

Q1 2023

Montréal

Office Market Report

Net Absorption

This Quarter	Previous Quarter
-274K SF	-61K SF
12-Month Absorption	5-Year Quarterly Avg.
-400K SF	-250K SF

Vacancy

This Quarter	Year-over-Year
14.5%	▲ 10 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$19.55 PSF	▲ 0.3%

Development

Under Construction	New Supply
1.5M SF	0K SF
Pre-Leasing	Planned
2.1M SF	1.7M SF

*Weighted Average
Colliers International (Québec) Inc.

Market Outlook

Despite the challenging headwinds and economic difficulties of 2022 seeping into Q1 2023, Montreal's office leasing market has remained relatively stable with the average asking rent increasing marginally at 0.3% year-over-year (YoY) to \$19.55. Montreal's Downtown sector saw a slight quarter-over-quarter increase in vacancy and availability, now at 14.5% and 17.3%, respectively. This increase is due to an injection of supply in Class B listings. In the Downtown Core, AAA buildings saw a decrease of 90 basis points for vacancy and 50 bps for availability rates, signifying the continued migration towards quality buildings.

The sublease market has remained stable and shows signs of maturing with only a 0.1% YoY increase in its total sublease inventory. Subleases with quality plug-and-play features continue to be the biggest competition with direct available spaces. Sonder's sublease at Édifice Viger is a primary example, exhibiting that landlords need to provide turnkey spaces to remain competitive.

The introduction of the réseau express métropolitain (REM) has seen a flight-to-quality response in the South Shore. This market has seen its vacancy rate

decrease 210 bps YoY to 13.2%.

The traction is attributed the continued allure of Brossard. The REM has made commuting to the South Shore attractive for on-island talent and new developments like Solar Uniquartier have been able to take advantage of the transit system and provide a flight-to-quality experience. As a result, Brossard has seen its vacancy rate lowered to 11.6%, outperforming the overall South Shore market by 160 bps.

Solar Uniquartier exemplifies tenant appetite for new developments. Although no new supply was added this quarter, there is still 1.5 million square feet under construction and 2.1 million square feet in the pre-leasing phase with Broccolini and Pomerleau's 800 Saint-Jacques Street slated for delivery in Q2 2023.

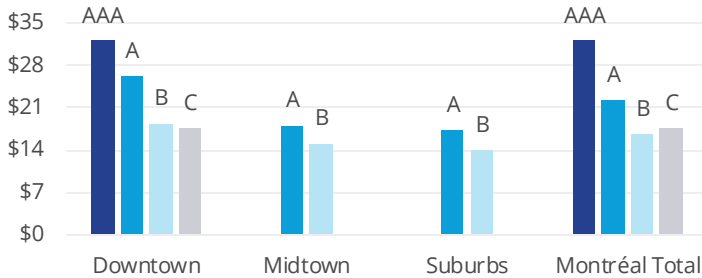
The office sector had \$148 million invested for Q1 2023. The largest transaction belonged to the Forgestone Capital - Groupe Mach portfolio of 4 properties for \$84 million. Groupe Mach added 379,921 square feet to their portfolio and this deal represented 57% of the total sales volume for the quarter.

Accelerating success.

Market Overview

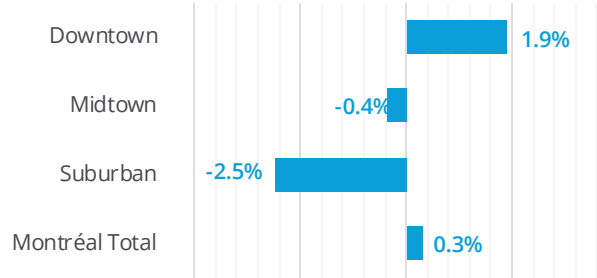
01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



02 Rental Rate Growth*

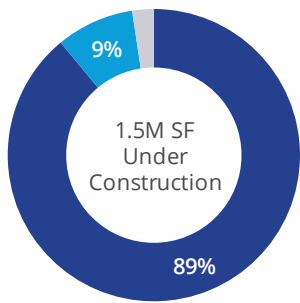
By Market | Q1 2022 – Q1 2023



* Weighted Average Asking Net Rent

03 Under Construction by Market

Total Square Feet (SF)



