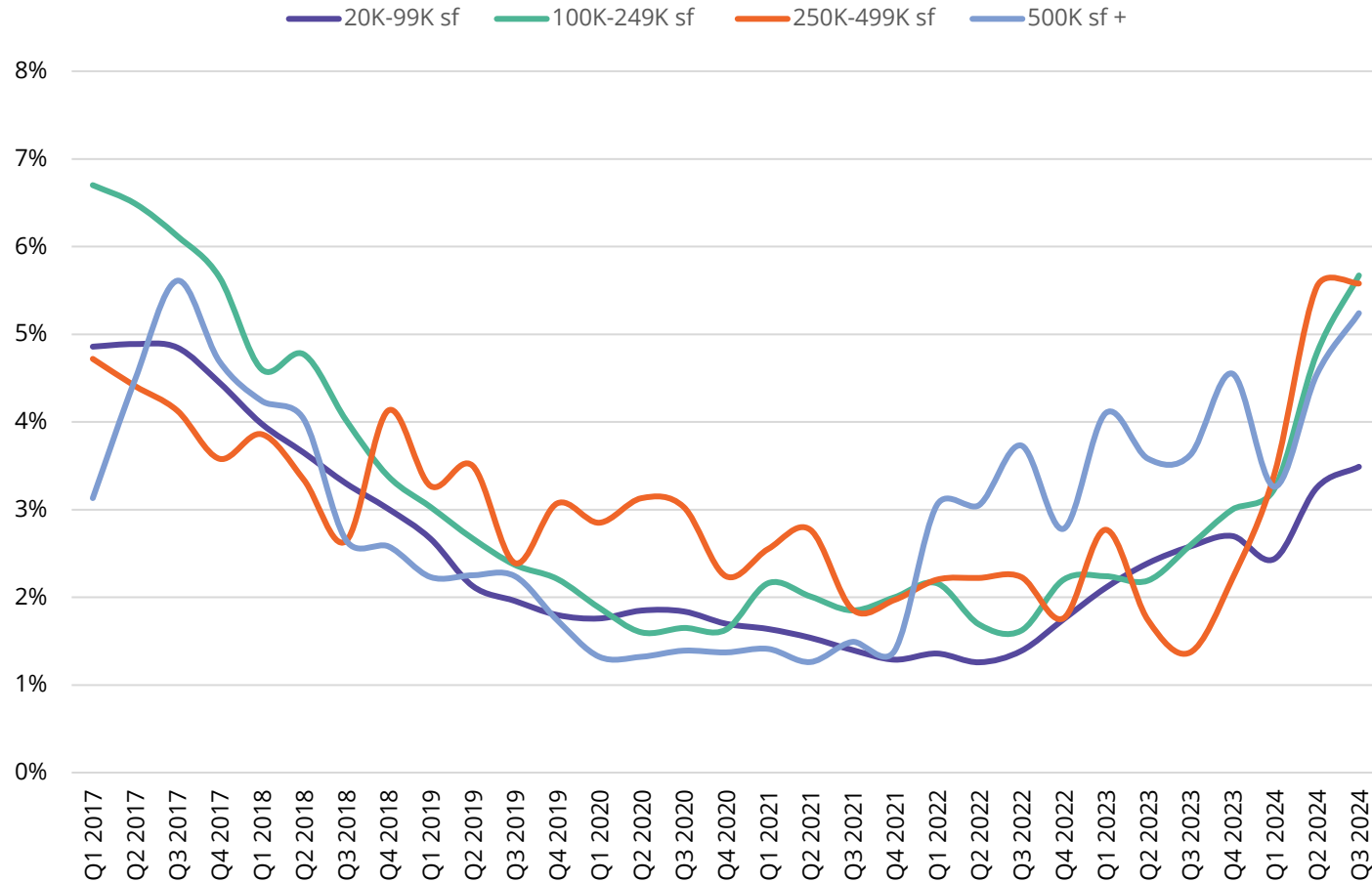
Historic industrial market trends



Absorption is sinking into negative territory, with -1.5 msf in the last quarter alone, and more than 5 msf since the start of the year.

