MARKETBEAT

MONTRÉAL

OFFICE Q1 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
17.8% Vacancy Rate	▼	▲
-524K YTD Net Absorption, SF	▲	▲
$36.69 Asking Gross Rent, PSF	▼	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.4M Montreal Employment	▼	▲
6.6% Montreal Unemployment Rate	▲	▲
6.7% Canada Unemployment Rate	▲	▲

Source: Statistics Canada (February 2026)

KEY TAKEAWAYS:

- Overall office vacancy in the Greater Montreal Area (GMA) declined in Q1 2026, signaling early signs of market recovery, driven by continued strength in premium Downtown assets.
- Net absorption remained negative, largely concentrated in Midtown and Suburban Class B/C space, while demand continued for high-quality space in the Central market.

EMPLOYMENT WITNESSES MODEST SHIFTS

Employment in Montreal held relatively steady at 2.4M in February 2026. The city's employment rate was 62.1%, while the unemployment rate was 6.7%. While this represents a decline from January 2026, the rate has increased by 110 basis points (bps) from one-year-ago. Canadian employment levels dropped for the second consecutive month, with a decline of 84,000 jobs, while the unemployment rate climbed by 20 bps from last month to 6.7%; a combination of falling employment levels and more people searching for work.

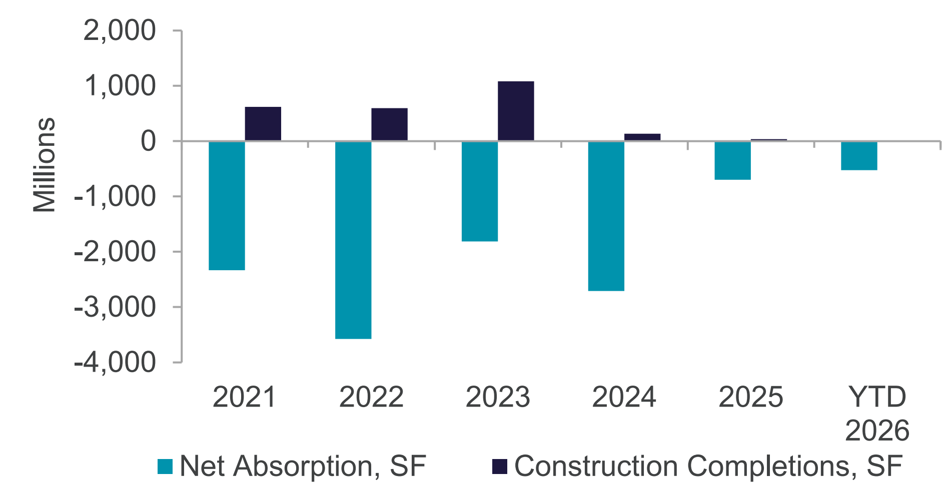
PREMIUM ASSETS OUTPERFORM AMID STABILIZATION

Overall office vacancy in the GMA declined to 17.8% in Q1 2026, driven by strengthening demand for top-tier assets in the Downtown Core. The Central area recorded a vacancy rate of 18.9%, with vacancy in trophy assets tightening to 7.3%, reflecting sustained flight-to-quality trends and increasing scarcity of premium space. In the Midtown and Suburban markets, overall vacancy reached 16.6%, with Class B/C assets continuing to outperform Class A, highlighting ongoing tenant preference for more cost-efficient space as older inventory struggles to compete. Net absorption was negative this quarter, totaling approximately 524k square feet (sf), with Midtown and Suburban markets accounting for the majority of losses (-441k sf), primarily within Class B space. The Central area recorded more limited negative absorption of approximately 83k sf, supported by positive absorption in trophy assets. Leasing activity has shown signs of recovery, with increased tour activity and tenant requirements, while sublet vacancy continues to trend downward. Notable activity this quarter included Public Services and Procurement Canada's 133,311-sf lease at 3400 Jean-Béraud Avenue in Laval and Intelcom's 107,429-sf lease at 111 Robert-Bourassa Boulevard.

