RESEARCH

MARKET IN MINUTES

Montreal

Industrial – Q2 2026

Positive absorption and strong leasing activity signal rebound

The Greater Montreal Area (GMA) experienced a second consecutive quarter of positive absorption, marking the first time this has occurred in the past four years. Several large transactions were also signed this quarter, which will drive further positive absorption in upcoming quarters. Vacancy has risen 120 basis points (bps) year over year but is no longer increasing at a steep rate, climbing only 10 bps from Q1 2026. Despite strong momentum in leasing activity and absorption, the GMA is unlikely to experience rapid tightening in the short term as the construction pipeline continues to maintain energy.

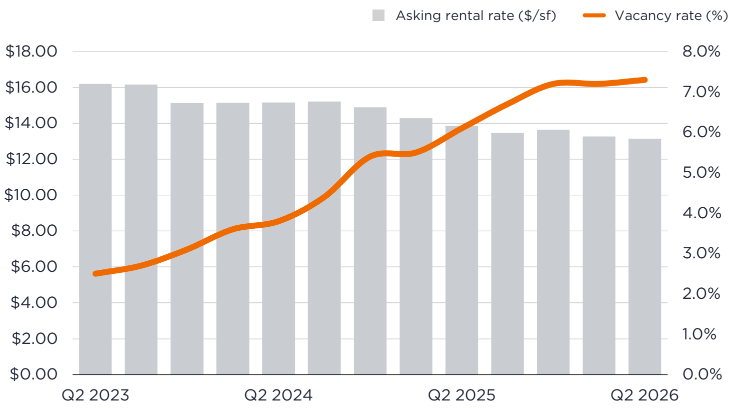
Pricing pendulum reaches end of downward swing

The GMA's average asking rent has fallen 5.2% year over year to $13.15. Despite the year over year decrease, well-positioned properties are regaining pricing power and the GMA could begin to see market-level increases in rental rates by the end of next year. Large-bay properties over 100,000 square feet are still often offering strong concession packages in the form of free rent and tenant improvement allowances.

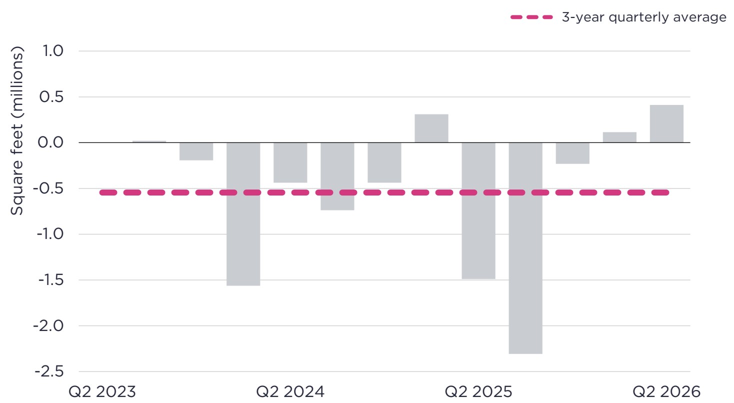
Construction pipeline active with both build-to-suit and speculative projects

Construction activity in the GMA has declined 1.1 million square feet (msf) year over year to 1.8 msf in Q2 2026, 57.7% of which is speculative construction. Further speculative developments are slated to begin later this year, including two buildings at Rosefellow's RF 21 park in Laval. In addition to the 0.7 msf of build-to-suit product under construction in the GMA, one notable peripheral development is the steel galvanization plant being built in Drummondville, a rare and welcome addition to domestic manufacturing capacity.

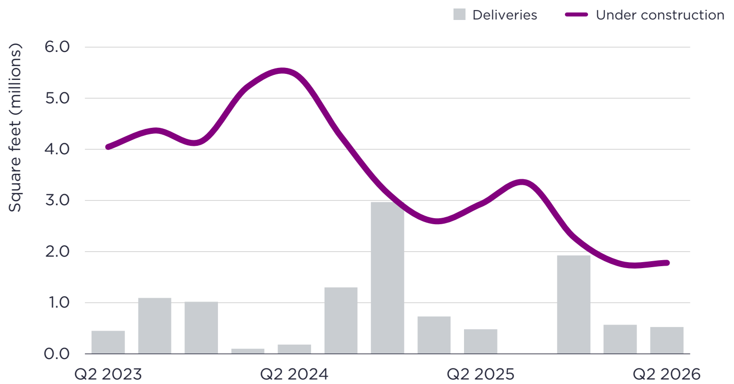
ASKING RENT AND VACANCY



NET ABSORPTION



DELIVERIES AND CONSTRUCTION



KEY STATISTICS

Greater Montreal Area (GMA)	Q2 2025	Q2 2026	Y-O-Y
Inventory	339.0 msf	342.7 msf	+3.7 msf
Vacancy rate	6.1%	7.3%	+120 bps
Asking rental rate	$13.87	$13.15	-5.2%
Net absorption YTD	-1.2 msf	0.5 msf	+1.7 msf
Deliveries YTD	1.2 msf	1.1 msf	-0.1 msf
Under construction	2.9 msf	1.8 msf	-1.1 msf

Outlook

01 As third-party logistics (3PL) companies favour modern facilities, older low-clear-height buildings are becoming redevelopment candidates.

