# MARKETBEAT
# MONTRÉAL
## OFFICE Q2 2026

### MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|---|---|---|
| **17.9%** Vacancy Rate | ▼ | ▲ |
| **-1.1M** YTD Net Absorption, SF | ▼ | ▲ |
| **$36.59** Asking Gross Rent, PSF | ▲ | — |

*(Overall, All Property Classes)*

### ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|---|---|---|
| **2.4M** Montreal Employment | ▼ | ▲ |
| **6.9%** Montreal Unemployment Rate | ▲ | ▲ |
| **6.6%** Canada Unemployment Rate | ▼ | ▲ |

*Source: Statistics Canada (May 2026)*

### KEY TAKEAWAYS:

- Overall office vacancy in the Greater Montreal Area (GMA) edged up in Q2 2026, reflecting several large occupiers vacating space, while premium Downtown assets continued to outperform the broader market.
- Net absorption remained negative, with losses concentrated in Midtown Class B space, while leasing activity remained relatively active as demand continued to favour high-quality office assets.

### EMPLOYMENT SHOWS MODEST IMPROVEMENT

Employment in Montreal remained relatively stable at 2.4 million in May 2026. The city's employment rate held steady at 62.1%, while the unemployment rate declined 20 basis points from the previous month to 6.9%. Canadian employment increased by 88,000, marking the first significant monthly gain since November 2025, while the unemployment rate fell to 6.6%, driven by stronger full-time employment and fewer people searching for work.

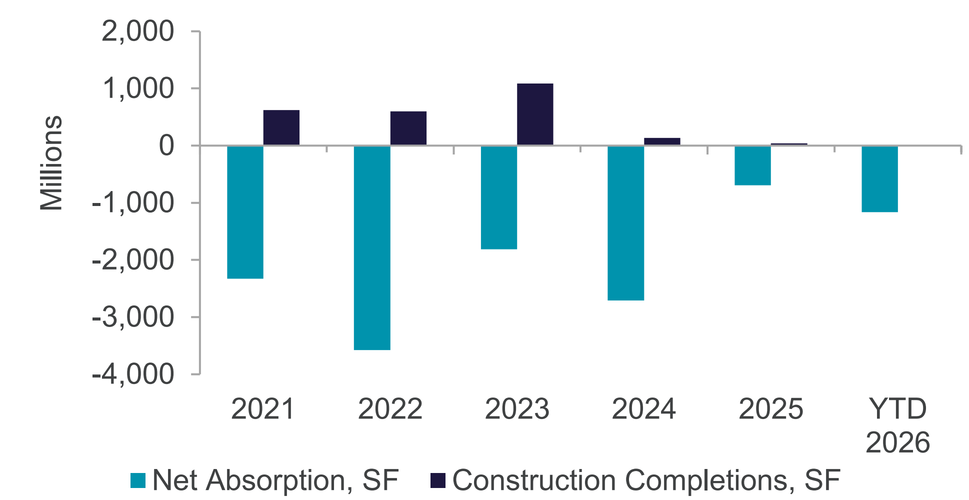
### FLIGHT-TO-QUALITY TRENDS PERSIST

Overall office vacancy in the GMA edged up to 17.9% in Q2 2026. The Central area recorded a vacancy rate of 19.3%, while Class AAA assets continued to outperform the broader market with vacancy at 9.2%. Tenant demand remains concentrated in premium office assets as organizations continued to prioritize quality, flexibility and long-term workplace strategies. In the Midtown and Suburban markets, vacancy reached 16.9% and 15.5%, respectively. Elevated vacancy in Midtown Class B assets highlighted ongoing challenges facing older inventory, while the Suburban market remained comparatively stable. Net absorption remained negative this quarter, totaling approximately 1.1 million square feet (msf), with Midtown accounting for the majority of losses (526,000 square feet (sf), primarily within Class B space. The Central area recorded negative absorption of approximately 471,000 sf, while the Suburban market posted a more modest decline of 82,000 sf. Leasing activity remained relatively active, totaling approximately 958,500 sf, as occupiers continued to optimize their office footprints. Notable transactions this quarter included Ville de Montréal's 43,850-sf lease at 1611 Crémazie Boulevard East and Cossette's 42,000-sf lease at 800 Square Victoria Street.

