

Q1 2023

Montréal

Industrial Market Report

Net Absorption

This Quarter
294K_{SF}

Previous Quarter
181K_{SF}

12-Month Absorption
1.1M_{SF}

5-Year Quarterly Avg.
707K_{SF}

Availability

This Quarter
1.3%

Year-over-Year
▲ 10 bps

Asking Net Rent

This Quarter*
\$16.71_{PSF}

Year-over-Year
▲ 43%

Development

Under Construction
3.3M_{SF}

New Supply
954K_{SF}

Sales

Sale Price Avg.
\$199_{PSF}

Year-over-Year
▲ 6%

*Weighted Average
Colliers International (Québec) Inc.

Market Outlook

Industrial asking rates have sustained exponential growth in the last 6 quarters. The Greater Montreal Area (GMA) has started to experience a deceleration of rental growth, with Q1 2023 being the lowest quarter-over-quarter (QoQ) growth since Q3 2021. Presently, the GMA has an industrial asking average of \$16.71 per square foot net and a gross rental rate of \$20.44. A deceleration should not be equated to declining value for two reasons. First, Montreal remains competitive with major markets.

The GMA still registered the largest Year-over-Year (YoY) increase of the major cities with 43%. The spread with Toronto remains narrow as the GTA reported an asking rate average of \$18.01 per square foot, an 8% increase over the GMA. Secondly, Montreal experienced tremendous consolidation in asking rents. Our Colliers rental survey had 59% of asking rates at \$16 net and above. This represents an 11% QoQ increase for asking rents in this range.

A consequence of this consolidation is a marginal premium for high ceiling options. Clear height below 23 feet have an average of \$16.54 per square foot. Options between 24 and 27 feet have an average of \$16.79. High ceiling listings with 28 feet and above are \$17.49 but can go as high as \$22 net.

The availability and vacancy rates rose this quarter to 1.3% and 0.9% respectively. The former had a 20-basis point (bps) increase while the latter went up 30 bps-QoQ. This marks the first increase in the vacancy rate in 12 quarters. There has been a 23% increase in listings however, with the flood of new options catering to spaces below a 50,000 square foot threshold. Tenants looking for large block availabilities remain in the same situation as before, as options are limited, as only 13% of listings surveyed were 50,000 square feet or more.

Sales transactions have slowed due to the impact of the Bank of Canada's interest rate policy. As the cost to borrow remains high, the result is a lack of major transactions besides the sale of 3400 Raymond-Lasnier for \$108.5 million to Montoni. There is a 41% YoY decrease in the number of transactions and a 46% decrease in the total sales volume.

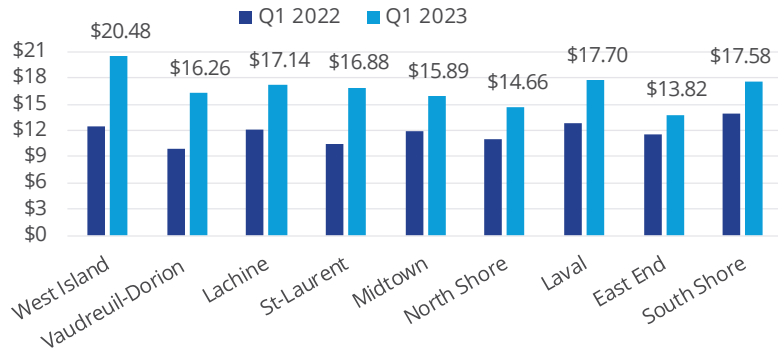
Collectively, this quarter has showed the market is growing at a slower pace but still requires new supply to service large block tenants. Most of the delivered supply (953,726 square feet) was pre-leased. Last year, the market had 1 million square feet injected into the market in Q1 and represented 50% of the supply delivered for the year. We anticipate a similar delivery forecast to that of 2022.

Accelerating success.

