MARKETBEAT
# MONTRÉAL
## INDUSTRIAL Q2 2026

CUSHMAN & WAKEFIELD

### MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|---|---|---|
| **7.7%** Vacancy Rate | ▲ | — |
| **-1.8M** YTD Net Absorption, SF | ▲ | ▲ |
| **$14.06** Asking Rent, PSF | ▼ | — |

*(Overall, Net Asking Rent)*

### ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|---|---|---|
| **2.4M** Montréal Employment | ▼ | ▲ |
| **6.9%** Montréal Unemployment Rate | ▲ | ▲ |
| **6.6%** Canada Unemployment Rate | ▼ | ▲ |

*Source: Statistics Canada (May 2026)*

### KEY TAKEAWAYS

- Industrial vacancy in the Greater Montreal Area (GMA) rose to 7.7% in Q2 2026, its highest level since Q2 2015, when vacancy peaked at 9.6%.
- Vacancy additions significantly outpaced occupancy gains, driving negative absorption of 1.7 million square feet (msf) in Q2 2026. Year-to-date (YTD) absorption now stands at negative 1.8 msf.
- Leasing activity remained a bright spot, reaching 2.3 msf this quarter and nearly 4.8 msf in H1 2026, highlighting continued tenant demand despite softer market fundamentals.

### MIXED ECONOMIC CONDITIONS

According to Statistics Canada's May 2026 Labour Force Survey, Canadian employment increased by 88,000 positions month-over-month, marking the strongest employment gain since November 2025. The national unemployment rate also edged down to 6.6%. Within the GMA, however, employment has declined over the past 12 months, with losses concentrated in manufacturing, construction, and export-oriented industries. Economic growth is expected to remain modest, with GDP forecast to expand by 0.5% in 2026 before accelerating to 1.6% in 2027—trailing only Calgary and Edmonton among major Canadian markets.

*Source: Statistics Canada, Moody's Analytics*

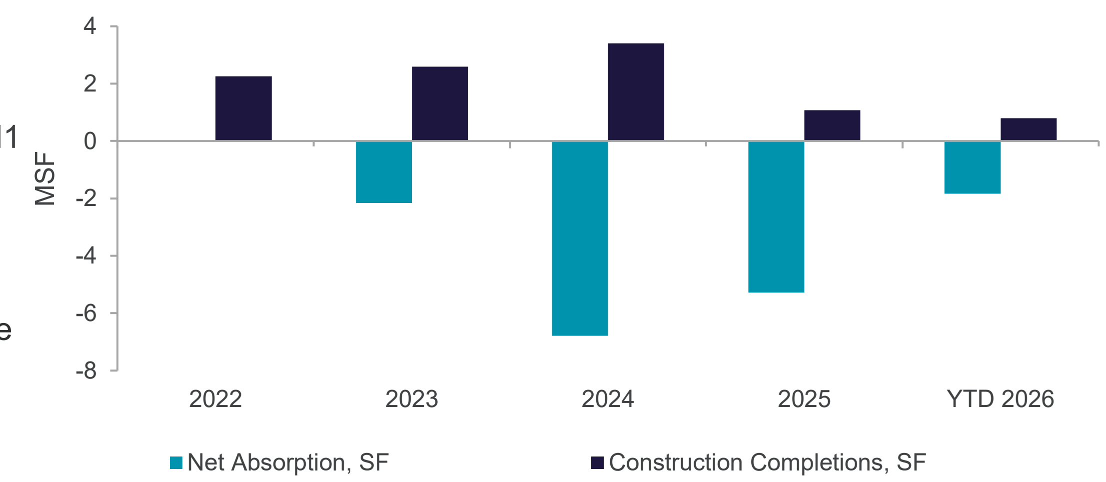
### INDUSTRIAL MARKET STRUGGLING TO SUSTAIN RECOVERY

Market fundamentals weakened in Q2 2026 as absorption turned sharply negative, reaching approximately negative 1.7 msf for the quarter and negative 1.8 msf YTD. While conditions remain challenging, this represents a notable improvement from H1 2025, when negative absorption totaled 4.3 msf. A key driver of the softening this quarter was the arrival of numerous vacant blocks exceeding 100,000 square feet (sf), including a fully available 834,000-sf building. As a result, the overall vacancy rate climbed to 7.7%. Construction activity also picked up, with nearly 749,000 sf of new supply delivered during the quarter—the highest quarterly total in more than a year. However, only 31.5% of this space was preleased at completion, limiting its ability to offset rising vacancy. Despite weaker occupancy metrics, leasing activity remained resilient. Tenants leased 2.3 msf in Q2 2026, bringing the H1 2026 total to 4.8 msf. As these commitments translate into move-ins over coming quarters, absorption should improve, provided the pace of large vacant blocks entering the market begins to moderate.