02 Periphery markets will continue recovering alongside the GMA, with Beauharnois-Salaberry recording 0.3 msf of positive absorption in Q2 2026.

03 Hydro Quebec is developing 11.0 GW of clean energy over the next decade, creating manufacturing opportunities near new transmission stations.

NOTABLE LEASES

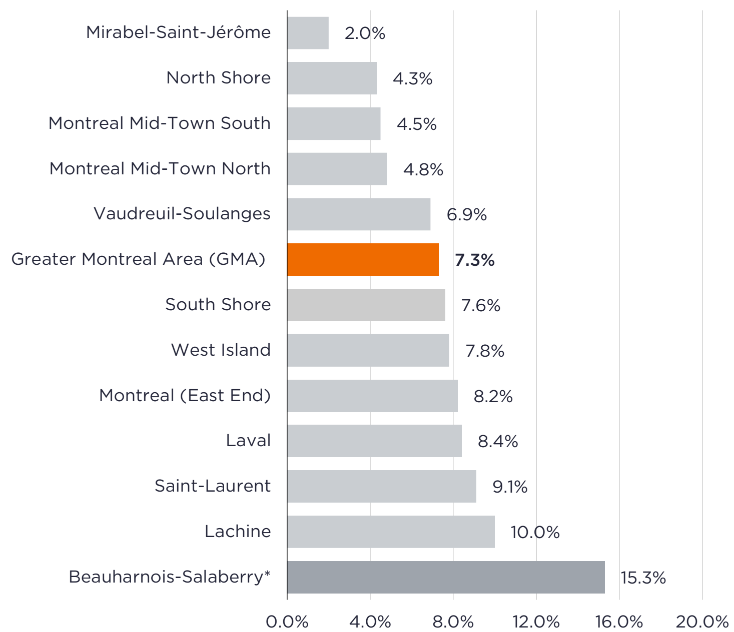
*Expansion Source: Savills Research

Tenant	Size (SF)	Submarket	Address	Transaction type	Industry
Ikea	340,847	Beauharnois-Salaberry	900 Rue Turnbull	New Lease	Consumer Goods
Bulletproof Logistics	235,500	Lachine	1600 50e Avenue	New Lease	Logistics & Distribution/3PLs
TSPM	211,205	Lachine	2177 23e Avenue	New Lease	Logistics & Distribution/3PLs
Smardt	177,884	West Island	17711 Trans-Canada Highway	New Lease	Industrial Machinery & Supplies
CP Camionnage Inc.	159,702	West Island	17400 Trans-Canada Highway	New Lease	Logistics & Distribution/3PLs

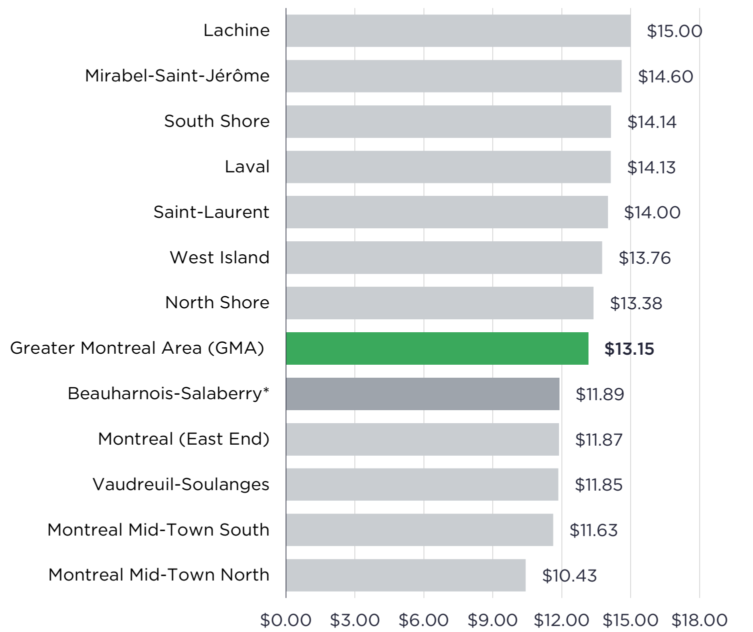
NEW DEVELOPMENTS

Developer / Tenant	Size (SF)	Submarket	Address	Development type	Status
Hypertec	226,000	Montreal Mid-Town South	7000 Rue Saint-Patrick	Build-to-suit	Under Construction
Rosefellow / Intelcom	190,000	South Shore	400 Liberté Av	Build-to-suit	Under Construction
Rosefellow	120,518	Saint-Laurent	3555 Rue Sartelon	Speculative (available)	Under Construction
Galvanisation Quebec Inc.	100,000	Drummondville	3050 Rue Marie-Curie	Build-to-suit	Under Construction
Renwil Inc.	95,400	South Shore	350 Rue Hans-Zimmerman	Build-to-suit	Under Construction

VACANCY RATE COMPARISON (%) MONTREAL SUBMARKETS



RENTAL RATE COMPARISON ($/SF) MONTREAL SUBMARKETS



*Not included in GMA

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