Downtown	1,341,750 SF
Midtown	130,000 SF
Suburbs	35,995 SF

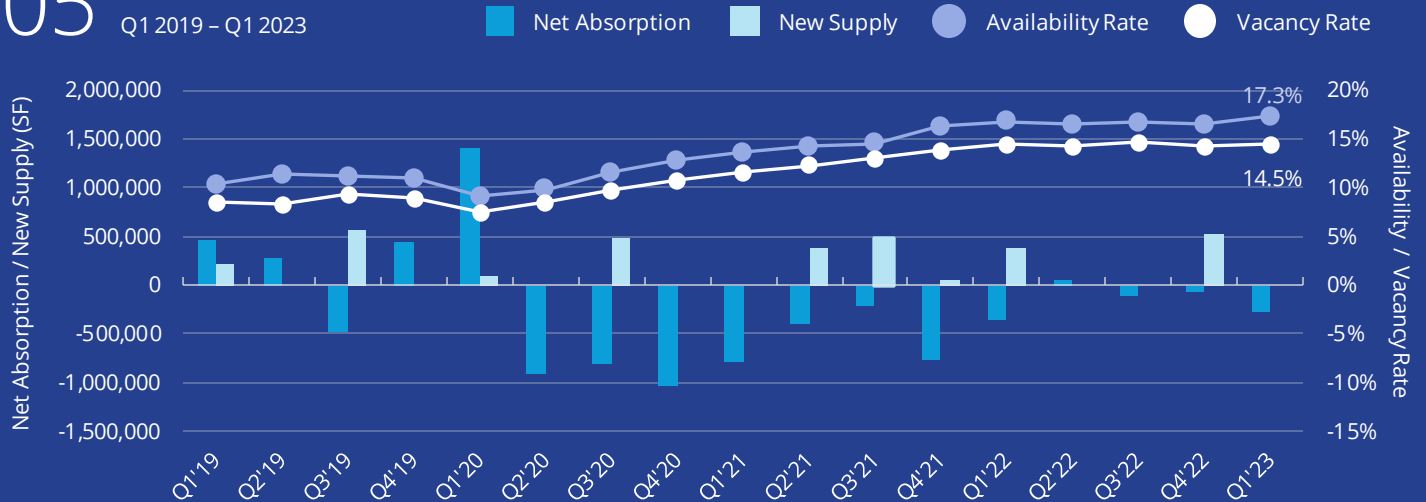
04 Vacancy Rate

By Market | Q1 2022 – Q1 2023

Downtown	14.4%	▲	from 13.3% Q1'22
Midtown	12.8%	▲	from 12.7% Q1'22
Suburban	16.2%	▲	from 15.3% Q1'22
Montréal Total	14.5%	▲	from 14.4% Q1'22

