

Q2 2022

Montréal

Industrial Market Report

Net Absorption

This Quarter

379K SF

Previous Quarter

1.7M SF

12-Month Absorption

3.7M SF

5-Year Quarterly Avg.

667K SF

Availability

This Quarter

1.2%

Year-over-Year

↓ 56 bps

Asking Net Rent

This Quarter*

\$13.77 PSF

Year-over-Year

↑ 64%

Development

Under Construction

2.6M SF

New Supply

479K SF

Sales

Sale Price Avg.

\$187 PSF

Year-over-Year

↑ 39%

*Weighted Average
Colliers International (Québec) Inc.

Market Outlook

Absorption this quarter slowed to 378,000 square feet. This reduction is attributed to a lack of available space for lease rather than changing market dynamics as supply remains scarce. Market demand is more aggressive than ever. Average net asking rates continued to accelerate with an overall average of \$13.77, a 64% year-over-year (YoY) increase. Presently, the Greater Montreal Area (GMA) market is the fourth hottest Canadian city only behind Toronto, Vancouver, and Victoria, respectively. The rapid rise in asking rent has Montreal only 1 quarter behind Toronto's average of \$13.75 in Q1 2022.

The vacancy and availability rates remained unchanged quarter-over-quarter at 0.6% and 1.2%. The rampant demand means landlords prefer shorter lease terms with some offering 3-year terms with the objective of renewing at market rent. Only 478,956 square feet of new supply was delivered providing further validation for the spike in rental rates. Prospective tenants are faced with few options: they either renew or explore the new industrial parks in Beauharnois, Salaberry-de-Valleyfield, and Coteau-du-Lac. Depending on tenant requirements, new developments have asking rental rates

at a slight discount compared to existing inventory. New product is asking as high as \$14 net whereas some existing product can demand as high as \$17 net.

On the investment side, there was a 42% YoY decrease in the number of sales transacted going from 71 deals in Q2 2021 to 41 deals this quarter. Contrastingly, the total sales volume went up 7% YoY from \$360 million to \$386 million as investors continued to value assets with low weighted average lease terms to capitalize on the robust rental market. The average price per square foot rose 39% YoY standing at \$187.

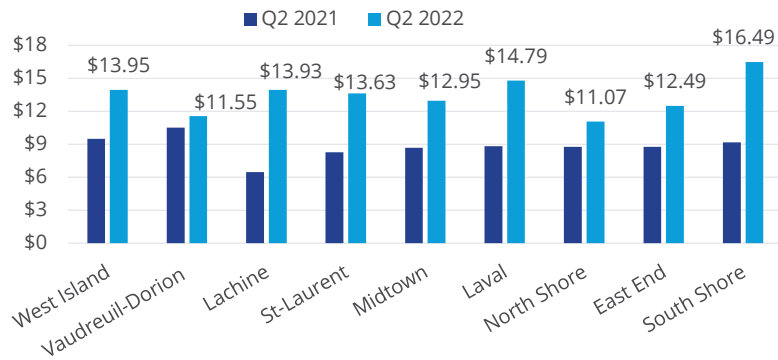
The Bank of Canada could mirror the U.S. Federal Reserve's move to reduce the swelling of inflation with a potential 75 basis point hike in the interest rate. This policy objective would impact the industrial market slightly. The fundamentals still illustrate that the GMA is in dire need of new supply and the Bank of Canada's direction will do little to reverse demand. However, the continued increases on interest rates may help cool the rapid price appreciation seen on the investment side.

Accelerating success.