Greater Montréal area industrial market indicators

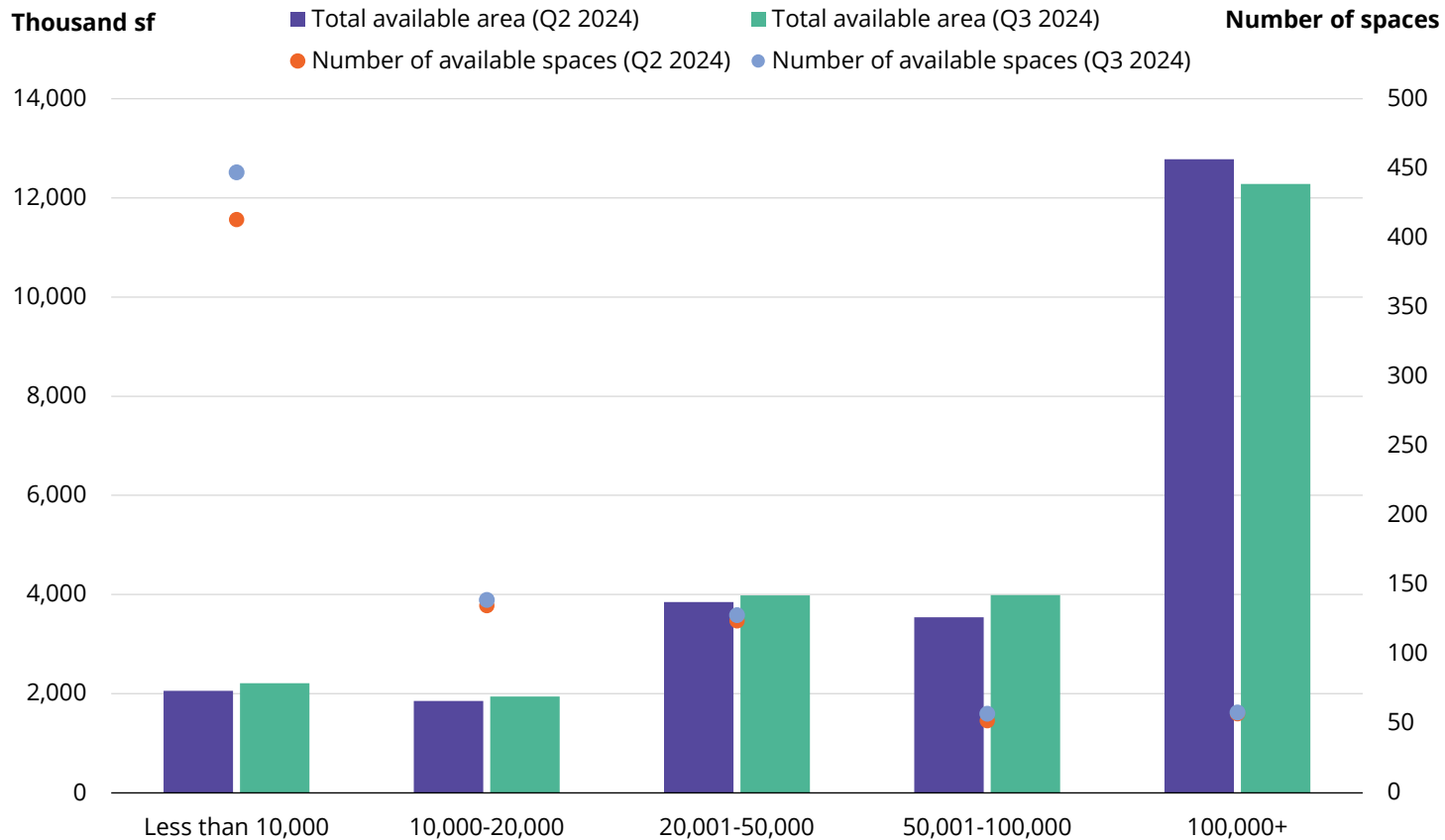
Vacancy by building size



Vacancy in buildings over 100,000 square feet is approaching the 6.0% threshold, while vacancy in smaller buildings is stabilizing, and could see a decline in vacancy, as there is little new supply in this category.

