

Q1 2021

Montréal

Office Market Report

Net Absorption

This Quarter	Previous Quarter
-979K SF	-579K SF
12-Month Absorption	5-Year Quarterly Avg.
-979K SF	37K SF

Vacancy

This Quarter	Year-over-Year
11.7%	▲ 110 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$17.60 PSF	▲ 1.0%

Development

Under Construction	New Supply
3.1M SF	-
Pre-Leasing	Planned
3.7M SF	1.3M SF

**Weighted Average
Colliers International (Québec) Inc.*

Market Outlook

In continued response to the pandemic and the ongoing public health restrictions put in place to curb the spread of COVID-19, the region continues to report significant increases in office availability, specifically in the city's financial core. However, the general sentiment regarding transactional and business activity is met with optimism as the number of daily cases subsided during the 1st quarter. Subsequently, Quebec's GDP is expected to grow by over 4 percent in 2021, while provincial authorities plan to re-invigorate the economy by investing \$4 billion over the course of five years.

For a fourth consecutive quarter, the Greater Montreal Area was impacted by a relatively marked increase in vacancy, showing a 110-bps growth in vacant space and an 80-bps increase in overall availability. In the second half of 2020, the emergence of sublease spaces largely contributed to the decline of physical occupancy, resulting in a 230% surge in sublets year-over-year.

Downtown rates took a hit this quarter due to a moderate decline in Class B asking net rents. Coupled with over 289,000 SF of negative net absorption and a 3.7-percent increase in available space, market averages for Class B

products fell below \$19.40 PSF, down 3.7% quarter-over-quarter. Suburban office rental rates, by comparison, were inversely impacted after net rents increased by as much as 2.3% QoQ, despite reporting 320,099 SF of negative absorption.

Despite the persistent downturn in Montreal's financial core, developers remain bullish as they further expand the city's development pipeline by adding brand new office projects to two of Montreal's most notable retail locations. The Holt Renfrew building will be outfitted with 85,000 SF of office boutiques and 25,000 SF of ground floor retail, while the Bay's renowned brick-and-mortar facade will include a 25-storey office component, simultaneously cutting down its own retail space by more than half.

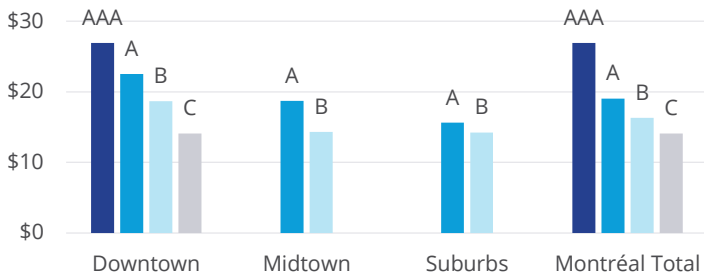
Transit-oriented developments in the surrounding markets look to outpace the arrival of the REM and compete with Downtown properties by leveraging the remote working experience. By offering satellite offices a short distance from home, the Royalmount project, the Westbury Tower and Solar Uniquartier are expected to dominate the suburban market by Q4 2022.

Accelerating success.

Market Overview

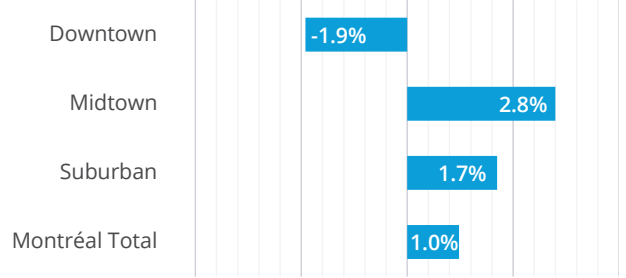
01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



02 Rental Rate Growth*

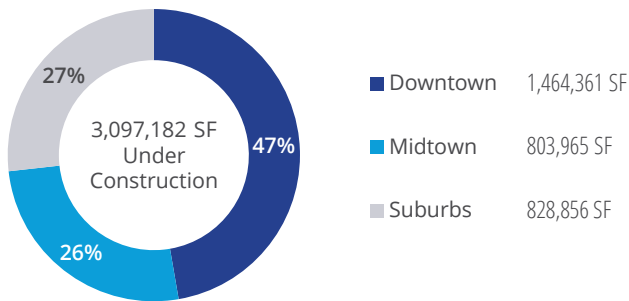
By Market | Q1 2020 – Q1 2021



* Weighted Average Asking Net Rent

03 Under Construction by Market

Total Square Feet (SF)