Market Overview

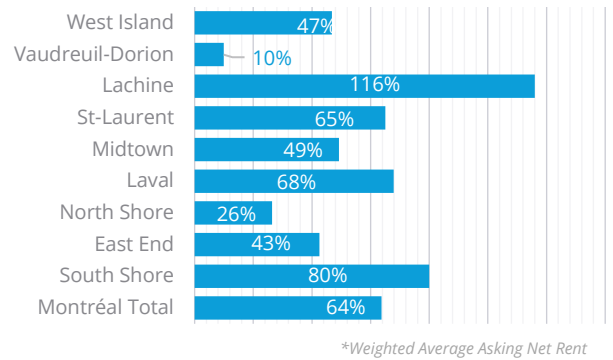
01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



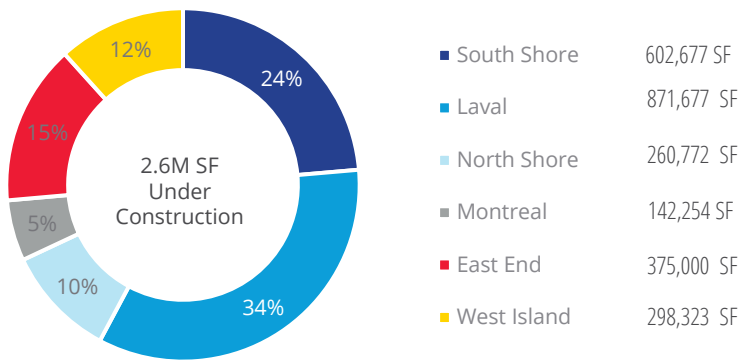
02 Rental Rate Growth*

By Market | Q2 2021 – Q2 2022



03 Under Construction by Market

By Building Area (SF)



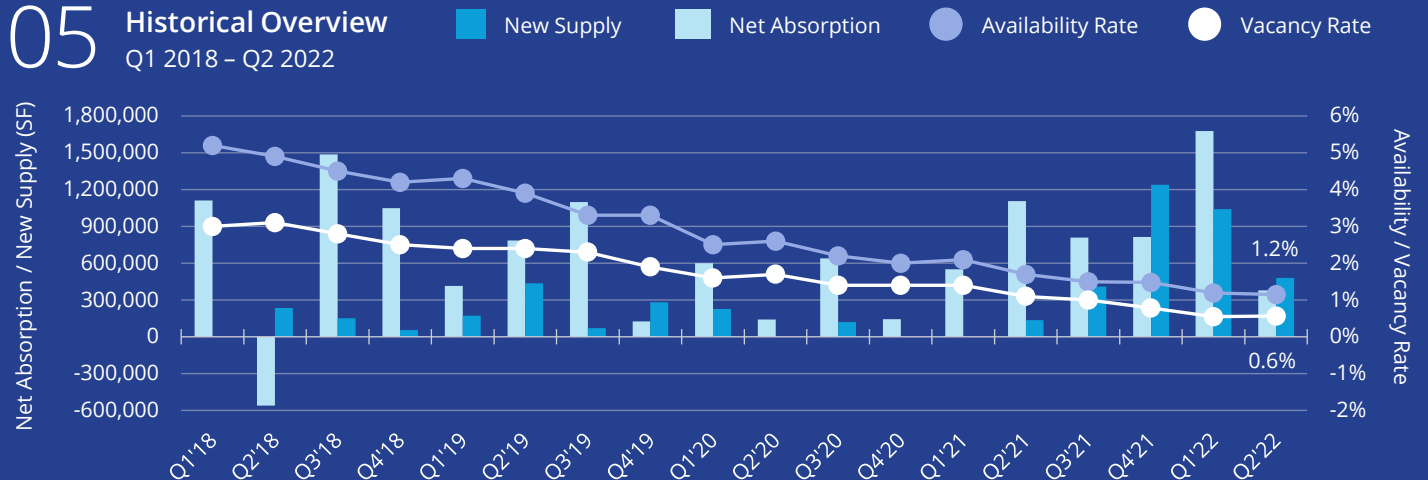
04 Availability Rate

By Market | Q2 2021 – Q2 2022

Market	Availability Rate	Change	From Q2'21
West Island	1.2%	▲	from 1.1 % Q2'21
Vaudreuil	0.7%	▼	from 3.1 % Q2'21
Lachine	1.3%	▼	from 4.0 % Q2'21
St-Laurent	1.1%	▼	from 1.8 % Q2'21
Midtown	1.2%	▼	from 2.3 % Q2'21
Laval	1.9%	▲	from 0.7 % Q2'21
North Shore	0.2%	▼	from 0.3 % Q2'21
East End	1.3%	▼	from 2.1 % Q2'21
South Shore	0.9%	▼	from 1.4 % Q2'21
Montréal Total	1.2%	▼	from 1.8 % Q2'21