Greater Montréal area industrial market indicators

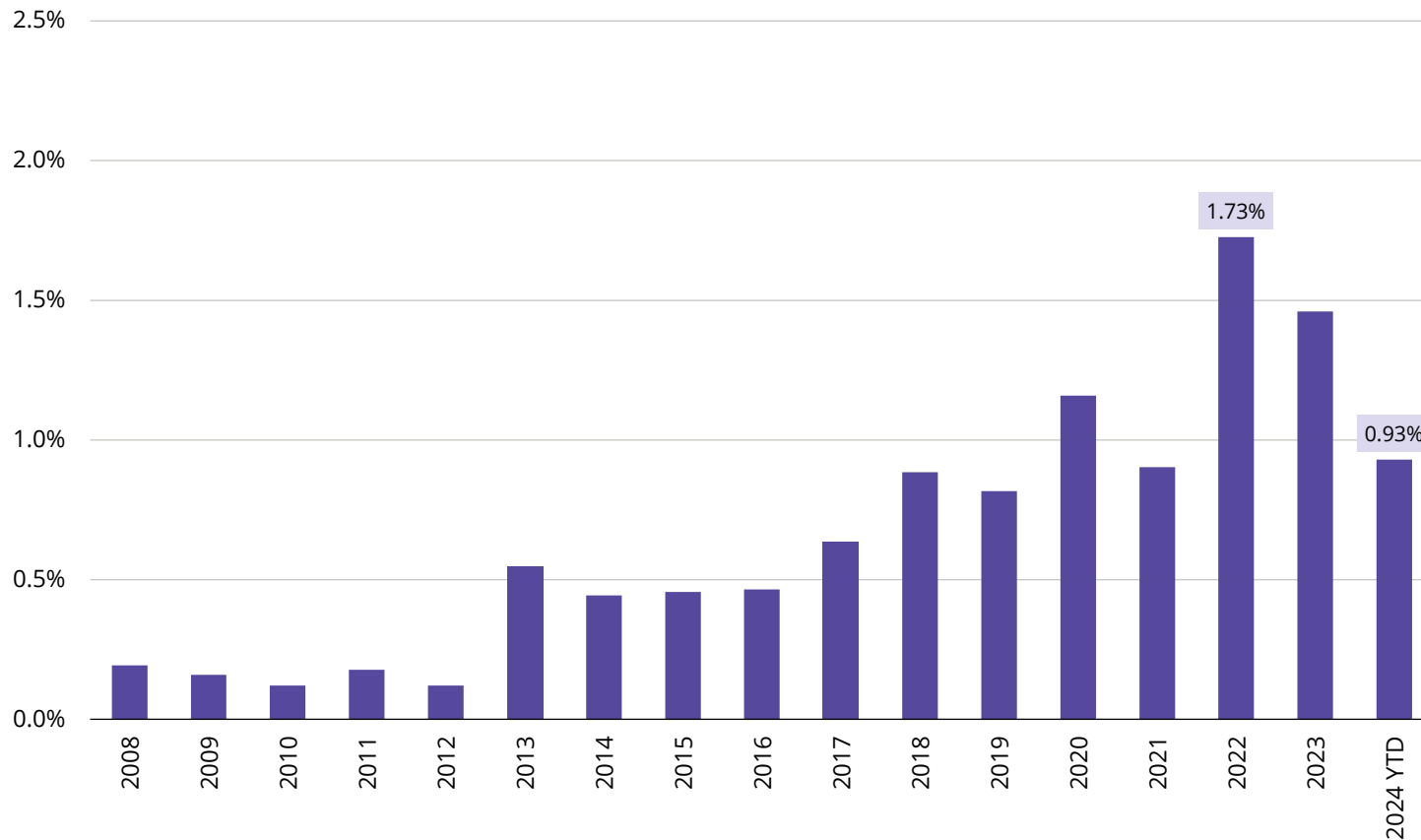
Available for lease by suite size (sf)



Of more than 820 spaces for lease in the Greater Montréal Area last quarter, there were 58 options over 100,000 sf, which accounted for more than half the total available space.

