



Greater Montréal area industrial market report

Q4 2023

**AVISON
YOUNG**

Greater Montréal area market fundamentals

2.6%

total vacancy rate
up **0.6% year-over-year**

2.1M

square feet (sf) available for sale in
72 buildings across GMA

\$16.45

average net asking rent
\$4.50/sf average additional rent

9.4M

sf vacant, including
1.79M sf of sublet space

-640K

sf of negative absorption
in Q4 2023

5.3M

sf under construction
20 projects

Greater Montréal area industrial market trends

01

Big box vs. little box

Availabilities of 100,000 square feet and above account for 7.5 msf of space, which represents 42% of the GMA's total industrial availability. While this segment of the market only represents about 40 active listings, its availability is 150bps higher than the availability observed in building under 100,000 sf. This is the result of the delivery of large-scale projects in 2023, which totals over 3 msf.

Our take on this trend...

With most recent projects generally exceeding 100,000 sf in size, the availability rate in the big-box segment may remain high until new supply is absorbed. Meanwhile, the high demand for spaces ranging between 20,000 and 50,000 sf, is persistent. New construction won't relieve this tight market segment, as a minimum area of 70,000 sf is required for new industrial construction to be financially viable and landlords are generally reluctant to subdivide large blocks of space.

02

Sublets come more and more

GMA sublet availability has drastically increased from a little less than 650,000 sf in Q4 2022 to 1.7 million sf in Q4 2023. Sublets now make up almost 10% of all industrial space on the leasing market. Direct availability has also seen a substantial year-over-year rise, with a 48% jump, from 10.8 million to 15.9 million sf.

Our take on this trend...

We are starting to see larger blocks for sublease on the industrial market, notably the Walmart fulfillment centre in Vaudreuil. The retailer's new strategy is to utilize stores to fulfill orders as opposed to traditional industrial space. Other large retailers are revising their distribution strategies to adjust to slower online sales growth, which could impact demand for large fulfillment distribution centres. If so, landlords may need to consider subdividing their empty space to accommodate a wider spectrum of distribution activity.

03

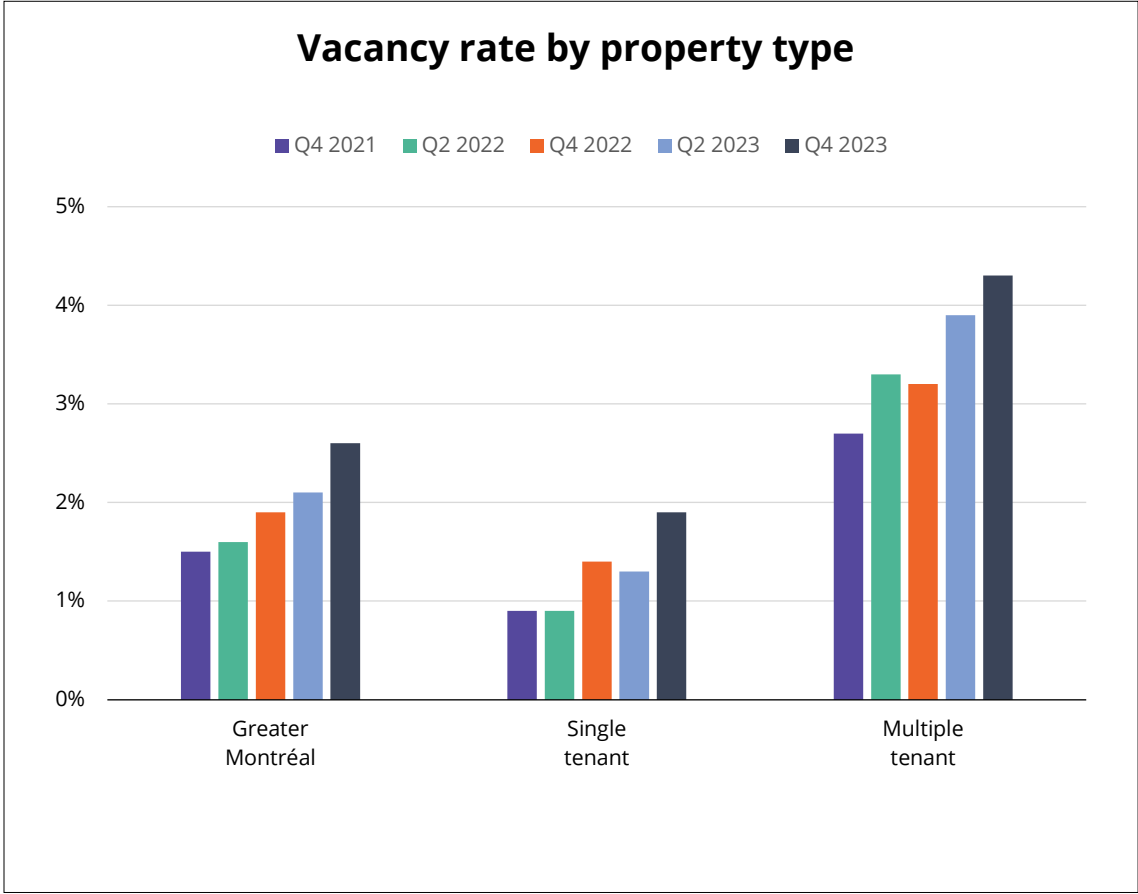
Landlords willing to negotiate

Face rates have declined for the second quarter in a row, especially for older products. However, this decrease is quite modest; only 35 cents over six months. The average net rental rate, currently at \$16.45 psf, is still \$2.00 psf higher than in early 2022. For newer class A industrial space, face rates remain high, but tenant incentives are becoming more generous.

