

# INVESTMENT FORECAST

Office  
Montreal

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2022

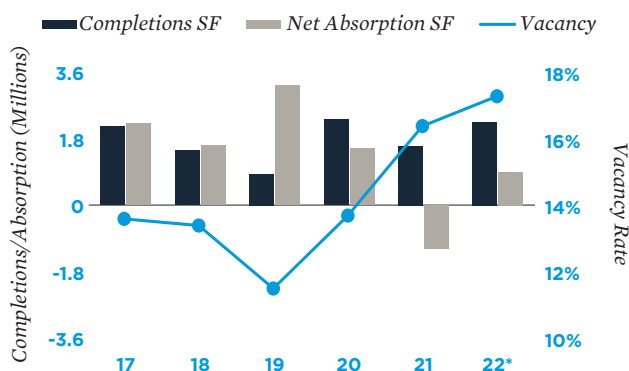
## Tech Presence Buoy Demand; Long-Term Outlook Bright, Despite Pandemic Setback

Tenants favoring quality over centralized locations. Montreal will report noteworthy positive absorption in 2022, following a period where almost 1.2 million square feet was relinquished in 2021. A plethora of firms, including Facebook, Samsung and Google, established artificial intelligence labs here over the past few years, which is drawing in additional companies and boosting office demand. Aiding the allure of Montreal, the area is saturated with a talented labour pool, powered by the numerous academic institutions located in the metro. This has helped Montreal become a hub for life sciences and health technology firms. Both of these two sectors will continue expanding operations in the area, often requiring premium space at top-end facilities. These preferences are creating a bifurcated leasing trend, with many firms now more willing to vacate lower-tier CBD space for newer, Class A floorplans in less central submarkets like Midtown and West Island. Metrowide, an aggressive construction pace will prevent vacancy from tightening in the short term, but a slowdown of tenant loss signals the start of a recovery for Montreal.

## Montreal Office Investment Trends

- The CBD and West Island submarkets have been the most targeted locales for large Class A space; higher-quality offices under 50,000 square feet, however, also frequently trade in Midtown.
- Montreal's average sale price is the lowest of the major markets, even after climbing to \$231 per square foot in 2021. The rate of growth was the second fastest last year, behind only Vancouver.

### Supply and Demand



## 2022 Office Trends

  
**2.3 MILLION  
SQUARE FEET**  
*will be completed*

### CONSTRUCTION:

Deliveries will rise sharply in 2022, as developers complete work on several large projects. Most of the new space scheduled to finalize is in the city centre and Laval.

  
**70  
BASIS POINT**  
*increase in vacancy*

### VACANCY:

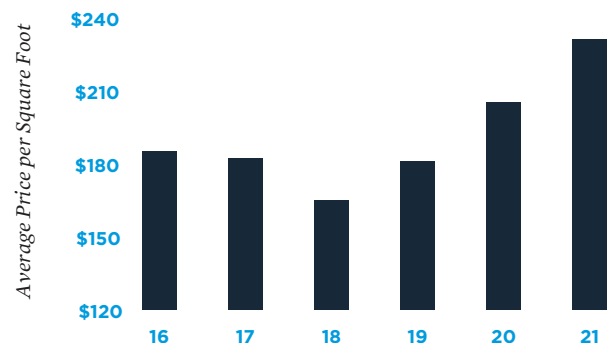
After climbing 270 basis points in 2021, the office market is beginning to stabilize; net absorption of nearly 900,000 square feet will lag behind deliveries, however, lifting vacancy to 17.3 per cent.

  
**1.6%  
DECREASE**  
*in asking rent*

### RENT:

As many tenants focus on top-tier offices, the constitution of available space will be lower quality, leading to a mild drop in the average marketed rent to \$31.90 per square foot.

## Sales Trends



### Montreal office:

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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.