Greater Montréal area industrial market indicators

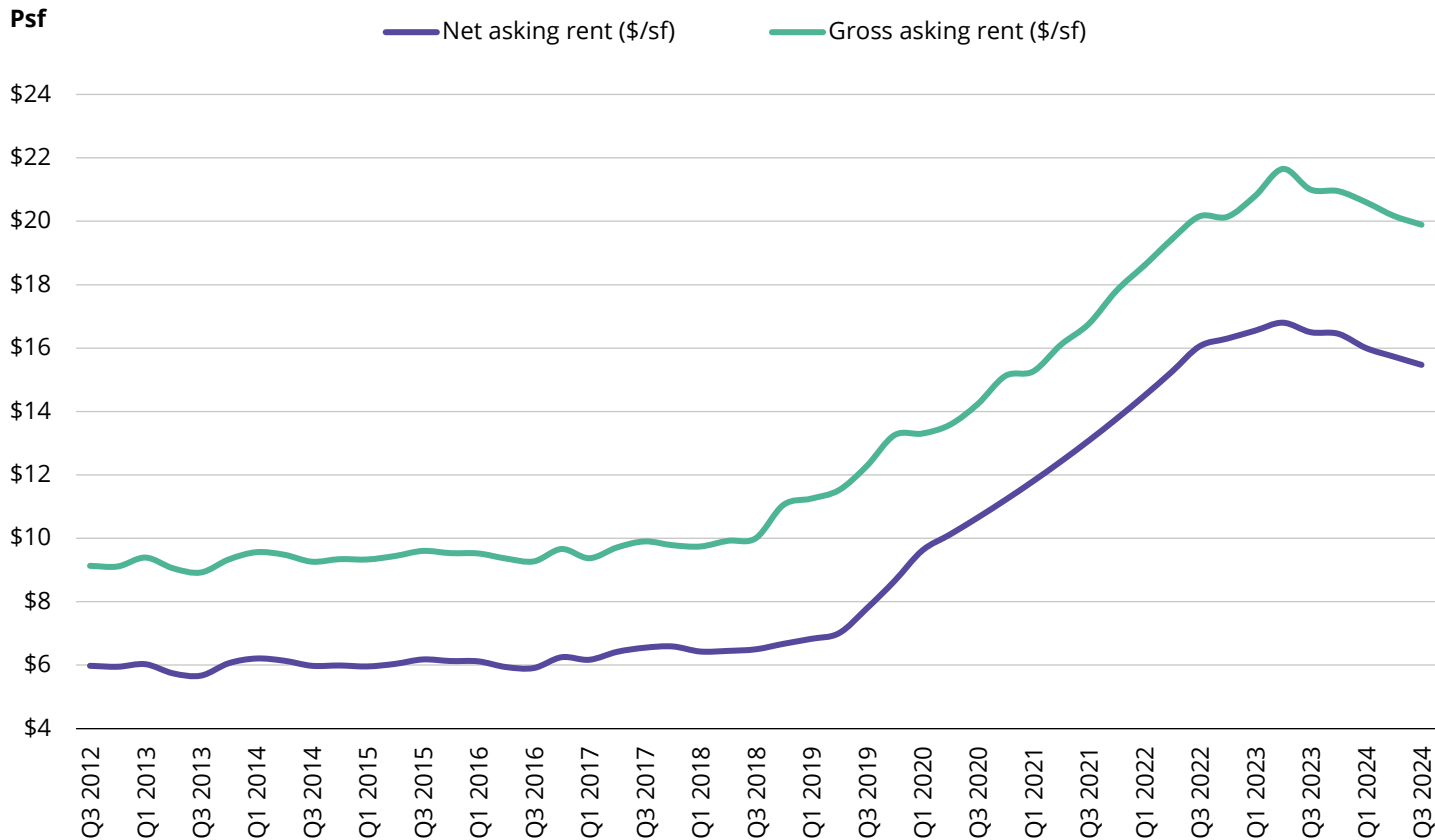
Space under construction as a percentage of existing inventory



Construction activity has stabilized over the past year. However, proposed short-term projects totaling over 8 msf are ready to start as soon as demand returns.