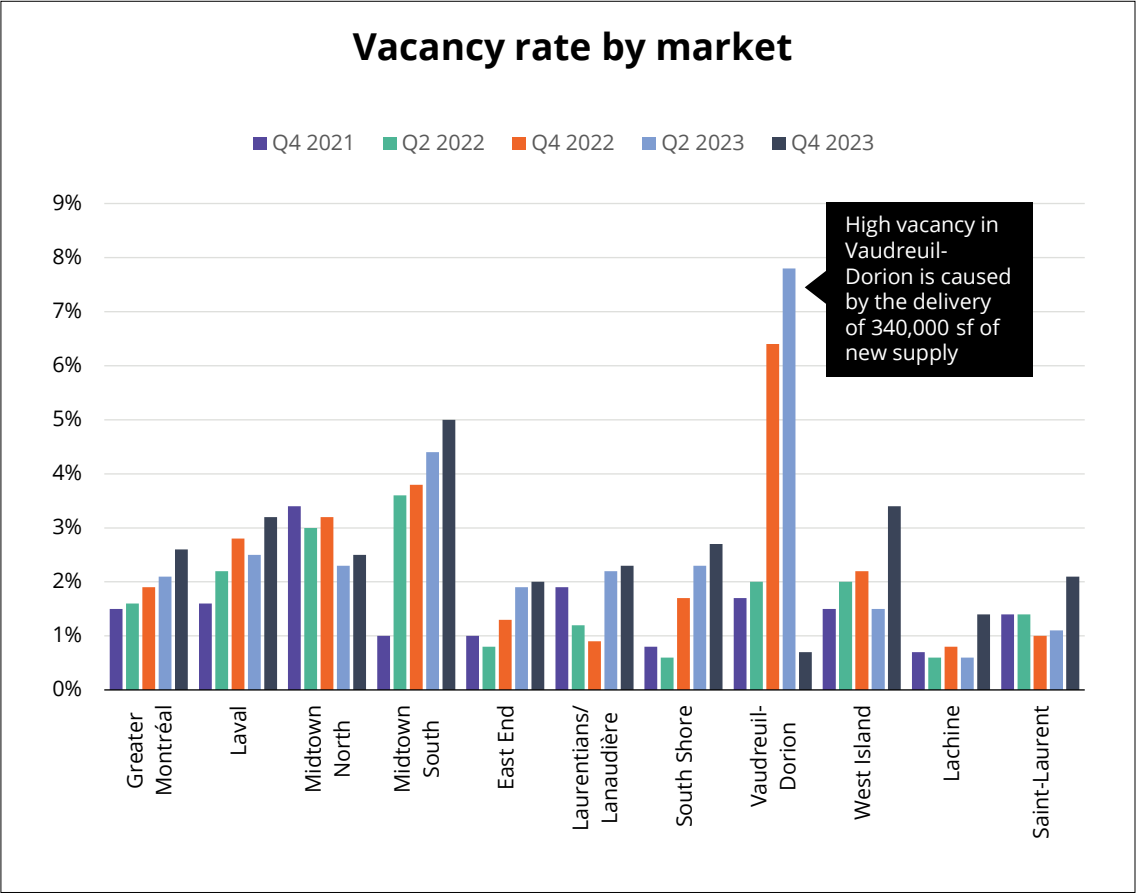
Our take on this trend...

Rents tend to decrease more sharply this quarter for older properties. We have seen listing prices for older stock, in the East End notably, drop by 30% once at the negotiating table. Face rates for class A industrial buildings have remained stable, but landlords are more open to negotiate via free rent, tenant improvements and other packages. While these generous incentives seem advantageous, these high net rates will apply upon renewal three or five years down the road.