05 Historical Overview

Q1 2018 – Q2 2022



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	6,386	0.1%	6,396	0	230,023	5.2%	27,000	0	0	\$14.06
Ste-Anne-de-Bellevue	1,952,903	0	0.0%	0	0	0	0.0%	0	0	0	-
Dollard-des-Ormeaux	1,968,083	0	0.0%	0	0	9,800	0.5%	0	0	0	\$13.50
Dorval	15,129,665	14,054	0.1%	14,054	0	264,003	1.7%	3,597	0	0	\$13.87
Kirkland	2,529,265	0	0.0%	0	0	0	0.0%	0	0	0	-
Pointe-Claire	17,742,819	37,479	0.2%	37,479	0	37,479	0.2%	326,415	205,000	298,323	\$14.00
Total	43,718,510	57,919	0.1%	57,919	0	541,305	1.2%	357,012	205,000	298,323	\$13.95
Vaudreuil-Dorion											
Total	4,066,640	28,375	0.7%	28,375	0	28,375	0.7%	-7,358	0	0	\$11.55
Lachine											
Total	20,925,962	84,724	0.4%	84,724	0	268,615	1.3%	103,966	0	0	\$13.93
St-Laurent											
Total	58,091,201	327,635	0.6%	327,635	0	612,375	1.1%	60,054	0	0	\$13.63
Midtown											
LaSalle	10,123,755	174,202	1.7%	174,202	0	371,430	3.7%	-16,995	0	0	\$13.60
Montréal	70,797,501	391,283	0.6%	391,283	0	471,614	0.7%	-117,100	0	142,254	\$12.19
Mont-Royal	9,623,598	111,253	2.2%	51,253	160,000	211,253	2.2%	-148,294	0	0	\$15.18
Total	90,544,854	776,738	0.9%	616,738	160,000	1,054,297	1.2%	-282,389	0	142,254	\$12.95
Laval											
Total	35,472,166	288,644	0.8%	288,644	0	679,256	1.9%	-145,272	0	871,677	\$14.79
North Shore											
Total	25,968,610	63,205	0.2%	63,205	0	63,205	0.2%	-51,499	0	260,772	\$11.07
East End											
Anjou	16,914,666	192,184	1.1%	172,887	19,297	212,684	1.3%	14,957	0	0	\$12.38
Montréal-East	14,144,531	41,800	0.3%	41,800	0	183,463	1.3%	38,156	63,456	375,000	\$11.92
St-Leonard	10,892,034	103,559	1.0%	103,559	0	148,559	1.4%	28,590	0	0	\$13.33
Total	41,951,231	337,543	0.8%	318,246	19,297	544,706	1.3%	81,703	63,456	375,000	\$12.49
South Shore											
St-Hubert	6,317,622	42,339	0.7%	42,339	0	141,846	2.2%	172,621	210,500	563,447	\$17.46
Longueuil	10,632,053	16,340	0.2%	16,340	0	81,355	0.8%	22,459	0	0	\$17.90
Boucherville*	15,754,206	8,815	0.1%	8,815	0	32,815	0.2%	82,600	0	39,230	\$12.71
Brossard	3,411,741	18,850	0.6%	18,850	0	69,075	2.0%	-14,905	0	0	\$14.64
Total	36,115,622	86,344	0.2%	86,344	0	325,091	0.9%	262,775	210,500	602,677	\$16.49
Montréal Total	356,854,796	2,051,127	0.6%	1,871,830	179,297	4,117,225	1.2%	378,992	478,956	2,550,703	\$13.77