Greater Montréal area industrial market indicators

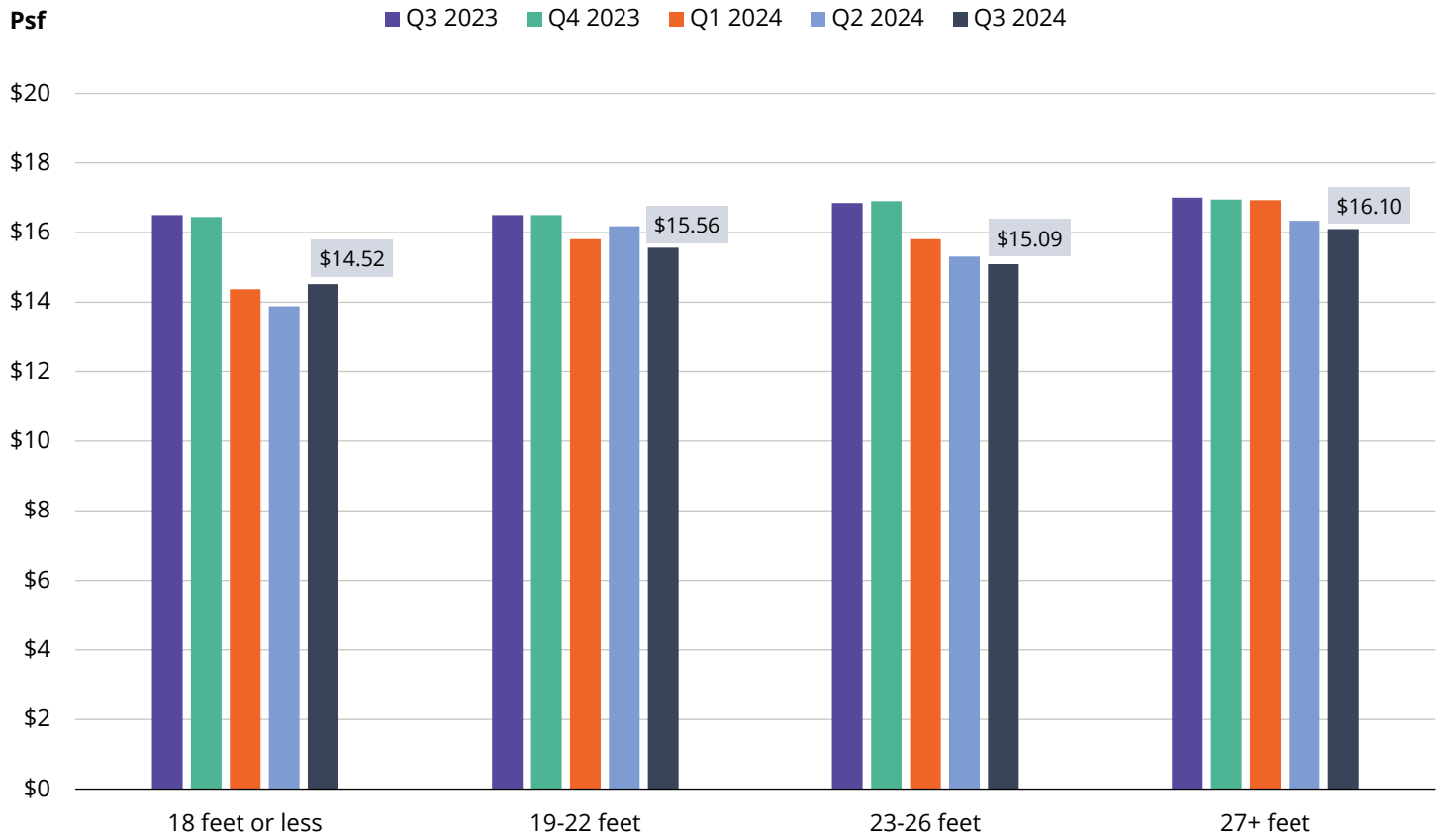
Average asking rents



The recent rise in vacancy continues to exert downward pressure on asking rents. However, rents are expected to stabilize in a context of recovery and a slowdown of the pace of project deliveries.