Greater Montréal area industrial market indicators



Source: Altus Data Studio



Source: Altus Data Studio

Greater Montréal area industrial market indicators

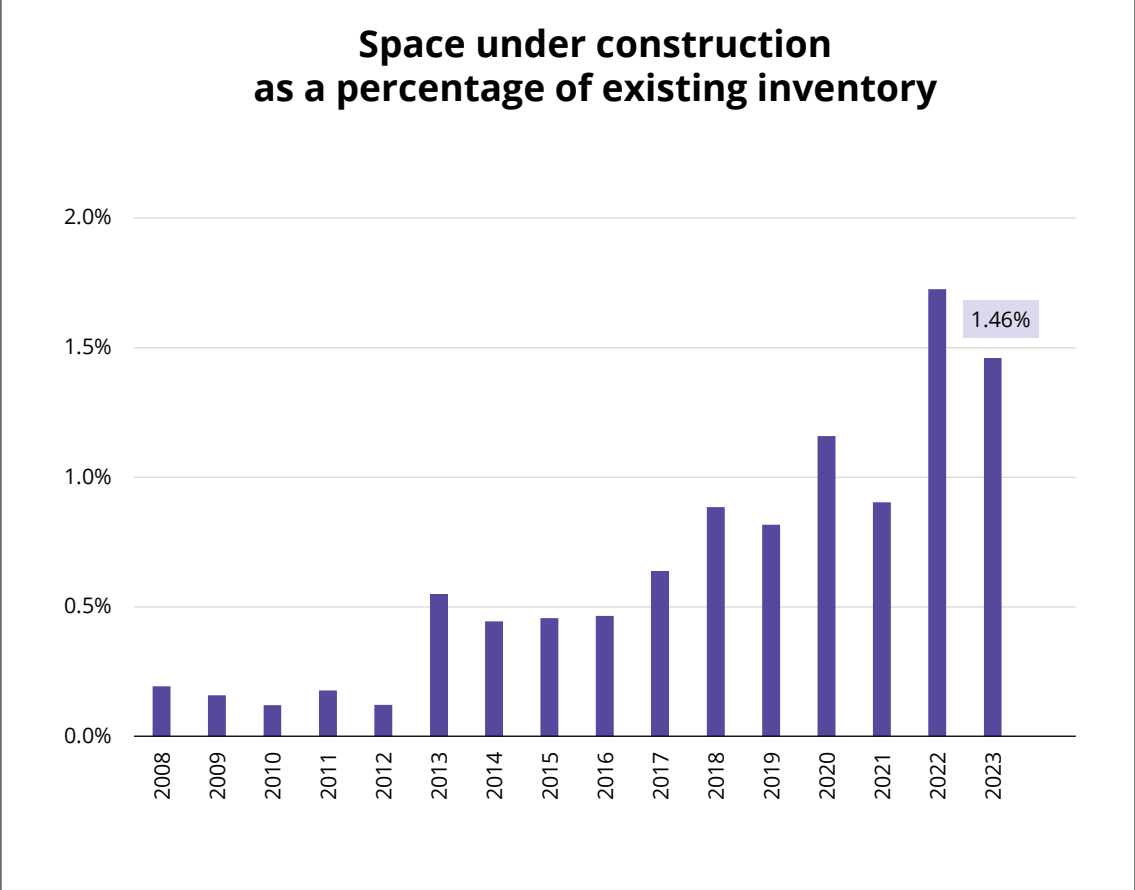
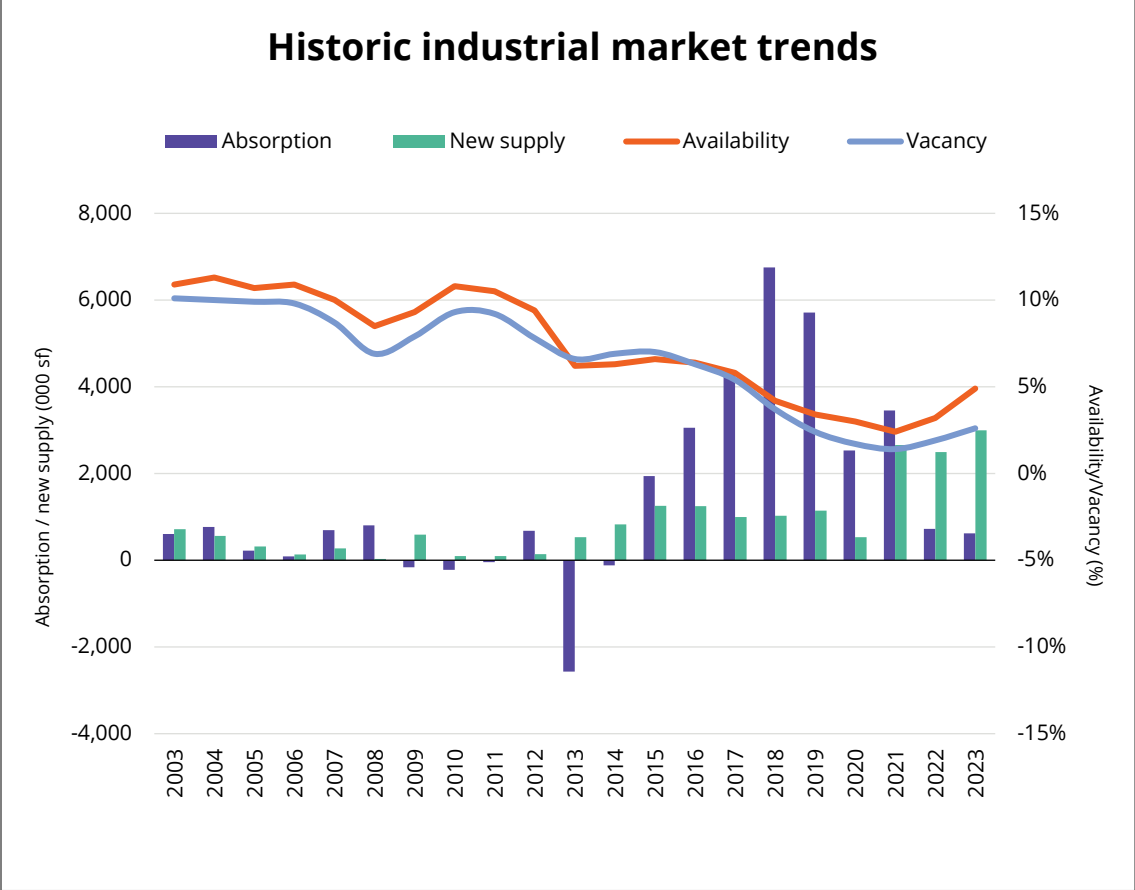