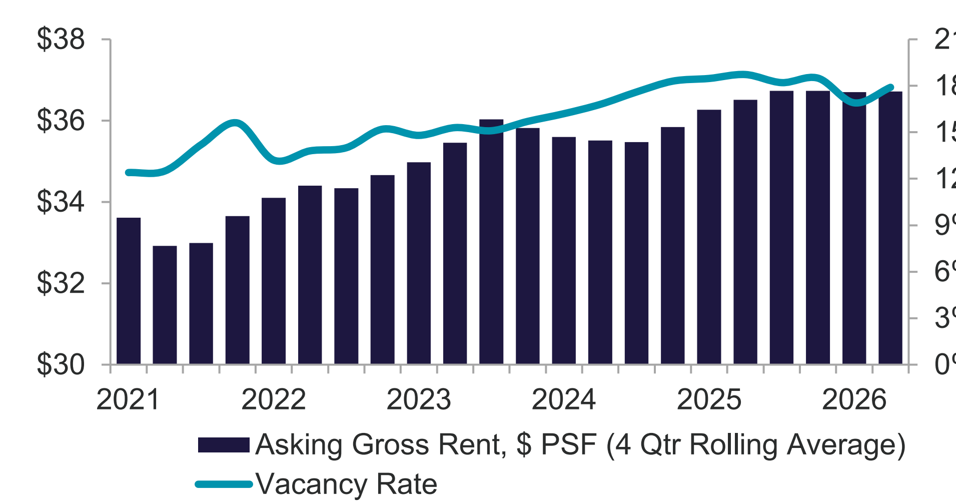
### ASKING RENTAL RATES REMAIN STABLE

The overall average asking gross rent remained relatively stable at $36.59 per square foot (psf) in Q2 2026. In the Central area, gross rents averaged $41.62 psf, with Downtown Class AAA space continuing to command the highest rents at $66.11 psf, reflecting sustained demand for premium office space. In the Midtown and Suburban markets, gross rents averaged $27.32 psf and $31.34 psf, respectively, reinforcing their position as more cost-effective alternatives while maintaining a significant pricing premium for top-tier downtown assets.