ASKING RENTAL RATES EDGE UP

The overall average asking gross rent increased slightly from last quarter to $36.69 per square foot (psf) in Q1 2026. In the Central area, gross rents reached $41.85 psf, with Downtown Class AAA space commanding a significant premium at $67.49 psf. In the Midtown and Suburban markets, gross rents averaged $28.50 psf, underscoring their positioning as more cost-competitive alternatives and highlighting the ongoing pricing gap between premium assets and the broader market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Financial Core	22,369,661	234,599	4,245,684	20.0%	-49,873	-49,873	153,086	0	$42.59	$46.49
Downtown West	3,538,832	29,181	538,234	16.0%	-5,763	-5,763	10,498	0	$38.41	$46.67
Downtown East	9,139,441	330,943	1,050,000	15.1%	4,941	4,941	83,274	93,750	$33.15	$37.50
Downtown South	15,885,360	597,357	2,636,786	20.4%	76,299	76,299	245,322	0	$49.76	$50.94
Downtown Southwest	1,621,136	90,167	277,650	22.7%	-33,636	-33,636	35,671	0	$36.71	$37.79
Old Montreal	4,547,212	73,324	765,612	18.4%	-18,601	-18,601	86,875	100,000	$39.09	$48.74
Westmount	2,158,078	28,057	381,982	19.0%	-29,029	-29,029	13,252	0	$41.34	$42.10
CENTRAL TOTAL	**55,345,433**	**1,124,961**	**9,353,658**	**18.9%**	**-82,959**	**-82,959**	**584,643**	**193,750**	**$41.85**	**$46.61**
Midtown East	3,529,915	117,142	967,565	30.7%	-33,018	-33,018	15,652	0	$27.15	$30.00
Midtown Central	6,853,365	170,007	1,097,485	18.5%	-79,747	-79,747	71,810	0	$32.38	N/A
Midtown North	9,914,338	100,033	1,112,677	12.2%	-42,591	-42,591	21,526	0	$20.17	$32.58
Décarie CDN	3,269,035	0	395,979	12.1%	-26,183	-26,183	4,335	0	$26.93	$34.56
Midtown West	1,430,521	17,044	266,317	19.8%	-9,489	-9,489	8,374	0	$23.77	$34.42
Midtown South	1,097,479	0	52,233	4.8%	1,397	1,397	0	0	$25.47	N/A
Île-Des-Soeurs	1,392,679	136,469	13,150	10.7%	14,687	14,687	0	0	$32.19	$34.00
Saint-Laurent	7,352,839	322,946	1,175,921	20.4%	-35,352	-35,352	49,190	0	$29.15	$31.17
MIDTOWN TOTAL	**34,840,171**	**863,641**	**5,081,327**	**17.1%**	**-210,296**	**-210,296**	**170,887**	**0**	**$26.48**	**$31.81**
West Island	3,419,196	158,489	331,554	14.3%	-24,285	-24,285	22,383	0	$27.65	$29.89
East End	3,785,521	16,199	648,827	17.6%	-10,785	-10,785	1,400	0	$33.88	$35.68
Laval	4,824,428	47,154	923,614	20.1%	-222,405	-222,405	173,572	0	$30.56	$31.89
South Shore	6,164,477	112,961	628,237	12.0%	27,159	27,159	32,429	0	$31.10	$32.17
SUBURBAN TOTAL	**18,193,622**	**334,803**	**2,532,232**	**15.8%**	**-230,316**	**-230,316**	**229,784**	**0**	**$31.44**	**$33.44**
MONTREAL TOTALS	**108,379,226**	**2,323,405**	**16,967,217**	**17.8%**	**-523,571**	**-523,571**	**985,314**	**193,750**	**$36.69**	**$42.32**

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	LANDLORD	SF	TYPE*
3400 Jean-Béraud Avenue	Laval	Public Services and Procurement Canada	Cominar	133,311	Renewal
111 Robert-Bourassa	Downtown South	Intelcom	Allied Properties REIT	107,429	New Lease
1001 Robert-Bourassa Boulevard	Downtown South	Institutional company in the health sector (tenant name undisclosed)	Allied Properties REIT	36,868	New Lease