Source: Altus Data Studio



Source: Altus Data Studio

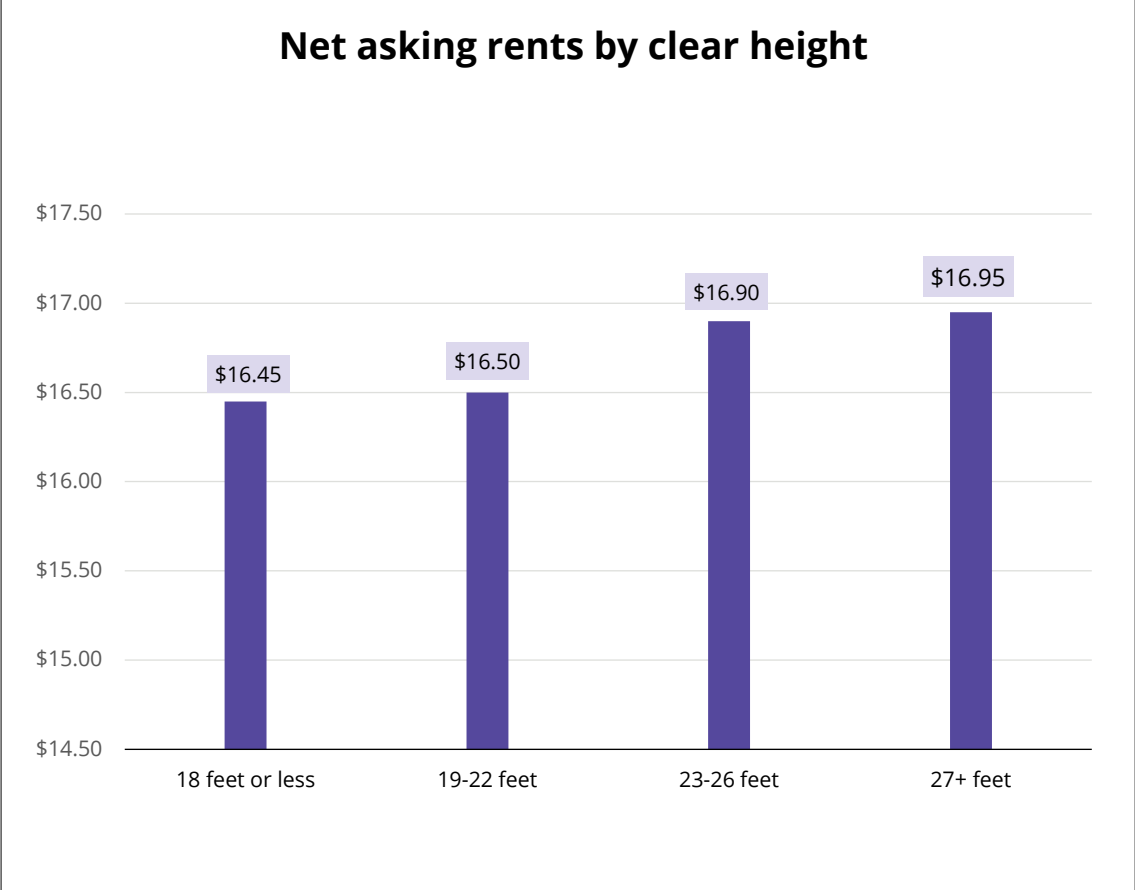
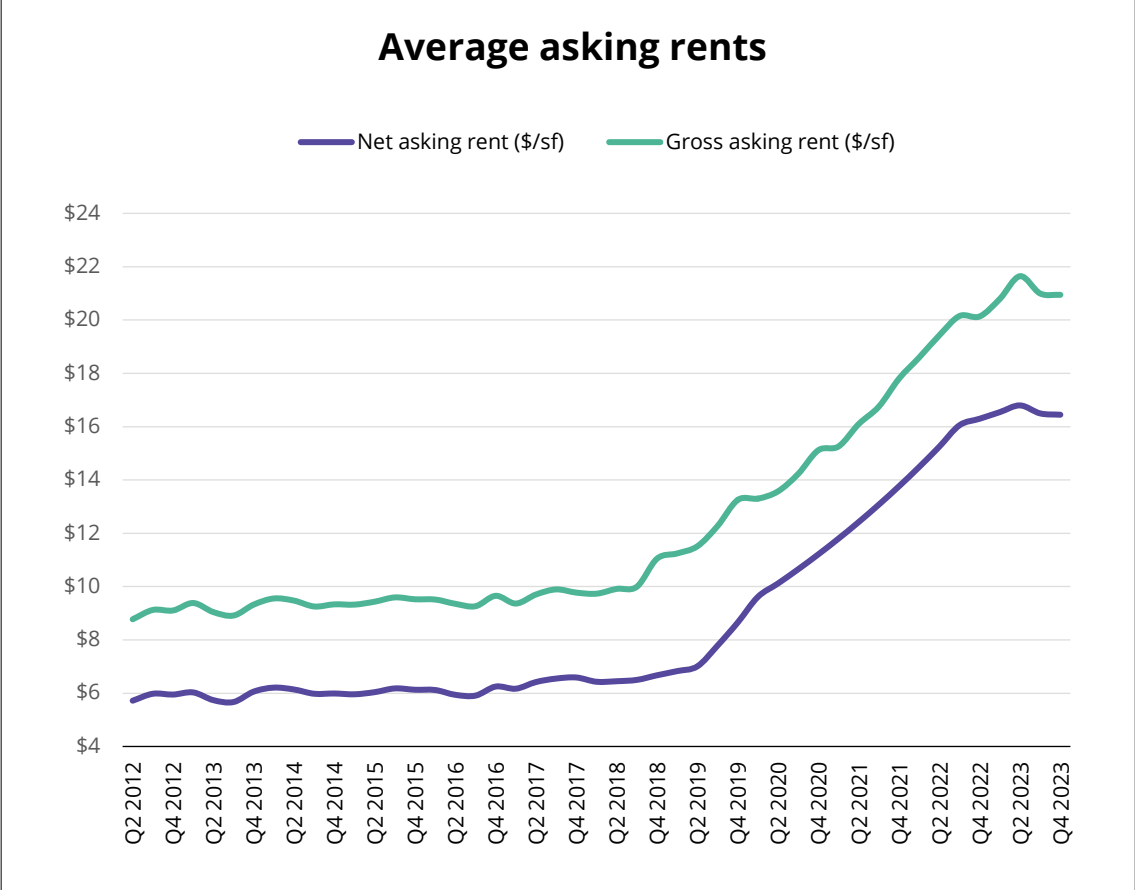
Greater Montréal area industrial market indicators



