

MARKET FUNDAMENTALS

	YOY Chg	Outlook
16.7% Vacancy Rate	▼	▼
111K YTD Net Absorption, SF	▲	▲
\$36.21 Asking Gross Rent, PSF (Overall, All Property Classes)	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.4M Montreal Employment	▲	▲
6.3% Montreal Unemployment Rate	▼	▲
6.4% Canada Unemployment Rate	▼	▲

Source: Statistics Canada, Moody's Analytics (August 2026)

KEY TAKEAWAYS:

- Overall office vacancy in the Greater Montreal Area (GMA) is beginning to witness some stability in 2026, with relatively small fluctuations in vacancy between quarters.
- Alongside this stabilization was a return to positive absorption levels this quarter, driven by continued occupier demand for higher quality space.

EMPLOYMENT SHOWS MODEST IMPROVEMENT

The labour market softened over the past year but showed modest improvement in Q3 2026, with unemployment edging lower from Q2 levels. While slower economic growth and uncertainty surrounding the U.S.-Canada trade dispute have tempered hiring, employment remains elevated and labour demand has proven relatively resilient. Trade-related industries, including steel and aluminum, dairy, agriculture, manufacturing and automotive sectors, have been most affected.

DEMAND REMAINS FOCUSED IN HIGHER QUALITY ASSETS

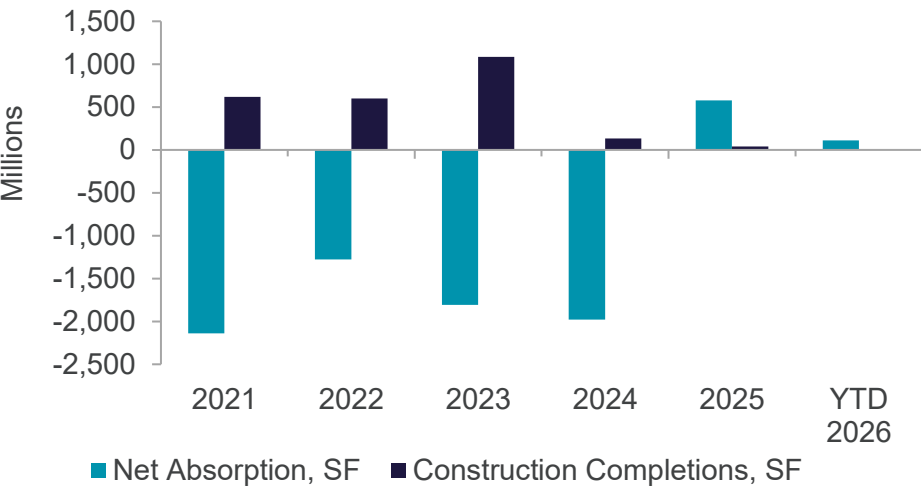
Overall office vacancy in the GMA reached 16.7% in Q3 2026, down from 18.2% one year earlier. While softness persists across Class B and C properties in both Central and Suburban markets, continued tightening in Class A vacancy helped offset further market-wide increases as Class A vacancy fell to 14.5% in the Central market and 13.7% in the Suburban market. Vacancy remains tightest within downtown Class AAA assets, where overall vacancy sits at just 7.7%, dropping to 5.9% when considering direct vacancy alone. Space options in these buildings continue to shrink, particularly for larger occupiers, with only 14 availabilities exceeding 10,000 square feet (sf) currently on the market.

After a negative result last quarter, absorption returned to positive territory in Q3 2026, totaling approximately 235,000 sf, as demand for higher-quality office space continues to support both declining vacancy and rising occupancy levels. Notable occupancies this quarter included approximately 107,000 sf by Intelcom and just over 100,000 sf by Hydro-Québec, both within the downtown core. While new leasing activity moderated slightly from the previous quarter, it remained healthy at 1.0 million square feet (msf), bringing the year-to-date 2026 total to 3.3 msf.

