

Quarterly Snapshot

↔ Average Rent
\$15.31/SF

↑ Vacancy
3.5%

↓ Net Absorption
-2,147,823 SF

Occupier's Perspective

Increased available industrial sublease space is a key indicator of a market slow-down, with close to 1 million square feet of sublease space available, most of the opportunities are in the West Island and Ville Saint-Laurent markets.

Net absorption decreased further as leasing momentum slows slightly this quarter to approximately -2.1 million square feet year-to-date across the GMA.

There is 2.8 million square feet of industrial space under construction at the end of the fourth quarter of 2023, the majority is expected to be delivered by mid-2025.

Industrial vacancy continued to rise this quarter to a post pandemic high of approximately 3.5 percent across the Greater Montreal Area (GMA). A decrease in demand for logistics and warehousing space, partially due to higher interest rates, initiated a slowdown in leasing activity starting in the second quarter of 2023. The increase in available space is beginning to stabilize average asking net rents to approximately \$15.31 per square foot this quarter. Landlords are also reducing their asking annual net rent escalations to approximately 2.5 percent to 3 percent versus 4 percent (or even 5 percent) seen previously in some cases.

Developers continue to search for new prospective sites, primarily in the South Shore, such as Candiac, Beauharnois Valleyfield and Saint-Bruno. Developers are building state of the art, sustainable industrial facilities with ceiling heights of 30' clear or higher. Approximately 1.6 million square feet of newly built industrial space was delivered to the market this quarter.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Kruger Inc.	358,179 SF	Bromont	New Lease	Industrial
La SQI	124,000 SF	Saint-Laurent	Renewal	Industrial
Siemens Energy Canada	50,760 SF	Lachine	Renewal	Industrial
DAWCO Const. Entrep. Inc.	50,712 SF	Laval	Renewal	Industrial
Basq International Inc.	44,846 SF	Lachine	New Lease	Industrial
Fresenius Medical Care Can.	35,675 SF	Vaudreuil-Dorion	Renewal	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
4.7%	▲	\$11.26	North Shore
2.5%	▲	\$13.14	Midtown South
2.7%	▼	\$14.87	Midtown North
3.0%	▲	\$15.57	Montreal East
12.3%	▼	\$15.76	Vaudreuil
3.7%	▲	\$16.80	South Shore
2.4%	▲	\$16.94	Saint-Laurent
2.8%	▲	\$18.54	Laval
4.5%	▲	\$19.02	Lachine
2.6%	▲	\$19.34	West Island