Market Overview

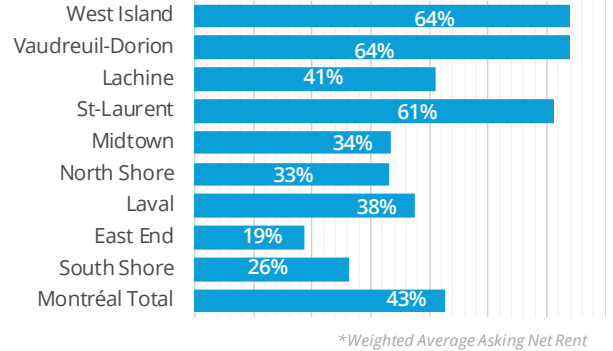
01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



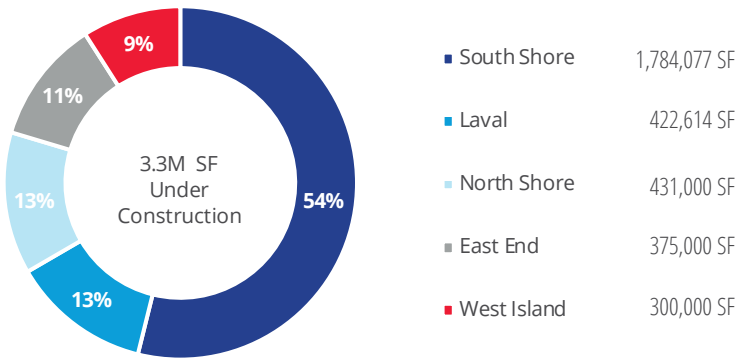
02 Rental Rate Growth*

By Market | Q1 2022 - Q1 2023



03 Under Construction by Market

By Building Area (SF)