05 Historical Overview

Q1 2019 – Q1 2023



Market Statistics

	# of Class	Bldgs	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)	Wgt. Avg. Asking Gross Rent (PSF)	
Core	AAA	5	4,731,238	413,814	8.7%	259,483	154,331	501,243	10.6%	56,619	0	0	\$32.12	\$61.10	
	A	42	17,657,214	2,640,133	15.0%	2,201,062	439,071	3,592,130	20.3%	-225,046	0	0	\$26.39	\$49.87	
	B	66	12,890,022	2,753,462	21.4%	2,383,020	370,442	2,990,297	23.2%	-139,932	0	0	\$17.96	\$36.62	
	C	30	2,801,209	452,476	16.2%	415,211	37,265	470,572	16.8%	-32,962	0	0	\$17.15	\$33.34	
	All	143	38,079,683	6,259,885	16.4%	5,258,776	1,001,109	7,554,242	19.8%	-341,321	0	0	\$22.65	\$43.97	
East	A	5	2,682,322	0	0.0%	0	0	0	0.0%	0	0	0	\$0.00	\$0.00	
	B	17	2,912,608	245,608	8.4%	181,417	64,191	251,915	8.6%	36,134	0	0	\$15.17	\$32.64	
	C	8	683,837	55,793	8.2%	55,793	0	77,685	11.4%	-3,192	0	0	\$20.75	\$28.39	
	All	30	6,278,767	301,401	4.8%	237,210	64,191	329,600	5.2%	32,942	0	0	\$16.80	\$31.40	
West	A	5	1,035,324	150,606	14.5%	114,021	36,585	192,082	18.6%	-17,874	0	0	\$25.22	\$42.87	
	B	14	1,280,649	87,403	6.8%	51,281	36,122	96,234	7.5%	-9,684	0	0	\$16.53	\$36.05	
	C	7	475,317	94,540	19.9%	86,067	8,473	117,995	24.8%	-5,373	0	0	\$15.85	\$33.70	
	All	26	2,791,290	332,549	11.9%	251,369	81,180	406,311	14.6%	-32,931	0	0	\$20.82	\$38.90	
Old Montréal	A	10	1,985,859	329,823	16.6%	305,115	24,708	393,557	19.8%	-4,777	0	1,341,750	\$24.82	\$49.48	
	B	41	3,666,235	384,932	10.5%	313,003	71,929	555,655	15.2%	-64,588	0	0	\$22.99	\$42.97	
	C	33	1,699,003	257,637	15.2%	254,837	2,800	260,141	15.3%	-19,634	0	0	\$17.80	\$31.35	
	All	84	7,351,097	972,392	9.6%	872,955	99,437	1,209,353	16.5%	-88,999	0	1,341,750	\$22.39	\$42.44	
Total	AAA	5	4,731,238	413,814	8.7%	259,483	154,331	501,243	10.6%	56,619	0	0	\$32.12	\$61.10	
	A	62	23,360,719	3,120,562	13.4%	2,620,198	500,364	4,177,769	17.9%	-247,697	0	1,341,750	\$26.18	\$49.53	
	B	138	20,749,514	3,471,405	16.7%	2,928,721	542,684	3,894,101	18.8%	-178,070	0	0	\$18.50	\$37.30	
	C	78	5,659,366	860,446	15.2%	811,908	48,538	926,393	16.4%	-61,161	0	0	\$17.54	\$32.33	
	All	283	54,500,837	7,866,227	14.4%	6,620,310	1,245,917	9,499,506	17.4%	-430,309	0	1,341,750	\$22.35	\$43.16	
Centre West	A	39	5,851,420	805,719	13.8%	460,040	345,679	885,232	15.1%	109,295	0	60,000	\$18.40	\$34.31	
	B	88	8,272,536	1,242,670	15.0%	1,082,548	160,122	1,796,750	21.7%	-11,284	0	0	\$15.72	\$26.68	
	All	127	14,123,956	2,048,389	14.5%	1,542,588	505,801	2,681,982	19.0%	98,011	0	60,000	\$16.37	\$28.55	
	Centre East	A	18	2,689,985	249,066	9.3%	207,223	41,843	286,434	10.6%	-32,004	0	0	\$17.20	\$31.65
		B	59	5,716,026	588,860	10.3%	518,568	70,292	624,811	10.9%	10,126	0	70,000	\$13.43	\$24.41
All		77	8,406,011	837,926	10.0%	725,791	112,135	911,245	10.8%	-21,878	0	70,000	\$14.59	\$26.63	
Total	A	57	8,541,405	1,054,785	12.3%	667,263	387,522	1,171,666	13.7%	77,291	0	60,000	\$18.02	\$33.47	
	B	147	13,988,562	1,831,530	13.1%	1,601,116	230,414	2,421,561	17.3%	-1,158	0	70,000	\$15.14	\$26.11	
	All	204	22,529,967	2,886,315	12.8%	2,268,379	617,936	3,593,227	15.9%	76,133	0	130,000	\$15.89	\$28.03	
Saint-Laurent	A	49	4,311,132	947,034	22.0%	576,369	370,665	1,002,550	23.3%	-42,537	0	0	\$15.66	\$28.84	
	B	22	2,044,850	297,483	14.5%	297,483	0	378,351	18.5%	21,812	0	0	\$15.98	\$25.92	
	All	71	6,355,982	1,244,517	19.6%	873,852	370,665	1,380,901	21.7%	-20,725	0	0	\$15.78	\$27.75	
West Island	A	22	1,894,818	261,730	13.8%	254,490	7,240	308,482	16.3%	-15,126	0	0	\$14.66	\$29.86	
	B	32	2,240,677	303,436	13.5%	183,235	120,201	310,938	13.9%	-4,053	0	0	\$12.71	\$23.22	
	All	54	4,135,495	565,166	13.7%	437,725	127,441	619,420	15.0%	-19,179	0	0	\$13.91	\$27.29	