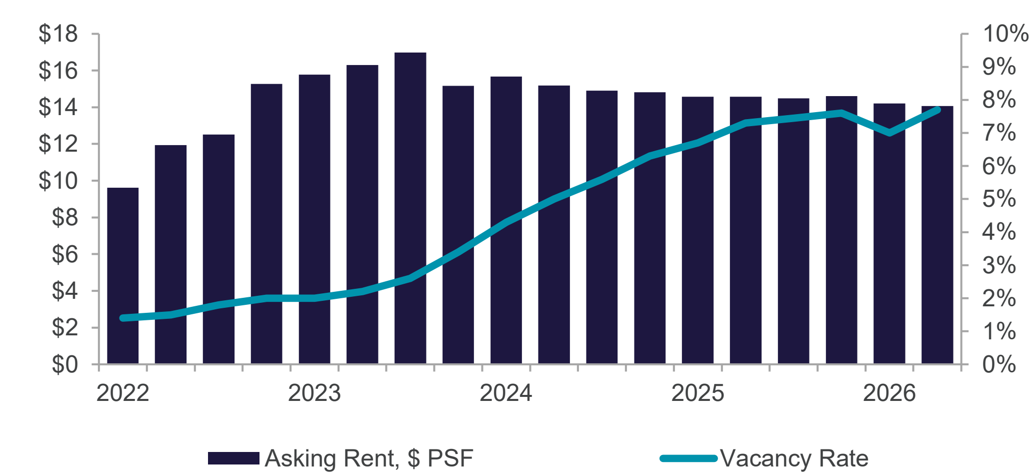
### PRICING HINGES ON SPACE SIZE AND AGE OF PROPERTY

The overall direct asking net rental rate continued its downward trajectory in Q2 2026, declining 1.1% quarter-over-quarter to $14.06 per square foot (psf). While tenant demand remains concentrated in spaces under 25,000 sf, larger-format space continues to command the highest asking rents as spaces exceeding 75,000 sf are currently averaging $14.43 psf. However, when newer inventory delivered after 2020 is excluded, the average asking rate for these larger spaces falls to $13.40 psf, underscoring the pricing premium associated with modern industrial product.

### SPACE DEMAND / DELIVERIES




### OVERALL VACANCY & ASKING NET RENT



## MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | CURRENT QTR CNSTR COMPLETIONS (SF) | YTD CNSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT* | OVERALL WEIGHTED AVG ADDITIONAL RENT |
|---|---|---|---|---|---|---|---|---|---|---|
| Montréal Midtown North | 43,524,675 | 2,057,207 | 4.7% | -207,581 | -117,743 | | | | $12.98 | $4.09 |
| Montréal Midtown South | 28,288,753 | 1,775,146 | 6.3% | -92,616 | -127,247 | | | | $11.36 | $4.51 |
| Montréal East | 72,425,356 | 5,748,614 | 7.9% | -492,153 | -636,840 | | 195,680 | 195,680 | $14.05 | $4.85 |
| Laval | 28,533,672 | 2,656,415 | 9.3% | 109,040 | 213,550 | | 444,031 | 444,031 | $15.69 | $5.11 |
| North Shore Lanaudiere | 6,282,492 | 623,219 | 9.9% | -90,829 | -109,344 | | 109,372 | 109,372 | $14.98 | $4.32 |
| North Shore Laurentides | 8,062,825 | 1,300,468 | 16.1% | -201,096 | -250,210 | 369,977 | | | $13.69 | $3.34 |
| South Shore | 33,288,273 | 2,652,913 | 8.0% | 244,357 | 365,095 | 255,302 | | 49,497 | $14.51 | $4.35 |
| Lachine | 19,605,933 | 1,585,933 | 8.1% | -61,603 | 79,712 | | | | $12.29 | $4.39 |
| Saint-Laurent | 66,752,864 | 5,201,370 | 7.8% | -345,518 | -676,496 | | | | $13.89 | $4.75 |
| West Island | 46,278,354 | 3,415,749 | 7.4% | -610,172 | -593,116 | | | | $14.22 | $5.29 |
| Vaudreuil-Dorion | 3,886,681 | 325,623 | 8.4% | -4,080 | 13,209 | | | | $12.29 | $3.72 |
| **Montréal TOTALS** | **356,929,878** | **27,342,657** | **7.7%** | **-1,752,251** | **-1,839,430** | **625,279** | **749,083** | **798,580** | **$14.06** | **$4.68** |

*Rental rates reflect weighted direct net asking $psf/year*

## KEY LEASE TRANSACTIONS Q2 2026

| PROPERTY | SUBMARKET | TENANT | LANDLORD | SF | TYPE* |
|---|---|---|---|---|---|
| 1600 50th Avenue | Lachine | Bulletproof Logistics | Dream REIT | 242,615 | Direct |
| 17711 Trans-Canada Highway | West Island | Confidential | Rosefellow | 168,745 | Direct |
| 17400 Trans-Canada Highway | West Island | CP Camionage | Private Owner | 152,794 | Direct |

*Renewals not included in leasing activity*

## KEY SALES TRANSACTIONS Q2 2026

| PROPERTY | SUBMARKET | SELLER/BUYER | SF | PRICE / $ PSF |
|---|---|---|---|---|
| 1485 de Coulomb Street | South Shore | Transcontinental Inc. / Emballages Carrousel | 239,825 | $34,900,000 / $146 |
| 21025 Trans-Canada Highway | West Island | Broccolini / MDA Space | 185,000 | $18,600,000 / $101 |
| 7000 Hochelaga Street | Montreal East | Primo International / Hydro-Quebec (Redevelopment) | 160,453 | $45,400,000 / $283 |

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