*Renewals not included in leasing statistics

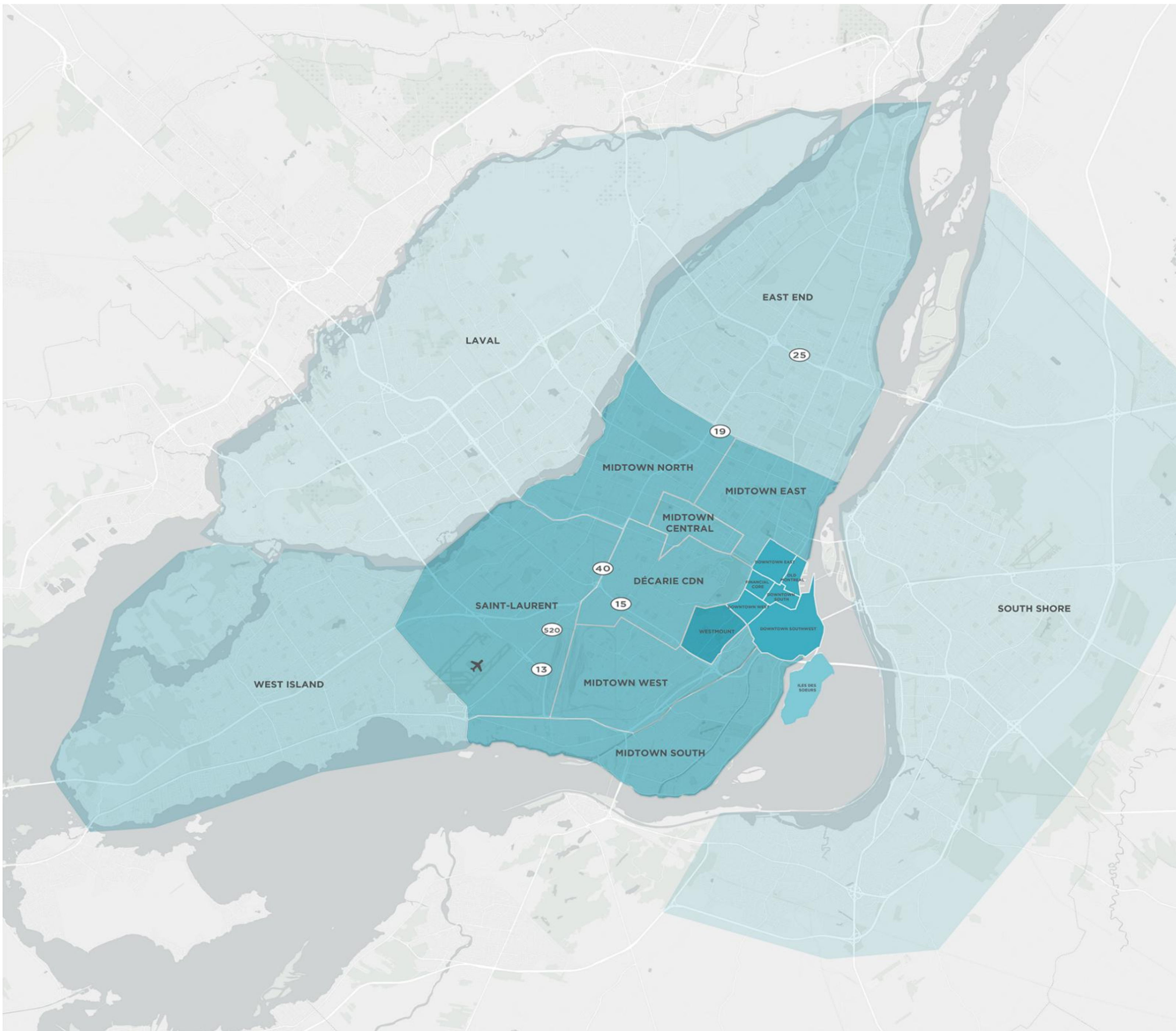
KEY SALE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
1190 des Canadiens-de-Montreal Avenue	Downtown South	Cadillac Fairview / DekaBank	513,354	$279M / $543
1130 Sherbrooke Street West	Financial Core	Allied Properties REIT / Tidan inc.	240,000	$49M / $206
400 Atlantic Avenue	Midtown Central	Allied Properties REIT / Laurier Capital, Mondev, and Foxmar Immobilier Inc.	99,678	$17M / $171
288 d'Anjou Boulevard	South Shore	Gestifa Inc. / Lamarche Investments	36,000	$10.3M / $286

METHODOLOGY

Cushman & Wakefield's quarterly estimates are derived from a variety of data sources, including its own proprietary database, and historical data from third party data sources. The market statistics are calculated from a base building inventory made up of office properties deemed to be competitive in the local office markets. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately or imminently after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space. The figures provided for the current quarter are preliminary, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

OFFICE SUBMARKETS



EXPLANATION OF TERMS

Total Inventory: The total amount of office space (in buildings of a predetermined size by market) that can be rented by a third party.

Overall Vacancy Rate: The amount of unoccupied space (new, relet, and sublet) expressed as a percentage of total inventory.

Direct Vacancy Rate: The amount of unoccupied space available directly through the landlord, excludes sublease space.

Absorption: The net change in occupied space between two points in time. (Total occupied space in the present quarter minus total occupied space from the previous quarter, quoted on a net, not gross, basis.)

Leasing Activity: The sum of all leases over a period of time. This includes pre-leasing activity as well as expansions. It does not include renewals.

Overall Weighted Asking Rents: Net or gross average asking rents weighted by the amount of available direct space in office properties.

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