

# Greater Montreal Area

## Montreal industrial vacancy rate increased slightly, while rental rates continued to rise

- Vacancy rates rose slightly from 1.4% in Q4, 2021 to 1.6% in Q1, 2022.
- Developers continued to break ground on class A industrial builds, putting a large focus on the South Shore of Montreal.
- Institutional investors remained very aggressive.

The Montreal industrial market experienced something in Q1 that it hasn't seen in over 2 years; a rising vacancy rate. Whether or not this is sustainable remains to be seen, however it gives hope of vacancy rates to stabilize, at least. Average rental rates continued to climb, rising 4.3% since Q4, 2021.

The GMA saw many large-scale industrial investment sales in Q1. Most noteworthy would be the acquisition of Cominar's full industrial profile by Pure Industrial. The portfolio, consisting of roughly 310 total buildings, sold for an estimated \$5.7 billion, which included 190 industrial buildings, totalling nearly 15,200,000 s.f. Another notable investment deal was the sale of 151 Reverchon, Pointe-Claire for \$260.00 p.s.f. This class A, 325,000 s.f. build had just finished construction, before being sold to Skyline Commercial REIT for \$84,500,000.

The leasing market in the GMA was seemingly unaffected by the continually rising rental rates. Q1 saw the 3PL company CP Camionnage lease 132,000 s.f. at 401 Marie-Curie, Vaudreuil. This quarter notably saw the sale lease-back of 7800 Transcanada, Pointe-Claire to Summit REIT for \$255.00 p.s.f. including the recent building expansion: Vortex Aquatic Structures International leased back the original 224,130 s.f. building, and the 150,000 s.f. building expansion was leased to MTL Transport.

Developers in the GMA are putting their focus on the South Shore of Montreal, with over 4.2 million s.f. of industrial builds in the works, and many more planned to break ground this year. In Vaudreuil, Petax Investments is developing 1.8 million s.f. of industrial land, with multiple spec builds, ranging from 168,000-240,000 s.f., some of which to break ground in Q2. Brasswater broke ground on two sites totalling 633,000 s.f. in Valleyfield and Beauharnois, and has another two builds, totalling 910,000 s.f. planned to start this year. Rosefellow has two spec builds totalling roughly 600,000 s.f. being developed in Beauharnois, with delivery expected this year.

### Outlook

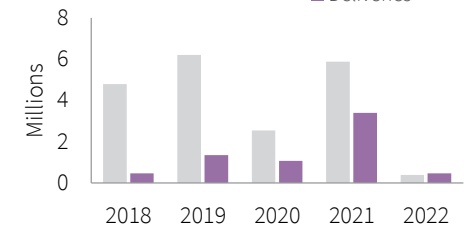
The light at the end of the low-vacancy-rate-tunnel in the GMA continues to be new construction, and we are finally starting to see that reflected in the market. As builders continue to buy and develop land, delivering more class A industrial builds, there is hope that users will have an easier time finding any kind of space to fit their needs, even if that space is located off Island.

### Fundamentals

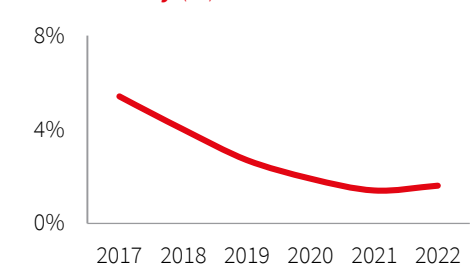
Forecast

YTD net absorption	377,019 s.f. ▲
Under construction	9,391,391 s.f. ▲
Total vacancy	1.6% ►
Sublease vacancy	234,628 s.f. ►
Direct asking rent	\$10.41 p.s.f. ▲
Concessions	Stable ►

### Supply and demand (s.f.)



### Total Vacancy (%)



### Average asking rent (\$ p.s.f.)





## Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	availability (%)	Total asking net rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Midtown North	45,111,925	117,860	117,860	0.3%	2.5%	3.0%	\$9.68	0	0	0
Midtown South	19,928,739	-969,053	-969,053	-4.9%	5.3%	6.5%	\$8.25	0	0	0
East End	67,693,937	304,610	304,610	0.4%	1.4%	2.6%	\$8.10	138,077	138,077	562,636
West Island	43,691,182	219,412	219,412	0.5%	1.5%	2.9%	\$13.25	325,000	325,000	0
Lachine	20,281,930	0	0	0.0%	0.4%	5.1%	\$11.75	0	0	0
Saint-Laurent	61,038,958	69,624	69,624	0.1%	1.2%	2.3%	\$10.11	0	0	233,948
Laval	23,941,023	-2,980	-2,980	0.0%	1.3%	2.4%	\$10.70	0	0	623,790
North-Shore	11,410,508	54,054	54,054	0.5%	1.1%	1.2%	\$10.04	0	0	2,995,500
South Shore	27,965,852	482,529	482,529	1.7%	0.5%	3.1%	\$12.24	0	0	4,209,517
Vaudreuil-Dorion	3,380,686	100,963	100,963	3.0%	2.8%	2.1%	\$10.00	0	0	766,000
Greater Montreal Area Total	324,444,740	377,019	377,019	0.1%	1.6%	3.0%	\$10.41	463,077	463,077	9,391,391