Greater Montréal area industrial market indicators

Net asking rents by clear height



Only buildings with 18 feet of clear height or less recorded an increase in asking rents since the last quarter, reflecting the scarcity of small-bay industrial spaces available.

Greater Montréal area industrial developments

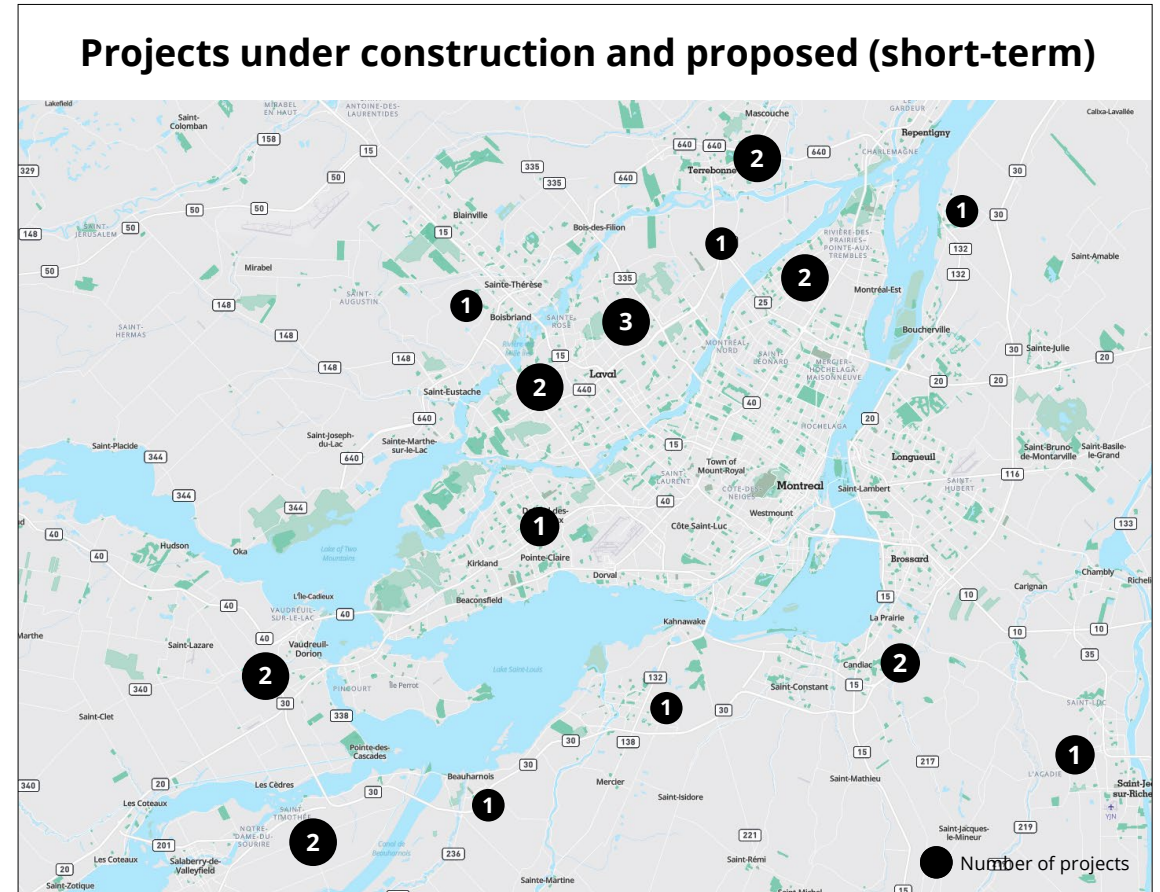
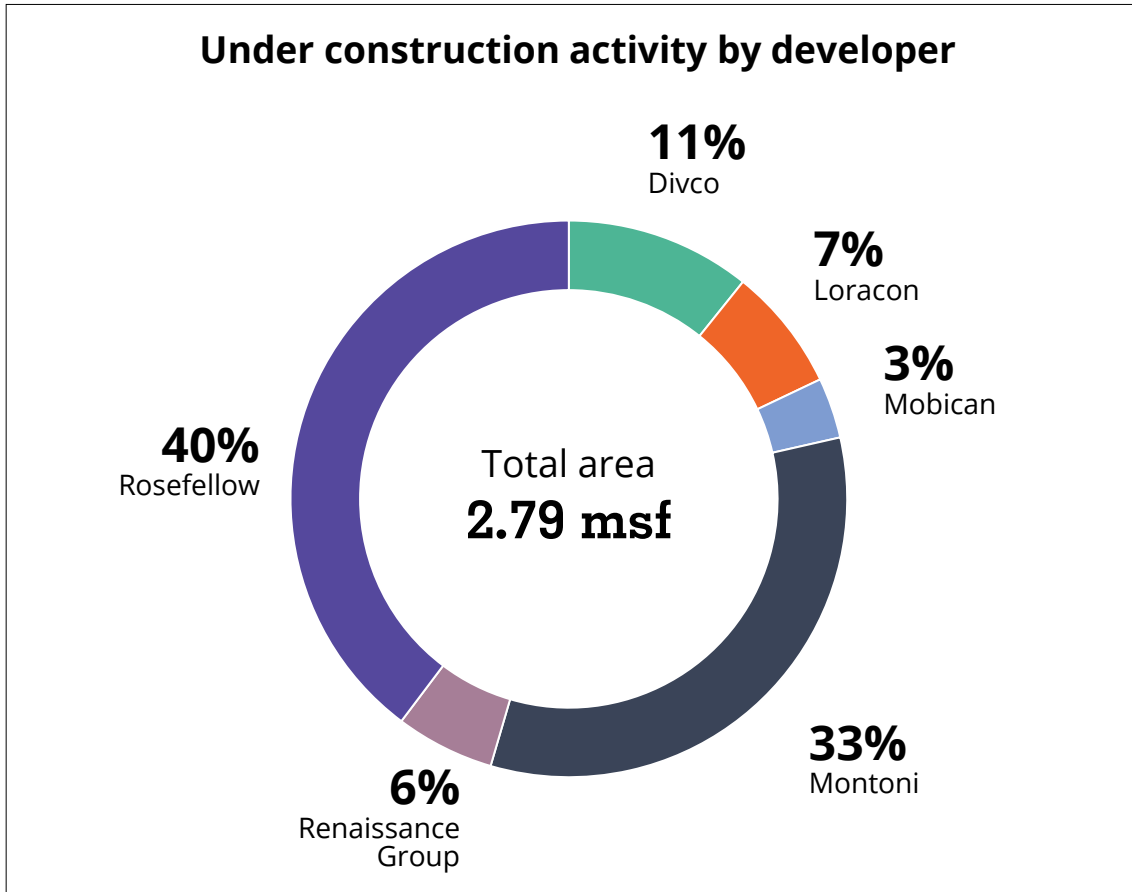
Buildings under construction by size