### SPACE DEMAND / DELIVERIES




### OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS AAA/A)* |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial Core | 22,265,229 | 293,377 | 4,301,529 | 20.6% | -204,640 | -220,527 | 539,216 | 0 | $41.97 | $46.05 |
| Downtown West | 3,562,415 | 14,081 | 565,008 | 16.3% | -20,477 | -17,437 | 26,253 | 0 | $40.66 | $48.25 |
| Downtown East | 9,117,891 | 327,362 | 1,050,671 | 15.1% | -56,474 | -4,242 | 148,174 | 93,750 | $34.02 | $37.50 |
| Downtown South | 16,023,504 | 628,165 | 2,635,750 | 20.4% | -106,568 | 39,617 | 461,982 | 0 | $50.03 | $55.02 |
| Downtown Southwest | 1,621,136 | 90,167 | 250,620 | 21.0% | 24,630 | -6,606 | 47,195 | 0 | $36.73 | $37.79 |
| Old Montreal | 4,547,212 | 76,462 | 787,756 | 19.0% | -80,289 | -69,525 | 86,685 | 100,000 | $38.78 | $49.74 |
| Westmount | 2,158,078 | 15,035 | 399,917 | 19.2% | -8,675 | -37,592 | 20,905 | 0 | $41.72 | $42.27 |
| CENTRAL TOTAL | **55,245,946** | **1,185,982** | **9,494,021** | **19.3%** | **-471,070** | **-387,186** | **1,205,800** | **193,750** | **$41.62** | **$47.40** |
| Midtown East | 3,513,406 | 122,785 | 570,904 | 19.7% | -26,804 | -59,822 | 28,132 | 0 | $29.15 | $30.00 |
| Midtown Central | 6,852,987 | 191,501 | 1,040,071 | 18.0% | -44,091 | -59,787 | 104,637 | 0 | $33.76 | N/A |
| Midtown North | 9,914,338 | 108,533 | 1,616,057 | 17.4% | -393,410 | -436,405 | 99,681 | 0 | $22.39 | $32.80 |
| Décarie CDN | 3,233,101 | 0 | 407,992 | 12.6% | -31,461 | -52,762 | 20,621 | 0 | $26.90 | $34.56 |
| Midtown West | 1,430,521 | 22,080 | 257,715 | 19.6% | -652 | -10,141 | 33,906 | 0 | $24.89 | $34.52 |
| Midtown South | 1,098,918 | 0 | 47,790 | 4.3% | 4,443 | 5,840 | 4,443 | 0 | $25.58 | N/A |
| Île-Des-Soeurs | 1,392,679 | 16,271 | 20,456 | 2.6% | -7,306 | 25,117 | 1,243 | 0 | $28.61 | N/A |
| Saint-Laurent | 7,352,839 | 326,907 | 1,118,043 | 19.7% | -26,735 | 18,565 | 106,631 | 0 | $28.25 | $30.54 |
| MIDTOWN TOTAL | **34,788,789** | **788,077** | **5,079,028** | **16.9%** | **-526,016** | **-569,395** | **399,294** | **0** | **$27.32** | **$31.49** |
| West Island | 3,419,196 | 137,506 | 343,673 | 14.1% | 6,801 | -17,102 | 83,314 | 0 | $29.98 | $28.99 |
| East End | 3,785,154 | 16,199 | 649,663 | 17.6% | -3,894 | -10,607 | 14,611 | 0 | $33.38 | $35.52 |
| Laval | 4,768,397 | 54,211 | 825,065 | 18.4% | 23,773 | -151,658 | 92,477 | 0 | $30.23 | $31.20 |
| South Shore | 6,215,781 | 126,889 | 668,244 | 12.8% | -108,627 | -28,800 | 152,964 | 0 | $30.83 | $32.34 |
| SUBURBAN TOTAL | **18,188,528** | **334,805** | **2,486,645** | **15.5%** | **-81,947** | **-208,167** | **343,366** | **0** | **$31.34** | **$33.14** |
| **MONTREAL TOTALS** | **108,223,263** | **2,308,864** | **17,059,694** | **17.9%** | **-1,079,033** | **-1,164,748** | **1,948,460** | **193,750** | **$36.59** | **$43.00** |

**Rental rates reflect full service asking*

## KEY LEASE TRANSACTIONS Q2 2026

| PROPERTY | SUBMARKET | TENANT | LANDLORD | SF | TYPE* |
|---|---|---|---|---|---|
| 525 Viger Avenue West | Downtown South | Shopify Inc. | Kevric Real Estate Corporation Inc. | 65,143 | Renewal |
| 1611 Crémazie Boulevard East | Midtown North | Ville de Montréal | Galion Gestion Développement Immobilier inc. | 43,850 | New Lease |
| 800 Square Victoria Street | Downtown South | Cossette | Groupe Petra Ltee | 42,000 | New Lease |

