MARKETBEAT

MONTRÉAL

INDUSTRIAL Q1 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.4% Vacancy Rate	▲	▲
-780K YTD Net Absorption, SF	▲	▲
$14.20 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.4M Montréal Employment	▼	▲
6.6% Montréal Unemployment Rate	▲	▲
6.7% Canada Unemployment Rate	▲	▲

Source: Statistics Canada (February 2026)

KEY TAKEAWAYS

- Despite a slight rise in overall vacancy year-over-year (YOY), the market had cautious improvement on the demand side. Net absorption remained negative in Q1 2026, but the pace of giveback slowed considerably. At the same time, leasing activity gained velocity, signaling that tenants are active in the market, even if they are not fully offsetting available space yet.
- Rents softened slightly, confirming that landlords are adjusting net asking rates as increased vacancy lingers and competition increases across submarkets. This softness is broad-based, as several large submarkets posted YOY rent declines alongside higher vacancy. Landlords appear to be prioritizing occupancy and deal flow over rental growth. This dynamic could likely remain until vacancy stabilizes.
- While new deliveries slowed sharply this quarter, the construction pipeline grew. This may indicate future upward pressure on vacancy, particularly in submarkets with concentrated construction activity; unless leasing momentum continues to strengthen through 2026.

POTENTIAL ECONOMIC HEADWINDS

The broader economic backdrop in Quebec heading into 2026 remains soft, shaped by external trade pressures and constrained domestic momentum. Industry-level GDP data indicate that Quebec's economy contracted in Q4 2025, capping what was already a choppy and weak year, with U.S. trade frictions emerging as the dominant drag on growth. Industries heavily exposed to the U.S., notably manufacturing and transportation, saw output decline, while non-U.S.-centric sectors were essentially flat. Tariffs reduced shipments to the U.S. and weighed on commodities such as aluminum, copper, and lumber. Conditions are still fragile and business investment intentions remain cautious. Overall, the image depicts an economy navigating continued uncertainty and external shocks, with near-term growth constrained by trade exposure.

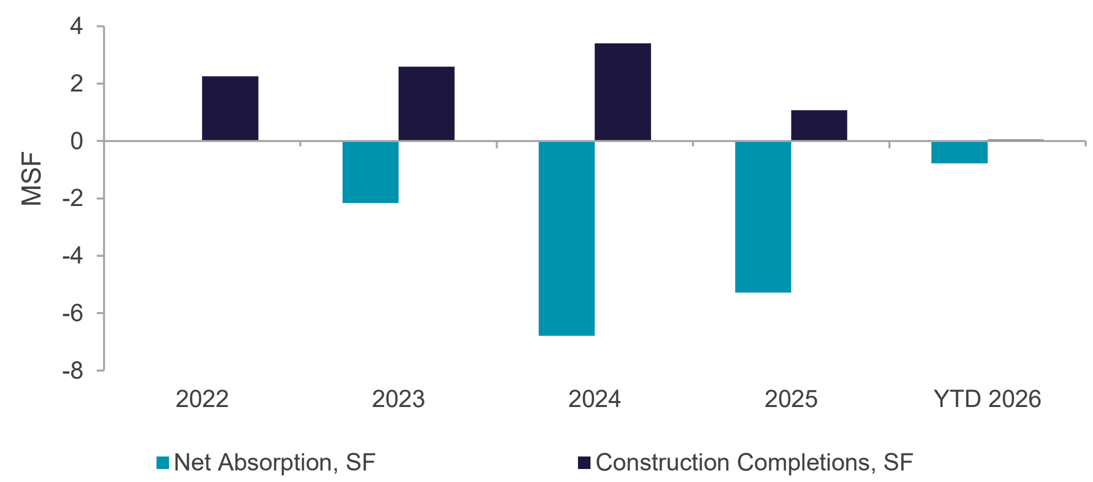
ABSORPTION

Despite remaining negative, absorption across Montreal demonstrated a clear improvement in Q1 2026,. While absorption was weaker this quarter in comparison to Q4 2025, the broader trend reflects a meaningful moderation in space give-backs compared with mid-2025 conditions, when absorption losses were substantially deeper. This stabilization has occurred alongside a pickup in tenant activity, with leasing volume rising. The improving absorption suggests that while tenants remain cautious, demand fundamentals are somewhat firming, and the market may be approaching a more stable setting as 2026 unfolds.