Source: Altus Data Studio

Source: Altus Data Studio

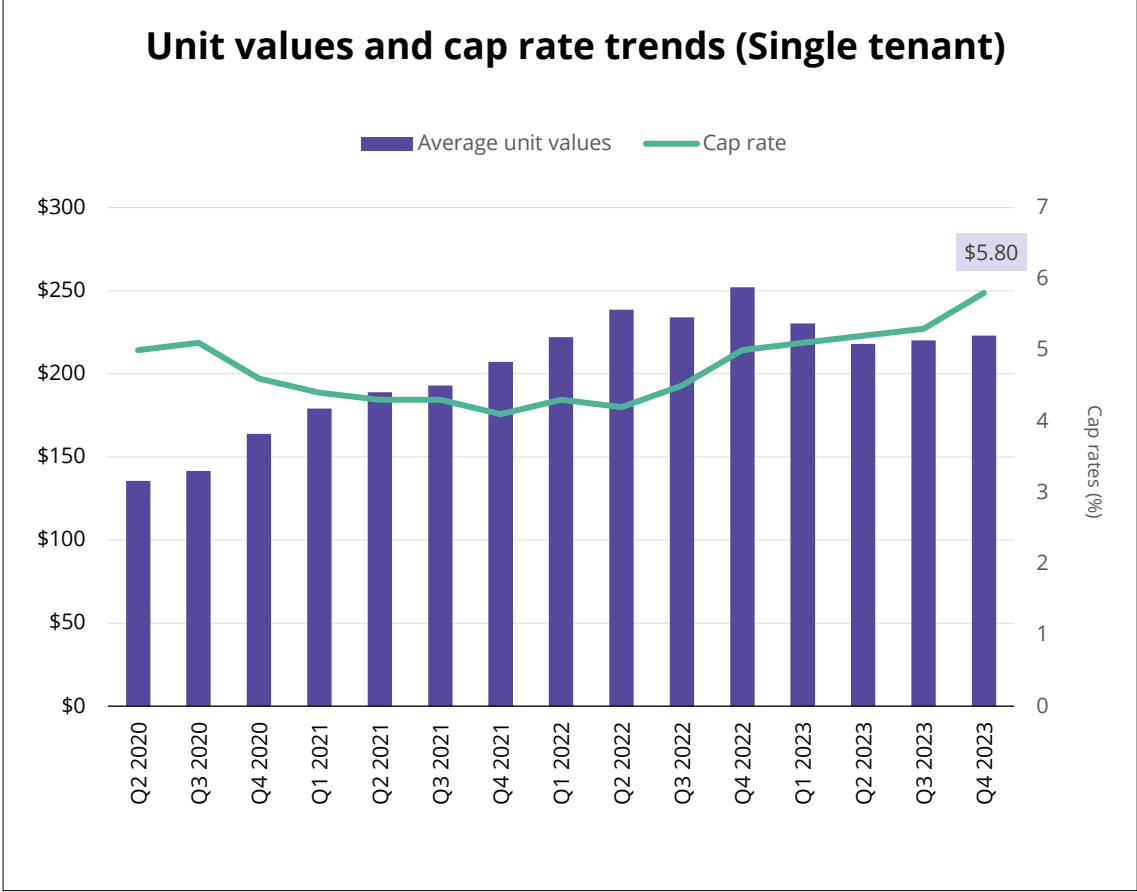
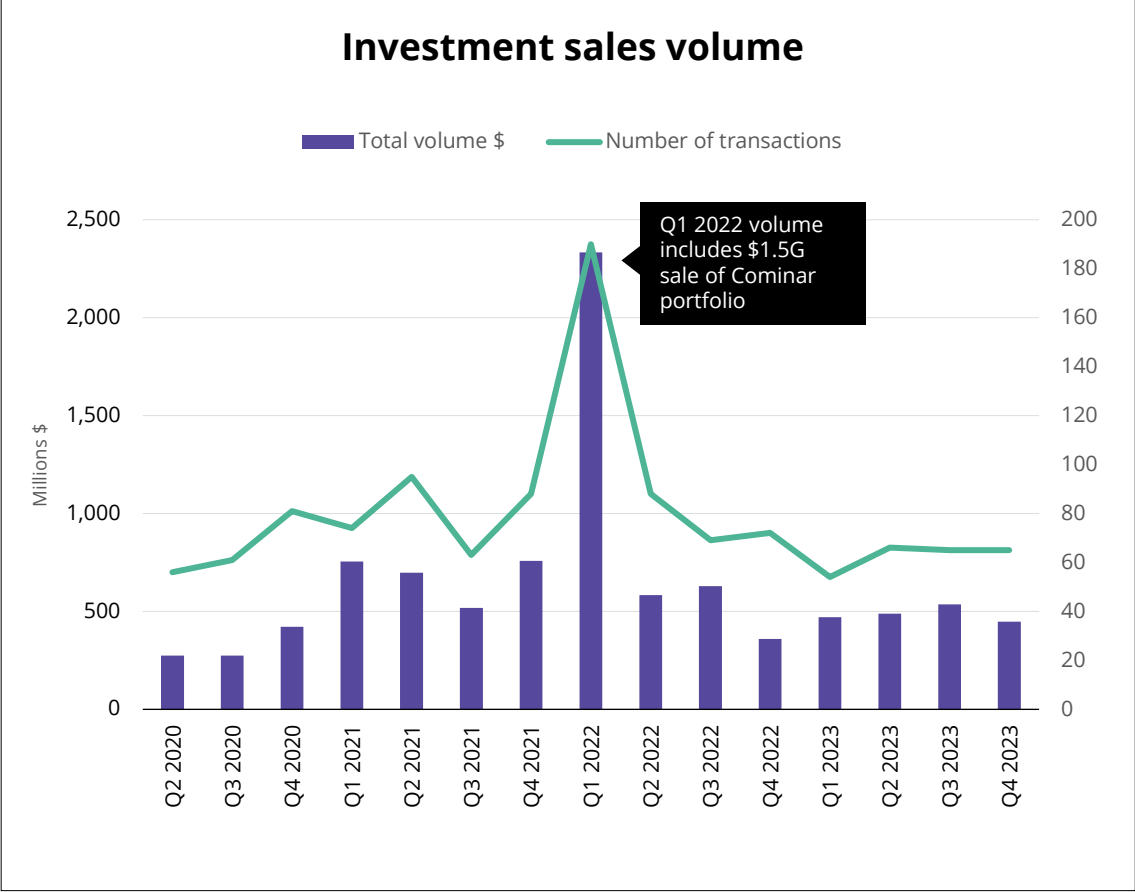
Greater Montréal area industrial market indicators



