

INVESTMENT FORECAST

Apartments
Montreal

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2022

Life Science and Aerospace Jobs Aiding Local Employment as Students Return

Return of in-person learning will push down vacancy. A high concentration of life science, technology and banking firms enabled the Montreal labour market to boast an unemployment rate 100 basis points below the 2019 recording at the end of last year. Many businesses within these industries expanded during the pandemic, while an easier transition to remote work allowed for fewer initial job losses. Growth in higher-income roles like these coordinate with the plethora of local academic institutions that foster a deep talent pool, incentivizing Canadian and foreign firms to enter the metro. In addition to supporting a healthy labour market, student demand for off-campus rentals contributes to the strength of the multifamily segment. Temporary remote learning during the health crisis led to a mild vacancy climb; all four of the metro's largest universities, however, received the go-ahead from the Quebec Premier Legault to resume in-person activities in 2022. As students return to classrooms, rental demand will follow, keeping metro vacancy very tight.

Montreal Apartment Investment Trends

- Most of the buying activity historically occurs in the \$1 million to \$10 million tranche. Recently, interest from foreign sources caused assets priced above \$20 million to trade more often.
- The average sale price in the metro reached \$181,100 per unit last year, a near 10 per cent annual rise. The average cap rate lands in the low-4 per cent range, 80 basis points higher than Toronto.

2022 Apartment Trends



**1,980
UNITS**

will be completed

CONSTRUCTION:

Developers are set to complete more than double last year's development figure, but 2022 is still in line with the trailing five-year average for Montreal.



**30
BASIS POINT**

decrease in vacancy

VACANCY:

Net absorption exceeds completions, compressing the vacancy rate to 2.7 per cent this year. This will be the first annual contraction since 2019, when the metro recorded a vacancy rate of 1.5 per cent.



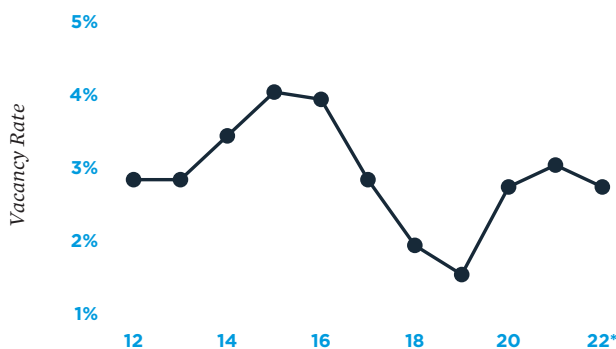
**3.4%
INCREASE**

in effective rent

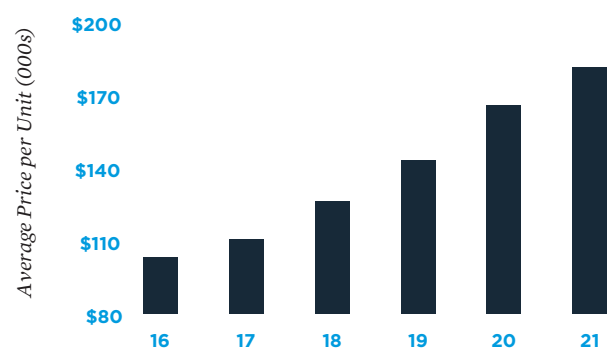
RENT:

Tightening conditions support the strongest increase in the metro's average effective rent, since the pandemic began.

Vacancy Trend



Sales Trends



Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2022. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

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