Address	Project name	Building size (sf)	City	Developer	Delivery
Highway 30	Écoparc Châteauguay 30	438,640	Mercier	Montoni	2025
811 Turnbull Street	RF 6.0 - Rosefellow Industrial 6.0 (Phase 2 / Bâtiment B)	412,570	Beauharnois	Rosefellow	2024
Highway 440	RF 17.0 - Rosefellow Industrial 17.0	401,300	Laval	Rosefellow	2024
Louis-Blériot Street	Mondou Retail Distribution Centre / Lot 6 499 708	400,000	Mascouche	Montoni	2024
1600A Montée Masson	Centre de distribution Metro Terrebonne / Expansion	300,000	Laval	Divco	2024
137 Bellerose Blvd W	RF 8.0 - Rosefellow Industrial 8.0	293,360	Laval	Rosefellow	2024
9200 Henri-Bourassa Blvd E	40NetZERO - Building B	200,000	Montréal	Loracon Construction	2025
10600 Maurice-Duplessis Blvd.	Renaissance distribution centre	160,000	Montréal	Renaissance Group	2025
1106 Gaudette Street	Mobican • Lot 6 533 489	98,000	Saint-Jean-sur-Richelieu	Mobican	2025
550 Louis-Blériot Street	Centroparc - Building Multi 1	83,440	Mascouche	Montoni	2025
Total		2,787,320			