Source: Altus Data Studio and Avison Young

Source: Altus Data Studio and Avison Young

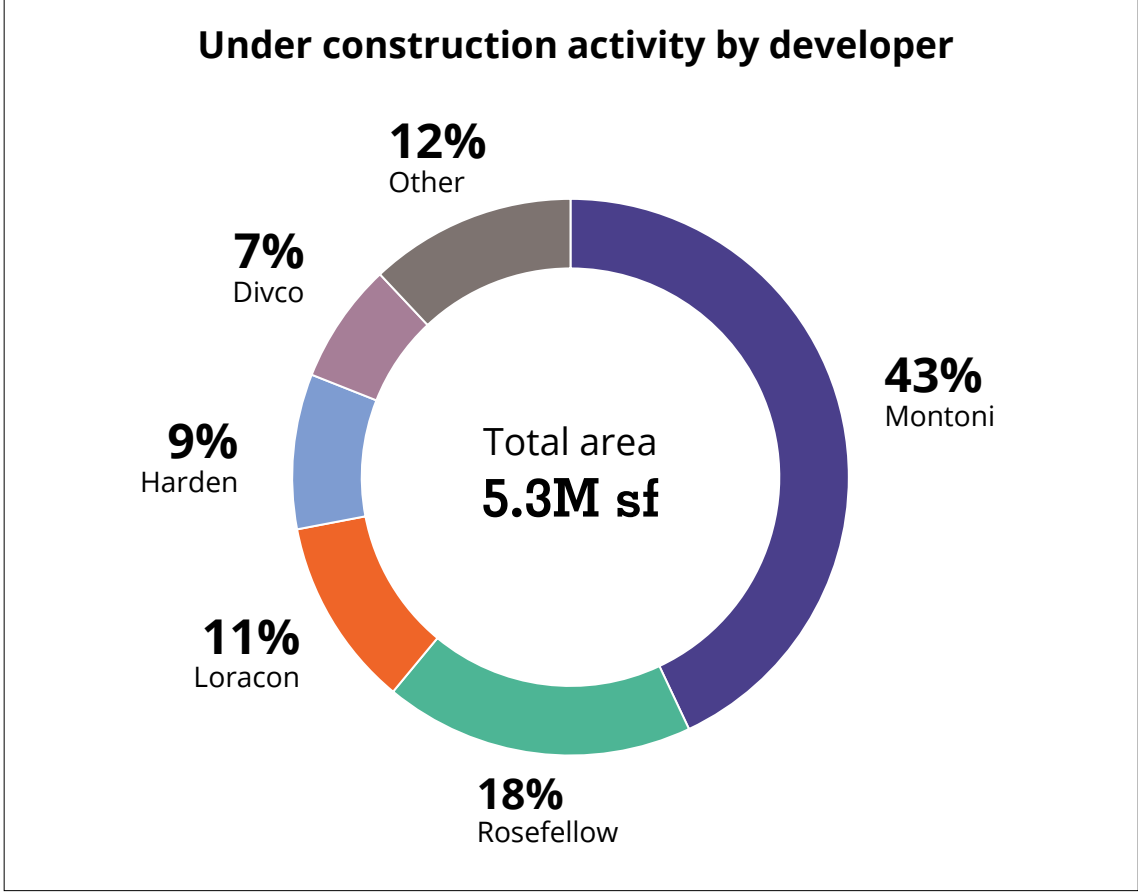
Greater Montréal area industrial market indicators