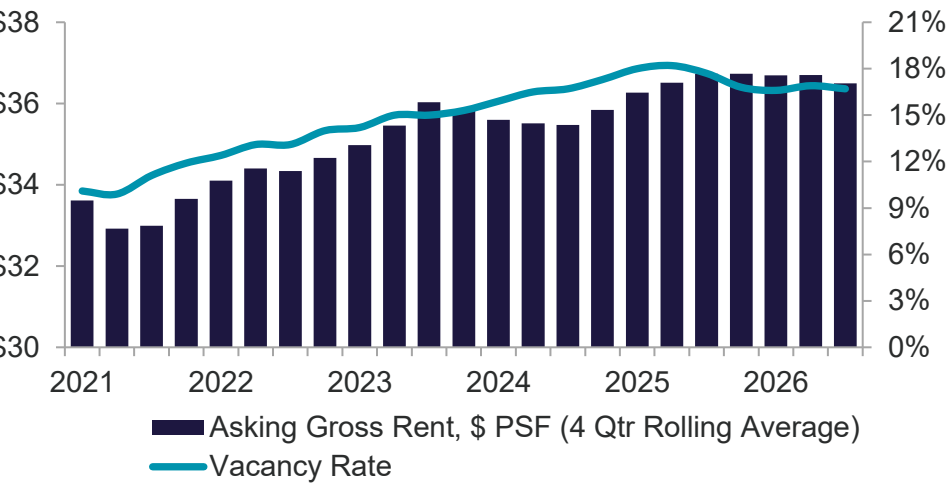
ASKING RENTAL RATES REMAIN STABLE

Average asking gross rents remained largely unchanged in Q3 2026, edging down slightly to \$36.21 per square foot (psf) as both direct net rents and additional rent components declined modestly. The Central Class A market continues to command the highest rents, with an average gross asking rate of \$47.55 psf. That said, pricing has shown little movement throughout 2026.

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	277,907	4,217,140	20.2%	-124,082	-98,838	847,592	0	\$41.90	\$46.16
Downtown West	3,594,984	13,081	552,171	15.7%	-6,517	-5,470	35,075	0	\$40.28	\$47.47
Downtown East	9,117,891	268,600	1,010,633	14.0%	-15,549	86,033	329,019	93,750	\$33.54	\$37.50
Downtown South	11,973,985	201,583	1,872,825	17.3%	292,007	402,353	545,400	0	\$50.87	\$55.03
Downtown Southwest	1,621,136	97,444	250,007	21.4%	-9,359	-15,997	62,024	0	\$36.96	\$37.83
Old Montreal	4,552,612	66,329	752,421	18.0%	10,725	-24,057	155,504	100,000	\$38.60	\$49.74
Westmount	2,158,078	15,035	362,498	17.5%	23,578	-173	48,516	0	\$42.49	\$42.98
CENTRAL TOTAL	55,283,915	939,979	9,017,695	18.0%	170,803	343,851	2,023,130	193,750	\$41.52	\$47.55
Midtown East	3,513,406	78,177	590,638	19.0%	-76,248	-34,948	33,597	0	\$29.15	\$30.00
Midtown Central	6,852,987	193,018	1,024,152	17.8%	-77,574	-67,191	171,223	0	\$34.39	N/A
Midtown North	9,914,338	74,908	1,596,102	16.9%	16,957	-382,825	105,235	0	\$20.87	\$32.80
Décarie CDN	3,319,246	0	404,600	12.2%	-5,019	-49,370	41,037	0	\$26.63	\$34.56
Midtown West	1,430,521	0	263,539	18.4%	-5,137	6,115	71,965	0	\$25.16	\$34.52
Midtown South	1,098,918	0	49,187	4.5%	-1,397	4,443	44,647	0	\$25.62	N/A
Île-Des-Soeurs	1,392,679	16,271	20,456	2.6%	0	25,117	1,243	0	\$32.00	N/A
Saint-Laurent	7,352,839	70,852	1,103,258	16.0%	47,712	289,405	244,840	0	\$27.69	\$31.69
MIDTOWN TOTAL	34,874,934	433,226	5,051,932	15.7%	-100,706	-209,254	713,787	0	\$26.54	\$32.36
West Island	3,419,196	126,506	332,583	13.4%	23,090	4,988	108,929	0	\$29.25	\$28.64
East End	3,785,154	16,199	633,622	17.2%	-7,483	4,216	32,151	0	\$33.38	\$35.50
Laval	4,828,397	54,211	816,428	18.0%	49,541	-131,675	221,845	0	\$29.16	\$30.39
South Shore	6,215,781	86,258	616,739	11.3%	100,007	98,834	220,203	67,000	\$29.71	\$32.40
SUBURBAN TOTAL	18,248,528	283,174	2,399,372	14.7%	165,155	-23,637	583,128	67,000	\$30.70	\$33.04
MONTREAL TOTALS	108,407,377	1,656,379	16,468,999	16.7%	235,252	110,960	3,320,045	260,750	\$36.21	\$43.31