**Renewals not included in leasing statistics*

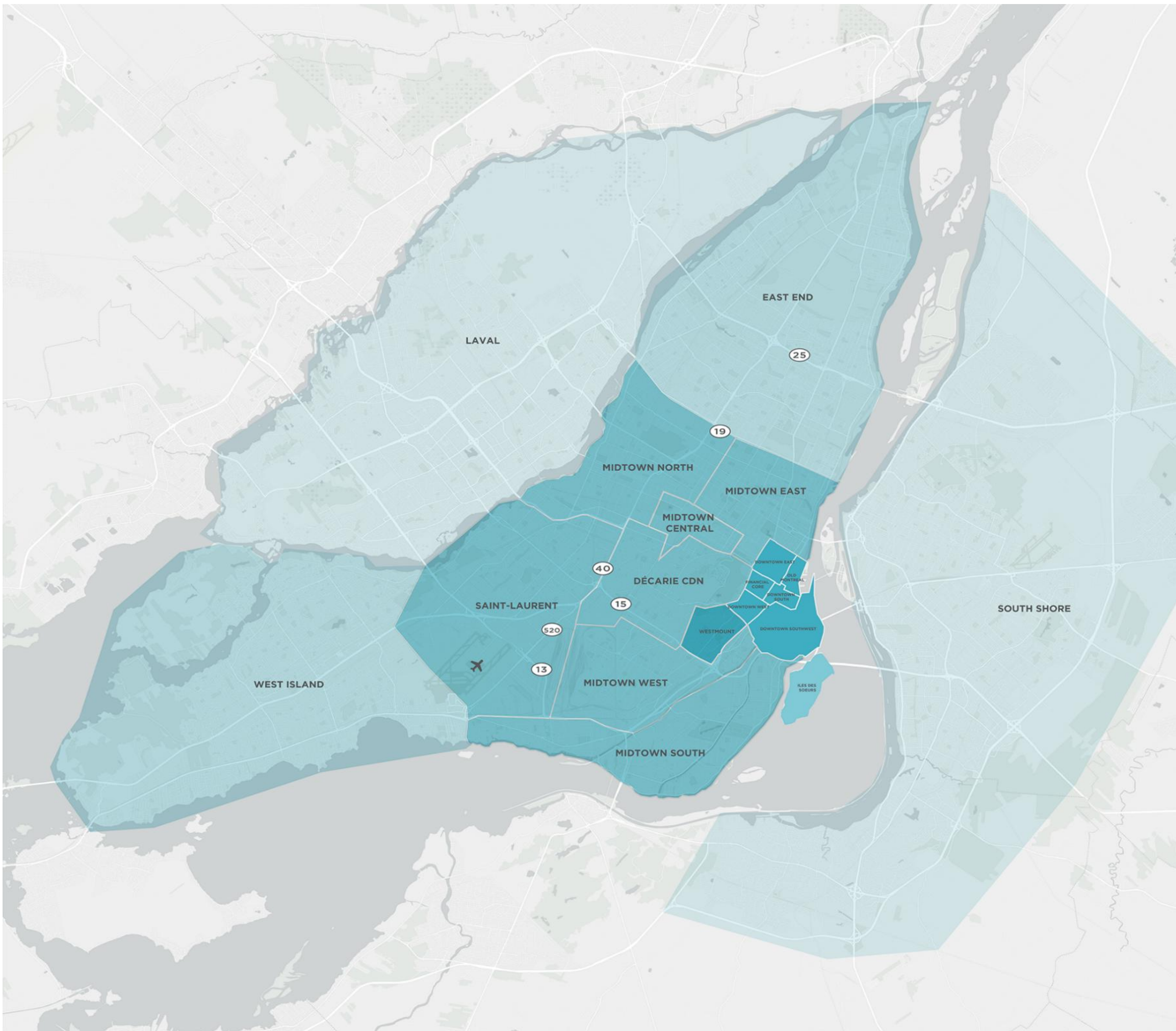
## KEY SALE TRANSACTIONS Q2 2026

| PROPERTY | SUBMARKET | SELLER/BUYER | SF | PRICE / $ PSF |
|---|---|---|---|---|
| 300 Léo-Pariseau Street | Downtown East | Aetna Realty / Alta Canada | 567,545 | $48M / $85 |
| 372 Sainte-Catherine Street West | Downtown East | Fredmar-Darick Canada inc. / Avenir Immobilier | 230,000 | $59.55M / $259 |
| 11401 Lacordaire Boulevard | East End | J.K. Investments / MC Properties | 53,210 | $10.1M / $190 |
| 8555 Trans-Canada Highway | Saint-Laurent | Canderel, Forgestone Capital, and Healthcare of Ontario Pension / Transformer Table | 48,510 | $7.36M / $152 |

## METHODOLOGY

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The market statistics are calculated from a base building inventory made up of office properties deemed to be competitive in the local office markets. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

## OFFICE SUBMARKETS




## EXPLANATION OF TERMS

Total Inventory: The total amount of office space (in buildings of a predetermined size by market) that can be rented by a third party.

Overall Vacancy Rate: The amount of unoccupied space (new, relet, and sublet) expressed as a percentage of total inventory.

Direct Vacancy Rate: The amount of unoccupied space available directly through the landlord, excludes sublease space.

Absorption: The net change in occupied space between two points in time. (Total occupied space in the present quarter minus total occupied space from the previous quarter, quoted on a net, not gross, basis.)

Leasing Activity: The sum of all leases over a period of time. This includes pre-leasing activity as well as expansions. It does not include renewals.

Overall Weighted Asking Rents: Net or gross average asking rents weighted by the amount of available direct space in office properties.

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