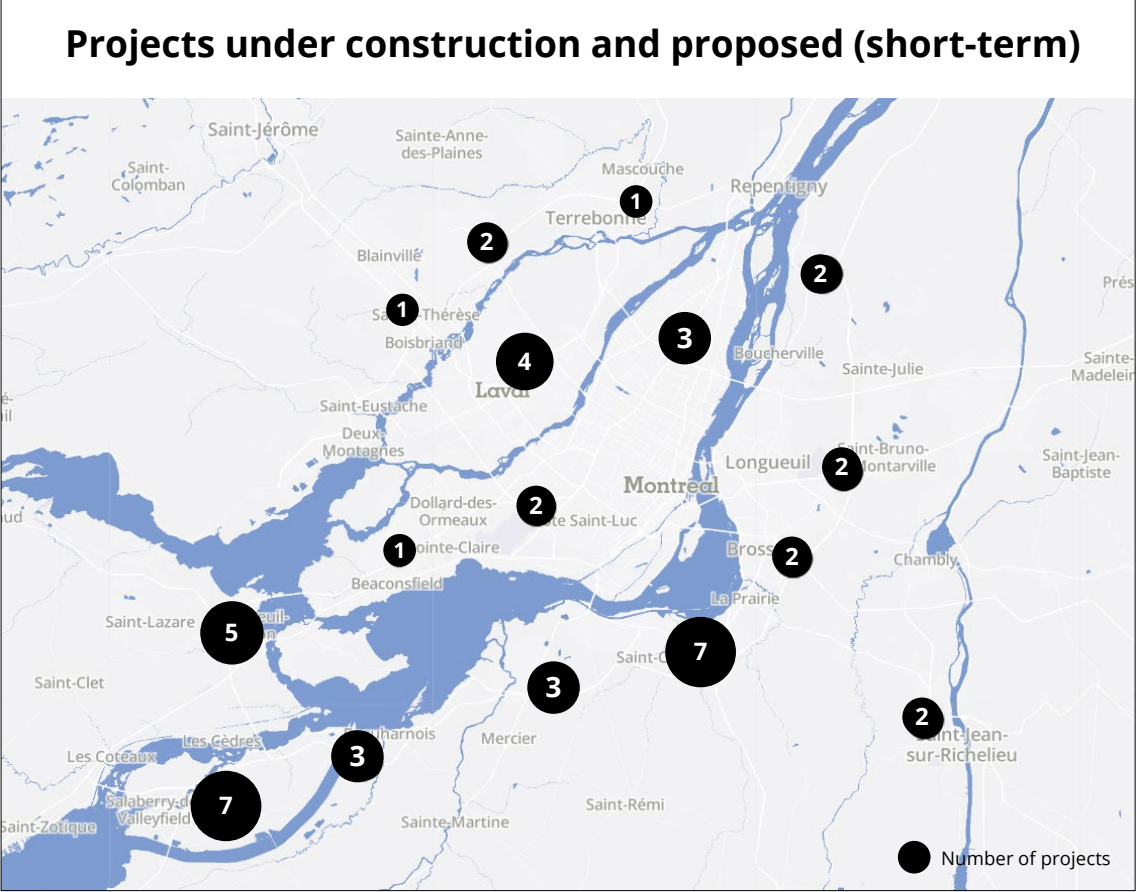
Source: Altus Data Studio

Source: Altus Investment Trends Survey

Greater Montréal area industrial developments



Source: AVANT by Avison Young



Source: AVANT by Avison Young

Greater Montréal area industrial developments

Buildings under construction by size

Location	Project name	Building size (sf)	City	Developer	Delivery
960 Rang du Canal	Ecoparc St-Bruno A & B	1,704,630	St-Bruno-de-Montarville	Montoni	2024
2800 Henry-Ford Street	Walmart Quebec Fulfillment Centre	457,000	Vaudreuil-Dorion	Harden	2024
131 Montcalm Boulevard North	Rosefellow Industrial 11.0	450,000	Candiac	Rosefellow	2024
Henri-Bourassa Boulevard East	40NetZero Building A	400,000	Montréal-Est	Loracon	2024
Louis-Blériot Street	Mondou Retail Distribution Centre	400,000	Mascouche	Montoni	2025
55 Marie-Curie Street	XTL Distribution Centre	375,000	Salaberry-de-Valleyfield	Divco	2024
900 Turnbull Street	Rosefellow Industrial 6.0 Building A	357,210	Beauharnois	Rosefellow	2024
Bélanger Street	Centre Corporatif Châteauguay	200,302	Châteauguay	Montoni	2024
Urgel-Charette Street	Parc 30 Ouest Phase 2	181,000	Beauharnois	OleaDev	2024
16987 Trans-Canada Highway	Rosefellow Industrial 14.0 Building C	161,331	Kirkland	Rosefellow	2024
4855 Marc-Blain Street	4855 Marc-Blain (Industrial Expansion)	136,000	Montréal	Brasswater	2024
213 Industriel Boulevard	213 Industriel Boulevard	105,000	Châteauguay	Loracon	2024
1050 des Forges Street	1050 des Forges St	104,685	Terrebonne	Immodev	2024
1800 Thomas-Edison Street	1800 Thomas-Edison Street	79,000	Terrebonne	Private	2024
Pierre-Dansereau Avenue & Pie-IX Boulevard	Pierre-Dansereau Avenue & Pie-IX Boulevard	77,000	Salaberry-de-Valleyfield	Loracon	2024
Pierre-Dansereau Avenue & Pie-IX Boulevard	Ali Excavation	30,500	Salaberry-de-Valleyfield	Private	2024
10900 du Golf Boulevard	10900 du Golf Boulevard	29,616	Montréal (Anjou)	Private	2024
725 Trotter Street	DIC Chimitroniques	26,000	Saint-Jean-sur-Richelieu	Private	2024
3400 Gaumont Street	3400 Gaumont Street	21,395	Laval	Private	2024
1 Chemin de la Côte-Sud	1 Chemin de la Côte-Sud	18,500	Boisbriand	Private	2024