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	LANDLORD	SF	TYPE*
855-865 Rue Sainte-Catherine Est, Floors 16-21	Downtown East	City of Montréal	Busac Immobilier	111,162	Direct Lease
385 Avenue Viger Ouest, Suite 300	Downtown East	Alto	Cogir	16,385	Sublease

*Renewals not included in leasing statistics

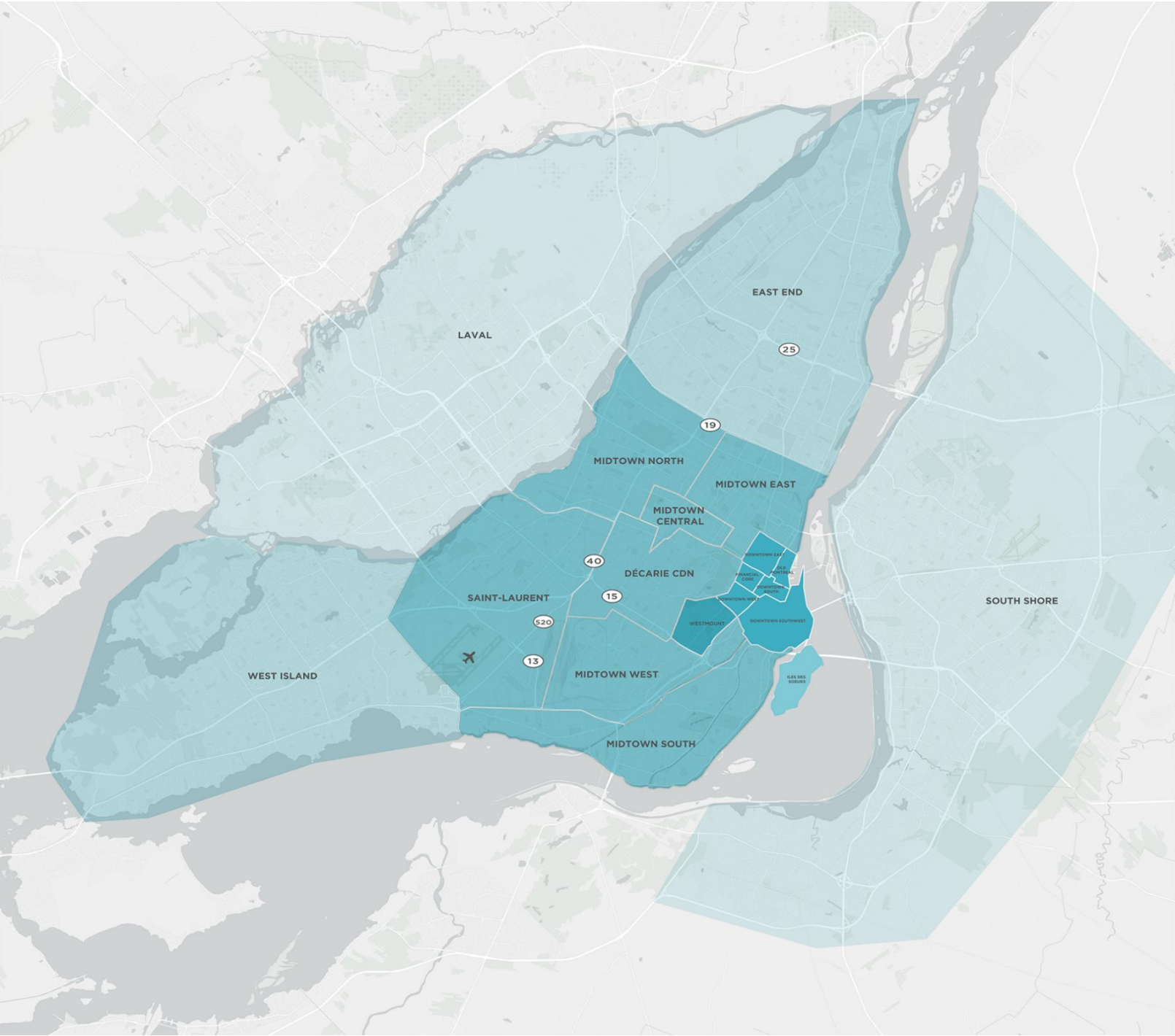
KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
1000 Avenue Papineau	Midtown East	Broccolini/Veyron & Co, LLC	418,822	\$140.25M / \$335
1172-1196 Rue Sherbrooke Ouest, 2050-2200 Rue Stanley, & 2085 Rue Drummond	Financial Core	Lune Rouge/Groupe Mach & Sarees Investments Inc.	275,000	\$93M / \$338

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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