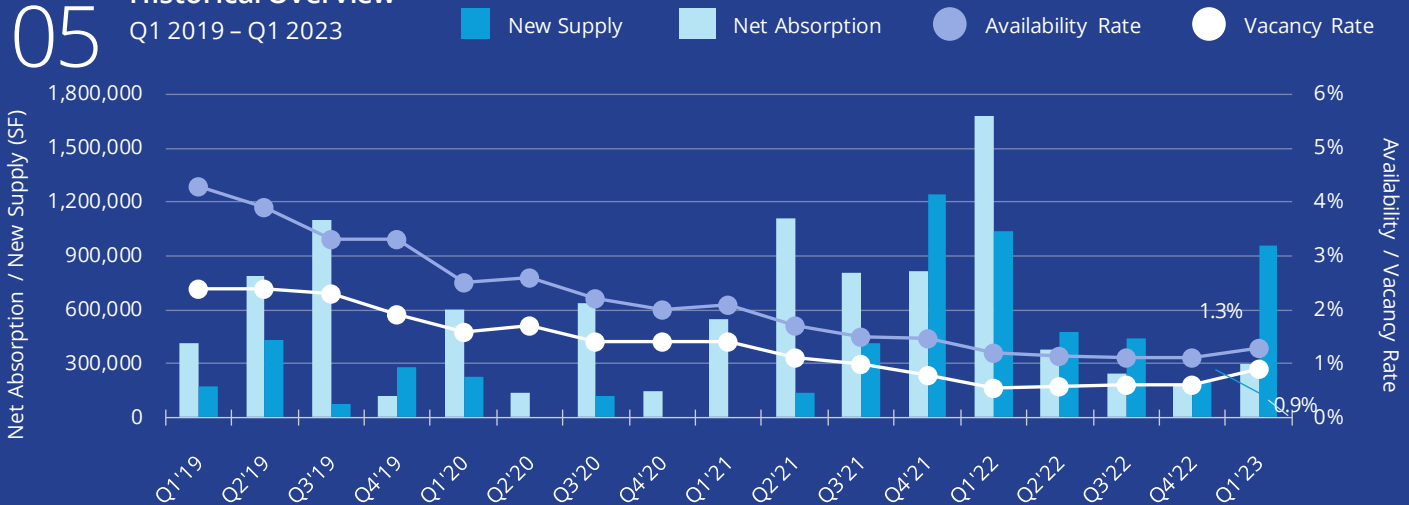
04 Availability Rate

By Market | Q1 2022 - Q1 2023

Market	Availability Rate	Change	From Q1'22
West Island	1.0%	↓	from 1.1 % Q1'22
Vaudreuil	5.3%	↑	from 0.5 % Q1'22
Lachine	0.9%	↓	from 1.6 % Q1'22
St-Laurent	1.0%	↓	from 2.3 % Q1'22
Midtown	0.8%	↓	from 0.9 % Q1'22
Laval	1.9%	↑	from 1.0 % Q1'22
North Shore	0.9%	↑	from 0.1 % Q1'22
East End	1.8%	↑	from 1.1 % Q1'22
South Shore	1.7%	↑	from 1.1 % Q1'22
Montréal Total	1.3%	↑	from 1.2 % Q1'22

05 Historical Overview

Q1 2019 - Q1 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	17,632	0.4%	17,632	0	17,632	0.4%	-11,246	0	0	\$ 17.00
Ste-Anne-de-Bellevue	1,952,903	0	0.0%	0	0	0	0.0%	0	0	0	\$ 0.00
Dollard-des-Ormeaux	1,968,083	0	0.0%	34,098	29,795	34,098	1.7%	0	0	0	\$ 15.00
Dorval	15,129,665	151,146	1.0%	164,896	0	164,896	1.1%	-15,596	0	0	\$ 19.97
Kirkland	2,529,265	0	0.0%	0	0	0	0.0%	0	0	25,000	\$ 0.00
PointeOClair	17,742,819	210,012	1.2%	237,555	0	237,555	1.3%	47,422	0	275,000	\$ 21.20
Total	43,718,510	378,790	0.9%	424,386	29,795	454,181	1.0%	20,580	0	300,000	\$ 20.48
Vaudreuil-Dorion											
Total	4,540,640	224,618	4.9%	109,409	132,792	242,201	5.3%	118,774	132,000	0	\$ 16.26
Lachine											
Total	20,925,962	57,017	0.3%	182,195	0	182,195	0.9%	47,004	0	0	\$ 17.14
St-Laurent											
Total	58,091,201	270,738	0.5%	557,865	3,056	560,921	1.0%	-99,812	0	0	\$ 16.88
Midtown											
LaSalle	10,123,755	188,476	1.9%	188,476	0	188,476	1.9%	-174,569	0	0	\$ 13.55
Montréal	70,797,501	360,889	0.5%	260,889	100,000	360,889	0.5%	-23,407	0	0	\$ 17.53
Mont-Royal	9,623,598	179,741	1.9%	19,741	160,000	179,741	1.9%	3,612	0	0	\$ 16.57
Total	90,544,854	729,106	0	469,106	260,000	729,106	0.8%	-194,364	0	0	\$ 15.89
Laval											
Total	35,771,443	341,237	1.2%	678,950	0	678,950	1.9%	266,293	193,277	422,614	\$ 17.70
North Shore											
Total	26,198,610	134,483	0.5%	230,062	16,625	252,687	1.0%	50,018	135,000	431,000	\$ 14.66
East End											
Anjou	16,914,666	146,509	0.9%	316,703	0	316,703	1.9%	4,632	0	0	\$ 14.39
Montréal-East	14,466,485	199,337	1.4%	313,123	0	313,123	2.2%	89,671	221,954	375,000	\$ 13.63
St-Leonard	10,933,529	106,459	1.0%	113,959	7,500	121,459	1.1%	18,411	41,495	0	\$ 12.78
Total	42,314,680	452,305	1.1%	444,805	7,500	751,285	1.8%	112,714	263,449	375,000	\$ 13.82
South Shore											
St-Hubert	6,317,622	135,610	2.1%	137,110	0	137,110	2.2%	-75,610	0	0	\$ 20.38
Longueuil	10,632,053	151,311	1.4%	196,691	0	196,691	1.8%	-97,714	0	0	\$ 17.45
Boucherville	15,754,206	95,547	0.6%	211,836	0	211,836	1.3%	-40,624	0	0	\$ 15.97
Brossard	3,411,741	18,880	0.6%	23,630	0	23,630	0.7%	7,031	0	0	\$ 14.97
Saint-Bruno-de-Montarville	3,289,004	99,331	3.0%	99,331	0	99,331	3.0%	180,000	230,000	1,785,077	\$ 18.00
Total	39,404,626	500,679	1.3%	668,598	0	668,598	1.7%	-26,917	230,000	1,785,077	\$ 17.58
Montréal Total	361,510,526	3,088,973	0.9%	4,070,355	449,768	4,520,123	1.3%	294,290	953,726	3,313,691	\$ 16.71