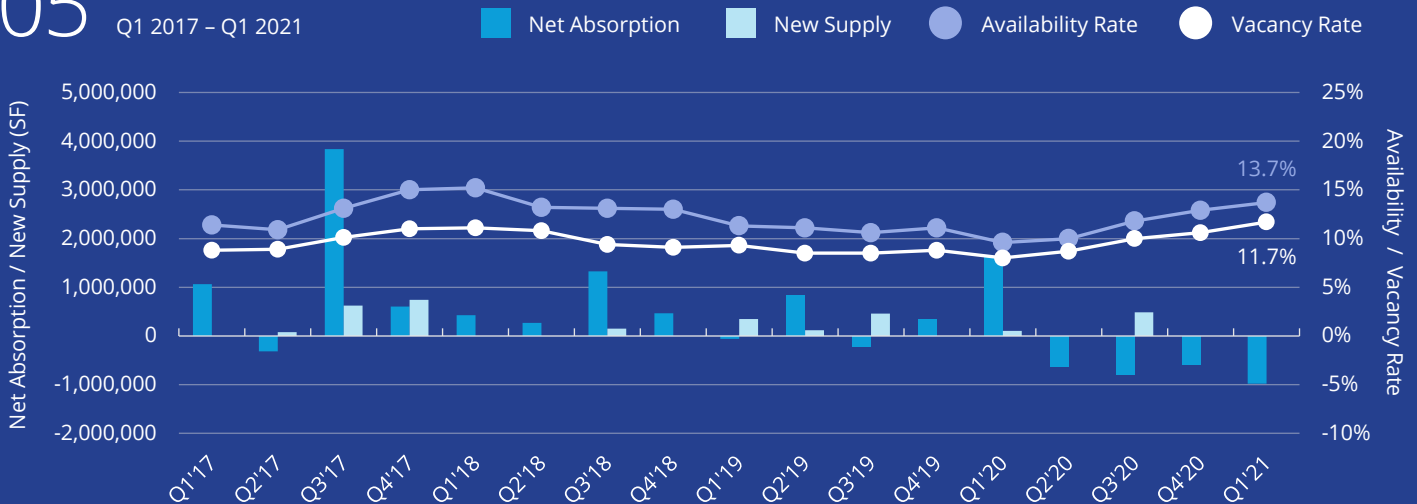
04 Vacancy Rate

By Market | Q1 2020 – Q1 2021

Downtown	9.6%	▲	from 6.1% Q1'20
Midtown	11.1%	▲	from 8.0% Q1'20
Suburban	17.6%	▲	from 13.2% Q1'20
Montréal Total	11.7%	▲	from 8.0% Q1'20