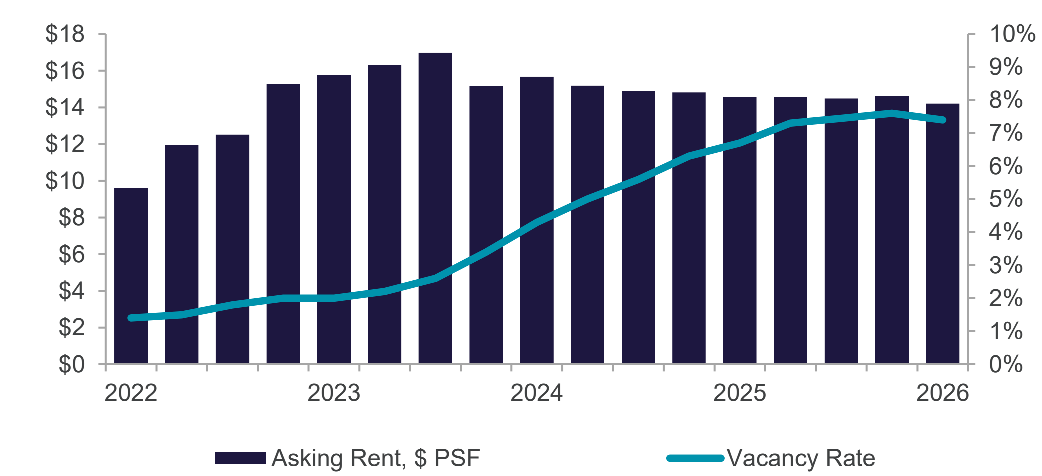
VACANCY & NET RENTAL RATES

Vacancy contracted in Q1 2026, though signs of inflection are emerging. The overall vacancy rate declined modestly quarter-over-quarter, reversing part of the increase that was witnessed through Q3 2025, when vacancy peaked. This improvement occurred despite limited new supply deliveries, indicating that leasing activity has begun to absorb standing availability, particularly direct space. However, elevated vacancy continues to put pressure on pricing. Average net asking rents reached $14.20 per square foot in Q1 2026, down from previous two quarters, reflecting increased competition among landlords and tenant leverage. Overall, the combination of stabilizing vacancy and modest rent compression points to a market transitioning toward balance, where landlords are prioritizing occupancy.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING NET RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CURRENT QTR CNSTR COMPLETIONS (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*	OVERALL WEIGHTED AVG ADDITIONAL RENT
Montréal Midtown North	43,464,587	1,876,887	4.3%	90,685	90,685	0	0	0	$12.52	$4.07
Montréal Midtown South	28,165,518	1,686,530	6.0%	-38,631	-38,631	0	0	0	$9.43	$4.68
Montréal East	72,281,039	5,192,560	7.2%	-152,205	-152,205	195,680	0	0	$14.48	$4.64
Laval	27,862,860	2,388,634	8.6%	104,510	104,510	444,031	0	0	$15.49	$5.65
North Shore Lanaudiere	6,179,521	547,784	8.9%	-127,887	-127,887	109,372	0	0	$15.40	$5.19
North Shore Laurentides	7,995,380	1,159,653	14.5%	-69,899	-69,899	309,020	0	0	$14.31	$4.04
South Shore	33,217,876	2,931,889	8.8%	100,322	100,322	55,000	49,497	49,497	$14.66	$4.10
Lachine	19,567,424	1,972,353	10.1%	-245,142	-245,142	0	0	0	$13.73	$4.11
Saint-Laurent	66,747,233	5,075,515	7.6%	-332,199	-332,199	0	0	0	$14.26	$4.40
West Island	46,395,757	3,018,947	6.5%	-126,489	-126,489	0	0	0	$14.43	$5.17
Vaudreuil-Dorion	3,876,681	322,361	8.3%	17,289	17,289	0	0	0	$12.26	$3.23
Montréal TOTALS	**355,753,876**	**26,173,113**	**7.4%**	**-779,646**	**-779,646**	**1,113,103**	**49,497**	**49,497**	**$14.20**	**$4.53**

*Rental rates reflect weighted net asking $psf/year

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	LANDLORD	SF	TYPE*
131 Montcalm Blvd.	South Shore	Intelcom	Rosefellow	185,025	New Lease
9150-9200 Parc Avenue	Midtown North	Decolin Inc.	Olymbec	150,750	Renewal
1660-1700 Hymus Blvd.	West Island	ASL Distribution	Pure Industrial	134,384	New Lease

*Renewals not included in leasing activity

KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
2501 Transcanada Hwy.	West Island	Brasswater / Alderan	272,303	$76.8M / $282
11601-11701 Albert-Hudon	Montréal East	Metro Inc. / Fruiterie AMR	218,000	$38.1M / $175
1085 Rue des Cheminots	North-Shore Lanaudière	Manulife / Garaga Inc.	145,078	$33M / $227
210-250 Rue Jean-Coutu	South Shore	GWL Realty Inc. / Hitachi	109,466	$26.4M / $241

BRENT ROBINSON
Executive Managing Director & Managing Principal
Tel: +1 514 841 3800
Brent.robinson@cushwake.com

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