Source: Avison Young

Total under construction and proposed area

0.05	0.	Proposed short-term (sf)	Proposed long-term (sf)
Island of Montreal	726,947	186,400	2,648,164
Laval	21,395	512,469	3,258,320
South Shore	2,180,632	3,070,185	9,781,444
Montréal West	1,783,012	4,796,433	1,227,370
Laurentides-Lanaudière	602,185	0	788,046

Source: AVANT by Avison Young

Greater Montréal area industrial market activity

Notable leasing transactions

Address	Tenant	Size (sf)	Lease type	Transaction type	Broker
1660 Eiffel Street, Longueuil	Groupe BMR	380,415	Direct	Renewal	Avison Young
40 du Tremblay Road, Longueuil	Groupe BMR	142,805	Direct	Renewal	Avison Young
2750 Alphonse-Gariépy Street, Montréal	BASQ International	44,846	Direct	New	Avison Young
3600 F.-X.-Tessier Street, Vaudreuil	Eutectic Canada	33,122	Direct	New	Avison Young
705 Hodge Street, Saint-Laurent	Heinemann Electric	15,583	Sublease	New	Avison Young

Major industrial buildings transactions

Address	Buyer	Sale date	Sale price	Sale price (psf)	Seller
8550 Montview Road, Mont-Royal	Cosa-Nova Fashions Limited	December 2023	\$53.2M	\$227	Brasswater
650 Lee Avenue, Baie-d'Urfé	Société en Commandite 650 Avenue Lee	October 2023	\$28M	\$157	Industries Rehau Inc.
555 Locke Street, Saint-Laurent	Shelborne Capital	November 2023	\$23.7M	\$159	RFRE Holdings Inc.
1650 Montgolfier Street, Laval	Triovest	November 2023	\$23.5M	\$313	Groupe Montoni
3720 la Vérendrye Street, Boisbriand	Kaeser Compressors Canada Inc.	October 2023	\$15.8M	\$167	Groupe Shapiro

Major industrial land transactions

Location	Buyer	Sale date	Sale price	Sale price (psf)	Seller
De Richelieu Road, Saint-Basile-le-Grand	Northvolt AB	October 2023	\$240M	\$12.97	Quartier MC2 Inc.
De la Pinière Boulevard West, Terrebonne	Rosefellow	December 2023	\$84.9M	\$35.00	Centre De Golf, Le Versant Inc.
Hochelaga Street, Mercier-Hochelaga-Maisonneuve	Ville de Montréal	November 2023	\$26M	\$26.27	Hydro-Québec
10800 Notre-Dame Street East, Montréal-Est	Ville de Montréal-Est	December 2023	\$19M	\$17.11	Exxon Mobil Corporation
Montée Prud'Homme, Châteauguay	A30 Châteauguay S.E.C.	October 2023	\$17M	\$18.00	Ville de Châteauguay

Source: Altus Data Studio

Greater Montréal area industrial market stats

Market	Existing inventory (sf)	Total vacancy (%)	Vacancy (sf)	Available for sale (sf)	Q4 2023 Net absorption (sf)	Year-over-year net absorption (sf)
Midtown North	45,593,390	2.5%	1,125,000	529,480	127,500	317,105
Midtown South	25,124,900	5.0%	1,246,580	15,640	(22,890)	(216,670)
East End	74,084,120	2.0%	1,460,100	342,080	267,910	89,900
Laval	27,477,800	3.2%	866,920	398,410	(174,360)	375,130
North Shore	16,312,710	2.3%	379,610	372,970	(60,320)	633,320
Saint-Laurent	66,236,120	2.1%	1,422,210	168,220	(269,270)	(739,690)
Lachine	21,884,730	1.4%	309,430	63,730	(61,880)	(128,890)
West Island	46,379,960	3.4%	1,577,470	121,250	(246,830)	116,160
Vaudreuil-Dorion	3,934,160	0.7%	27,630	14,020	33,210	223,430
South Shore	37,362,180	2.7%	1,005,680	137,830	(220,690)	(52,560)
Greater Montréal	364,390,070	2.6%	9,420,630	2,163,630	(627,620)	617,240

Source: Altus Data Studio

For more market insights
and information visit
avisonyoung.com

Marie-France Benoit

Principal, National Director, Insight & Innovation
+ 1 514 392 5772
mf.benoit@avisonyoung.com

Richard Breton

Principal, Vice President
+ 1 514 392 9702
richard.breton@avisonyoung.com

Erik Lovicsek

Data Analyst
+ 1 514 392 9396
erik.lovicsek@avisonyoung.com

Maximillien Rahuba-Pigeon

Research Coordinator
+ 1 514 392 9704
maximillien.rahuba-pigeon@avisonyoung.com

© 2024. Avison Young Commercial Real Estate Services, LP, Brokerage. Information contained in this report was obtained from sources deemed reliable and, while thought to be correct, have not been verified. Avison Young does not guarantee the accuracy or completeness of the information presented, nor assumes any responsibility or liability for any errors or omissions therein. All opinions expressed and data provided herein are subject to change without notice. This report cannot be reproduced, in part or in full, in any format, without the prior written consent of Avison Young.