05 Historical Overview

Q1 2017 – Q1 2021



Market Statistics

	Class	# of 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	4,684,448	376,407	8.0%	277,330	99,077	396,874	8.5%	-32,392	0	0	\$26.93	\$54.79
	A	41	17,487,145	1,545,105	8.8%	1,328,490	216,615	1,972,497	11.3%	1,381	0	0	\$22.53	\$45.41
	B	68	13,447,512	1,836,527	13.7%	1,579,080	257,447	2,190,704	16.3%	-216,146	0	0	\$19.01	\$37.49
	C	30	2,801,209	450,590	16.1%	360,154	90,436	505,915	18.1%	-61,339	0	0	\$12.80	\$28.57
	All	144	38,420,314	4,208,629	11.0%	3,545,054	663,575	5,065,990	13.2%	-308,496	0	0	\$20.39	\$41.03
East	A	5	2,682,322	0	0.0%	0	0	0	0.0%	0	0	0	\$0.00	\$0.00
	B	16	2,711,837	112,804	4.2%	107,317	5,487	197,185	7.3%	-36,368	0	0	\$18.34	\$31.54
	C	10	755,679	88,787	11.7%	88,787	0	95,337	12.6%	-41,348	0	0	\$19.80	\$33.13
	All	31	6,149,838	201,591	3.3%	196,104	5,487	292,522	4.8%	-77,716	0	0	\$18.83	\$32.07
West	A	5	1,035,324	94,982	9.2%	58,775	36,207	99,807	9.6%	30,213	0	0	\$20.07	\$37.93
	B	14	1,280,649	46,554	3.6%	46,554	0	54,381	4.2%	316	0	0	\$16.32	\$31.70
	C	7	475,317	54,131	11.4%	54,131	0	54,995	11.6%	-9,765	0	0	\$15.50	\$28.40
	All	26	2,791,290	195,667	7.0%	159,460	36,207	209,183	7.5%	20,764	0	0	\$17.44	\$32.94
Old Montréal	A	10	1,985,859	178,745	9.0%	96,721	82,024	417,213	21.0%	-14,643	0	1,320,000	\$22.86	\$39.05
	B	41	3,650,168	282,152	7.7%	256,580	25,572	344,768	9.4%	-37,069	0	144,361	\$17.35	\$33.43
	C	33	1,655,822	182,838	11.0%	155,033	27,805	208,633	12.6%	-22,005	0	0	\$13.53	\$28.02
	All	84	7,291,849	643,735	9.6%	508,334	135,401	970,614	13.3%	-73,717	0	1,464,361	\$9.56	\$18.84
Total	AAA	5	4,684,448	376,407	8.0%	277,330	99,077	396,874	8.5%	-32,392	0	0	\$26.93	\$54.79
	A	61	23,190,650	1,818,832	7.8%	1,483,986	334,846	2,489,517	10.7%	16,951	0	1,320,000	\$22.51	\$44.19
	B	139	21,090,166	2,278,037	10.8%	1,989,531	288,506	2,787,038	13.2%	-289,267	0	144,361	\$18.68	\$36.38
	C	80	5,688,027	776,346	13.6%	658,105	118,241	864,880	15.2%	-134,457	0	0	\$14.10	\$29.02
	All	285	54,653,291	5,249,622	9.6%	4,408,952	840,670	6,538,309	12.0%	-439,165	0	1,464,361	\$19.97	\$39.36
Centre West	A	39	5,884,290	607,045	10.3%	403,149	203,896	611,728	10.4%	-65,627	0	165,000	\$19.22	\$33.45
	B	84	7,853,312	1,268,695	16.2%	1,162,268	106,427	1,478,790	18.8%	-122,064	0	148,000	\$14.55	\$26.31
	All	123	13,737,602	1,875,740	13.7%	1,565,417	310,323	2,090,518	15.2%	-187,691	0	313,000	\$15.67	\$28.01
	Centre East	A	17	2,631,323	157,631	6.0%	62,147	95,484	228,303	8.7%	-8,291	0	198,707	\$17.14
B		52	5,104,297	346,257	6.8%	237,545	108,712	384,157	7.5%	-23,946	0	292,258	\$13.18	\$22.78
All		69	7,735,620	503,888	6.5%	299,692	204,196	612,460	7.9%	-32,237	0	490,965	\$14.48	\$24.49
Total	A	56	8,515,613	764,676	9.0%	465,296	299,380	840,031	9.9%	-73,918	0	363,707	\$18.71	\$32.11
	B	136	12,957,609	1,614,952	12.5%	1,399,813	215,139	1,862,947	14.4%	-146,010	0	440,258	\$14.32	\$25.70
	All	192	21,473,222	2,379,628	11.1%	1,865,109	514,519	2,702,978	12.6%	-219,928	0	803,965	\$15.44	\$27.34
Saint-Laurent	A	48	4,141,784	907,447	21.9%	658,194	249,253	948,321	22.9%	-40,787	0	35,961	\$17.35	\$30.87
	B	22	2,044,850	525,549	25.7%	444,570	80,979	551,240	27.0%	-1,774	0	0	\$15.16	\$25.71
	All	70	6,186,634	1,432,996	23.2%	1,102,764	330,232	1,499,561	24.2%	-42,561	0	35,961	\$16.47	\$28.78
West Island	A	22	2,165,505	646,655	29.9%	633,177	13,478	654,505	30.2%	8,319	0	104,313	\$12.95	\$28.22
	B	32	2,252,106	259,743	11.5%	142,976	116,767	272,870	12.1%	-5,851	0	0	\$10.77	\$21.57
	All	54	4,417,611	906,398	20.5%	776,153	130,245	927,375	21.0%	2,468	0	104,313	\$12.52	\$26.92