Total under construction and proposed area

Markets	Under construction (sf)	Proposed short-term (sf)
Island of Montréal	360,000	475,000
Laval	994,660	343,370
Longueuil	0	3,313,000
Montérégie	949,220	3,094,320
Laurentides-Lanaudière	483,440	880,000

Greater Montréal area industrial developments



Source: Avison Young

Greater Montréal area industrial market activity

New sublet space on the market

Address	Major sub-lessor	Listing date	Block size (sf)
11625 55 ^e Avenue, Montréal	Sysco Food Service	September 2024	84,860
2555 de l'Assomption Boulevard, Montréal	Expertech	August 2024	44,520
601-623 Le Breton Street, Longueuil	Image Folie	September 2024	33,360
7875 Transcanada Highway, Saint-Laurent	TMC Inc	July 2024	27,000
5896-5932 Henri-Bourassa Blvd W., Montréal	Johnson Controls	September 2024	25,510

Major industrial buildings transactions

Address	Buyer	Sale date	Sale price	Sale price (psf)	Seller
7171 de la Côte-Vertu Blvd, Saint-Laurent	FTAIC Aviation	September 2024	\$53.3M	\$201	Lockheed Martin Canada
1625 32e Avenue, Lachine	Goldeneye Properties	August 2024	\$43.9M	\$228	Kingsett Real Estate
201 de l'Énergie Road, Varennes	Amazon	July 2024	\$41.3M	\$103	Broccolini
165-167 Hymus Boulevard, Pointe-Claire	KingSett Real Estate	July 2024	\$34.6M	\$157	Redbourne
2945-2965 André Avenue, Dorval	Pro REIT	September 2024	\$32.7M	\$243	Kingsett Real Estate

Major industrial land transactions

Location	Buyer	Sale date	Sale price	Sale price (psf)	Seller
10447-10449 Metropolitan Blvd East, Montréal	Allpark Investments	July 2024	\$9.0M	\$13	Praxair Canada
Matte Boulevard, Brossard	Broccolini Self-Storage Fund	July 2024	\$5.6M	\$57	Azancot & associates
Liberté Avenue, Candiac	Immeubles Bourdeau	September 2024	\$5.0M	\$32	Nano one materials
Pasteur/Laurier Street, Sainte-Catherine	Construction Parox	August 2024	\$4.1M	\$19	Entrepot Union
Marie-Victorin Street, St-Bruno-de-Montarville	SMS Construction and mining systems	July 2024	\$3.9M	\$21	9478-1903 Quebec Inc

Greater Montréal area industrial market statistics

	Existing inventory (sf)	Total vacancy (%)	Vacancy (sf)	Available for sale (sf)	Q3 2024 net absorption (sf)	Year-over-year net absorption (sf)
Midtown North	45,664,610	4.0%	1,845,640	666,478	(451,690)	(546,250)
Midtown South	25,141,240	6.4%	1,623,720	34,970	35,670	(422,120)
East End	74,344,668	3.2%	2,310,860	468,670	(510)	(639,050)
Laval	27,807,530	4.0%	1,070,180	301,960	79,750	(328,120)
North Shore	23,460,820	2.3%	372,200	356,840	10,250	(57,130)
Saint-Laurent	66,202,120	4.3%	2,801,920	396,620	(320,370)	(848,720)
Lachine	21,837,780	6.5%	1,373,100	0	(296,040)	(1,086,240)
West Island	46,522,280	4.4%	1,910,120	208,990	(218,290)	(627,110)
Vaudreuil-Dorion	4,546,680	21.1%	924,700	0	(271,510)	(406,860)
South Shore	42,246,150	3.5%	1,265,920	403,840	(86,940)	(479,590)
Greater Montréal	377,919,900	4.3%	15,498,350	2,838,370	(1,522,000)	(5,440,000)

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

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