Transaction Highlights

Notable Lease Transactions

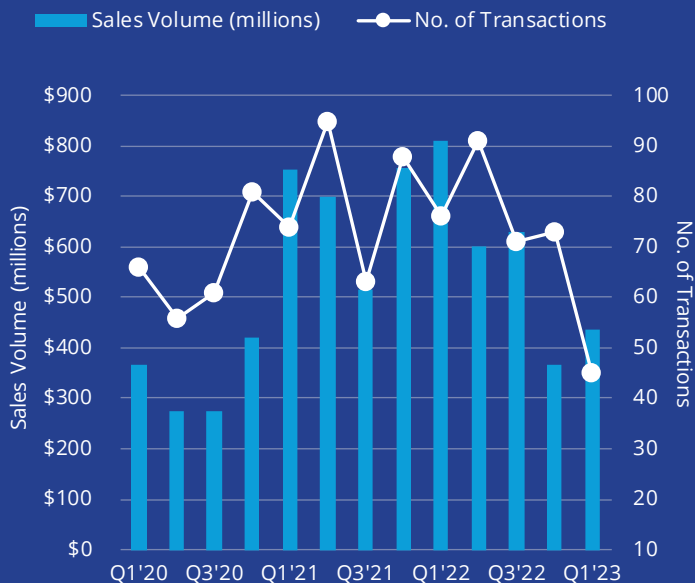
Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Ikea	100 de l'Aeroporto Boulevard	Bromont	Renewal	377,693
Corbeil	2345 Autoroute Laurentides	Laval	New Lease	210,000
Bombardier Recreational Products	Gerard Cadieux Street	Salaberry-de-Valleyfield	New Lease	202,500
Yokohama	Parc Centre Est 440	Laval	New Lease	193,277
Dynacast	185 Voyageur	West Island	New Lease	44,584
EPAC Flexible Packaging	1893-1925 32 nd Avenue	Lachine	New Lease	40,266
Ant Pass Transport	7620-7640 Trans-Canada Highway	West Island	New lease	29,934

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
3400 Raymond-Lasnier Street	Saint-Laurent	474,000	\$108,500,000	Montoni	Private Investor
8500-8760 Place Marien	East Island	400,000	\$66,500,000	Groupe Mach	Private Investor
9900 Irénée Vachon Street	Mirabel	176,819	\$28,000,000	BTB REIT	Public Investor
1501 Ampère Street	Boucherville	200,000	\$24,700,000	Place Doree Real Estate Holdings	Private Investor
210-250 Jean Coutu Street	Varenes	94,957	\$23,400,000	Canada Life	Institution

Sales Transactions and Volume

Q1 2020 – Q1 2023



Source: Altus Data Studio

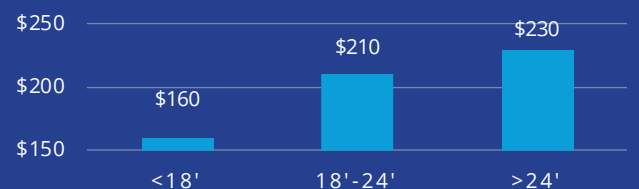
Asking Rental Rates*

Weighted Average Asking Net Rent (PSF) | Q1 2019 – Q1 2023



Sale Price

Q1 2023 By Clear Height (PSF)



*Weighted Average

Colliers Research



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