Suburban continued on next page



Market Statistics

		# of Class Bldgs	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 (SF)	Wgt. Avg. Asking Gross Rent (SF)	
Suburban	East Island	A	6	769,878	168,730	21.9%	168,730	0	181,348	23.6%	-1,424	0	0	\$14.31	\$30.99
		B	10	371,315	109,498	29.5%	109,498	0	109,498	29.5%	0	0	0	\$12.62	\$22.59
		All	16	1,141,193	278,228	24.4%	278,228	0	290,846	25.5%	-1,424	0	0	\$13.68	\$27.83
	Laval	A	35	3,098,334	373,590	12.1%	327,151	46,439	573,037	18.5%	42,927	0	0	\$19.66	\$33.32
		B	27	1,931,229	409,010	21.2%	394,010	15,000	412,154	21.3%	-4,261	0	0	\$12.93	\$24.69
		All	62	5,029,563	782,600	15.6%	721,161	61,439	985,191	19.6%	38,666	0	0	\$16.67	\$29.48
	South Shore	A	37	3,665,906	525,514	14.3%	487,340	38,174	566,673	15.5%	94,815	0	35,995	\$19.52	\$33.85
		B	46	2,068,494	228,640	11.1%	160,168	68,472	228,640	11.1%	-12,122	0	0	\$13.67	\$26.34
		All	83	5,734,400	754,154	13.2%	647,508	106,646	795,313	13.9%	82,693	0	35,995	\$18.14	\$32.09
	Total	A	149	13,740,068	2,276,598	16.6%	1,814,080	462,518	2,632,090	19.2%	78,655	0	35,995	\$17.28	\$31.43
		B	137	8,656,565	1,348,067	15.6%	1,144,394	203,673	1,439,581	16.6%	1,376	0	0	\$13.90	\$24.87
		All	286	22,396,633	3,624,665	16.2%	2,958,474	666,191	4,071,671	18.2%	80,031	0	35,995	\$16.04	\$29.02
Montréal Total	Total	AAA	5	4,731,238	413,814	8.7%	259,483	154,331	501,243	10.6%	56,619	0	0	\$32.12	\$61.10
		A	268	45,642,192	6,451,945	14.1%	5,101,541	1,350,404	7,981,525	17.5%	-91,751	0	1,437,745	\$22.29	\$41.69
		B	422	43,394,641	6,651,002	15.3%	5,674,231	976,771	7,755,243	17.9%	-177,852	0	70,000	\$16.56	\$31.36
		C	78	5,659,366	860,446	15.2%	811,908	48,538	926,393	16.4%	-61,161	0	0	\$17.54	\$32.33
		All	773	99,427,437	14,377,207	14.5%	11,847,163	2,530,044	17,164,404	17.3%	-274,145	0	1,507,745	\$19.54	\$36.73

Attractive Flight-to-Quality Development Solar-Uniqartier, Brossard



Transaction Highlights

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Université de Montréal	950 Beaumont Avenue	Centre West	Sublease	30,000
Mediterranean Shipping Company	44 Saint-Antoine Street	Old Montréal	New Lease	29,828
Undisclosed	1 Place Ville Marie	Downtown Core	New Lease	18,621
Sintra	2000 de l'Éclipse	South Shore	New Lease	17,428
Undisclosed Tech	6666 Saint-Urbain Street	Centre West	Renewal	15,767

Notable Sales Transactions

Building Name / Address	Size (SF)	Sale Price	Purchaser	Purchaser Profile
8885 Trans-Canada Road	132,670	\$32,000,000	Groupe Mach	Institution
8401 Trans-Canada Road	84,065	\$20,500,000	Groupe Mach	Institution
8801 Trans-Canada Road	112,636	\$20,000,000	Groupe Mach	Institution
4707 Levy Street	105,506	\$16,500,000	Alexandria Real Estate Equities	Institution
8625 Trans-Canada Road	50,550	\$11,500,000	Groupe Mach	Institution

Notable Developments

Building Name / Address	Class	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
National Bank Headquarters	AAA	Old Montréal	Under Construction	1,000,000	Q2 2023	Broccolini / Pomerleau
1300 Sherbrooke	B	Downtown Core	Under Renovation	77,392	Q3 2023	Brasswater
Victoria on the Parc	A	Old Montréal	Under Construction	320,000	Q4 2023	Broccolini
Westbury Tower	A	Centre West	Under Construction	60,000	Q1 2024	Devmont
Esplanade Cartier	A	Centre East	Under Construction	70,000	Q1 2025	Prével / TGTA

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