*Inventory includes buildings in rezoned area

Transaction Highlights

Notable Lease Transactions

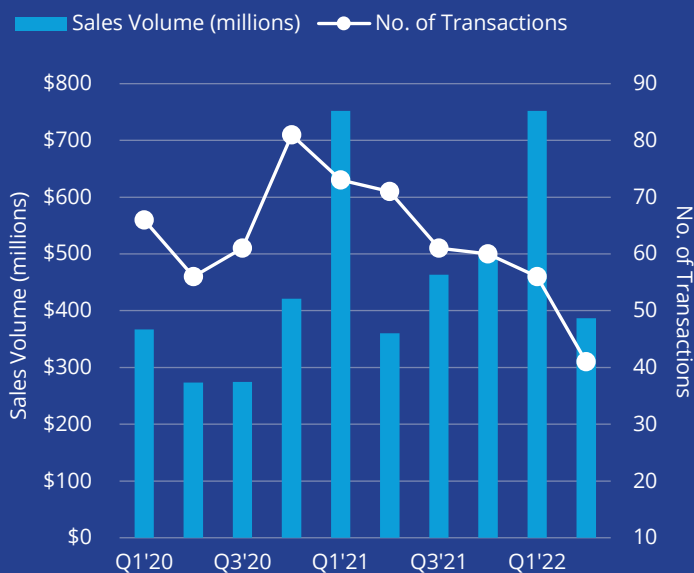
Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Dorel Industries	12345 Albert-Hudon Boulevard	East-End	Renewal	611,757
RenoRun Inc.	2125 Lily-Simon Street	Montréal	New Lease	248,894
Dsquare Transport Inc.	22000 Trans-Canada Highway	Sainte-Anne-de-Bellevue	New Lease	187,492
Bulletproof Logistics	2900 Andre Avenue	Montréal	New Lease	106,000
Barry Callebaut Canada Inc	94 de l'Aéroport Boulevard	Saint-Hubert	New Lease	101,000
Auto-Kool	2295-2305 52nd Avenue	Lachine	Renewal	74,550

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
1220 Marie-Victorin Street	Vieux-Longueuil	118,210	\$56,650,000	Lasalle Investment Management	Private Investor
3215-3235 Guénette Street	Saint-Laurent	288,297	\$42,400,000	Brasswater	Private Investor
7901 Samuel-Hatt Street	Chambly	123,600	\$27,340,000	Cargill Limited	Private Investor
5200 Hochelaga Street	Mercier-Hochelaga	137,337	\$23,500,000	Alumico	Private Investor
22000 Clark-Graham Avenue	Baie-d'Urfé	74,966	\$20,469,899	Broccolini	Private Investor
12755 Industriel Boulevard	Pointe-aux-Trembles	141,607	\$16,900,000	Oscar Bidco	Private Investor

Sales Transactions and Volume

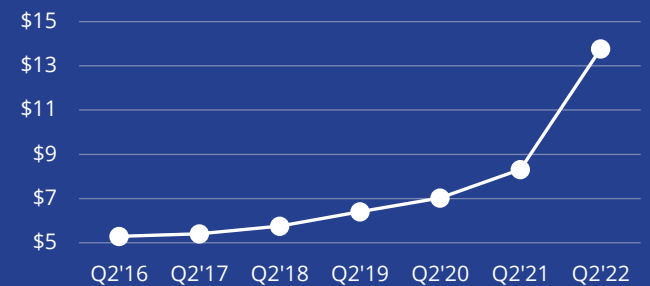
Q1 2020 – Q2 2022



Source: Altus Data Studio

Asking Rental Rates*

Weighted Average Asking Net Rent (PSF) | Q2 2016 – Q2 2022



Sale Price

By Clear Height (PSF)



*Weighted Average

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