Suburban continued on next page



Market Statistics

	Class	# of 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 (continued from previous page)	East Island	A	6	769,878	130,769	17.0%	110,802	19,967	130,769	17.0%	-18,999	0	0	\$13.89	\$30.31
		B	9	342,719	105,808	30.9%	105,808	0	145,738	42.5%	0	0	0	\$14.81	\$25.79
		All	15	1,112,597	236,577	21.3%	216,610	19,967	276,507	24.9%	-18,999	0	0	\$14.41	\$27.74
	Laval	A	34	2,763,157	253,787	9.2%	221,711	32,076	321,922	11.7%	-26,216	0	239,800	\$13.69	\$30.09
		B	27	1,931,229	382,681	19.8%	343,066	39,615	426,302	22.1%	-137,412	0	0	\$15.11	\$28.25
		All	61	4,694,386	636,468	13.6%	564,777	71,691	748,224	15.9%	-163,628	0	239,800	\$14.50	\$29.04
	South Shore	A	33	3,155,893	384,809	12.2%	339,698	45,111	423,267	13.4%	-70,850	0	448,782	\$18.92	\$30.88
		B	45	1,986,023	195,916	9.9%	194,102	1,814	206,071	10.4%	-26,529	0	0	\$12.61	\$24.35
		All	78	5,141,916	580,725	11.3%	533,800	46,925	629,338	12.2%	-97,379	0	448,782	\$16.71	\$28.59
	Total	A	143	12,996,217	2,323,467	17.9%	1,963,582	359,885	2,478,784	19.1%	-148,533	0	828,856	\$15.61	\$29.93
		B	135	8,556,927	1,469,697	17.2%	1,230,522	239,175	1,602,221	18.7%	-171,566	0	0	\$14.22	\$25.76
		All	278	21,553,144	3,793,164	17.6%	3,194,104	599,060	4,081,005	18.9%	-320,099	0	828,856	\$15.07	\$28.30
Montréal Total	AAA	5	4,684,448	376,407	8.0%	277,330	99,077	396,874	8.5%	-32,392	0	0	\$26.93	\$54.79	
	A	260	44,702,480	4,906,975	11.0%	3,912,864	994,111	5,808,332	13.0%	-205,500	0	2,512,563	\$19.04	\$36.54	
	B	410	42,604,702	5,362,686	12.6%	4,619,866	742,820	6,252,206	14.7%	-606,843	0	584,619	\$16.29	\$30.59	
	C	80	5,688,027	776,346	13.6%	658,105	118,241	864,880	15.2%	-134,457	0	0	\$14.10	\$29.02	
	All	755	97,679,657	11,422,414	11.7%	9,468,165	1,954,249	13,322,292	13.6%	-979,192	0	3,097,182	\$17.60	\$33.67	

Leased
1 Place Ville Marie
New Lease 63,511 SF

Transaction Highlights

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Desjardins Property Management	1 Place Ville Marie	Downtown Core	Renewal	63,511
Maya HTT	1100 Atwater	Downtown West	New Lease	31,329
Capsana Inc.	6833 de l'Épée	Centre West	New Lease	19,883
La Maison Simons Inc.	Tisserie 6750	Centre West	Renewal	14,157
PWC Management Services	4255 Lapinière	South Shore	Extension	9,563
Dentons Canada LLP	1 Place Ville Marie	Downtown Core	New Lease	9,513
Babytel Inc.	1425 René-Lévesque W.	Downtown Core	Renewal	9,200
Egon Zehnder International	1 Place Ville Marie	Downtown Core	New Lease	6,803

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
1300 Sherbrooke W.	Downtown West	120,000	\$25,000,000	Quint Group	Private Investor
300 Marcel-Laurin	Saint-Laurent	50,253	\$7,350,000	Liveo Marcel-Laurin S.E.C.	Private Investor
1405 Henri-Bourassa W.	Centre West	28,800	\$3,415,000	9420-2207 Québec Inc.	Private Investor
3669-3681 des Sources	West Island	25,600	\$3,000,000	12636476 Canada Inc.	Private Investor
10330 Côte-de-Liesse	West Island	26,281	\$2,900,000	12473593 Canada Inc.	Private Investor

Notable Developments

Building Name / Address	Class	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
Fabrik8	B	Centre East	Under Construction	118,259	Q2 2021	Pomerleau
2400 de Sources	A	West Island	Under Construction	104,313	Q2 2021	Broccolini
B3-SOLAR Uniquartier	A	South Shore	Under Construction	230,599	Q1 2022	Devimco Inc.
Westbury Tower	A	Centre West	Under Construction	165,000	Q1 2022	Devmont
Victoria on the Parc	A	Old Montréal	Under Construction	320,000	Q2 2022	Broccolini
Espace Montmorency	A	Laval	Under Construction	350,000	Q3 2022	Montoni Group
Royalmount	A	Centre West	Pre-Leasing	265,000	Q3 2022	Carbonleo
National Bank	AAA	Old Montréal	Under Construction	1,000,000	Q4 2022	Broccolini/Pomerleau

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