

# INVESTMENT FORECAST

Office  
Montreal

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2026

## Office Market Stabilization Beginning to Take Shape

**Flight to quality anchors path to recovery.** Montreal's office market is showing clearer signs of stabilization heading into 2026, following an uneven 2025 marked by selective leasing and widening performance gaps across property tiers. Class AAA space continues to outperform, with vacancy largely trending down over the past two years as tenants consolidate into best-in-class buildings. This flight to quality is now beginning to slowly spill into high-end Class A and well-located Class B assets, helping to steady vacancy across the broader market. New supply remains limited — virtually unchanged since the 1.3-million-square-foot National Bank headquarters delivered in 2023 — providing a critical backstop against further softening. Government downsizing and trade-related uncertainty have tempered demand in select submarkets more exposed to tariff risks. However, the metro is positioned for modest improvement through 2026, thanks to limited deliveries, selective conversions that removed obsolete stock from inventory, and tightening conditions in top-tier properties. Overall, Montreal is poised to shift from cyclical correction towards a gradual recovery.

## INVESTMENT TRENDS

- Year-to-date dollar volume through September 2025 was up 20 per cent. This was led by KingSett's \$101 million purchase, which highlights institutional optimism in Montreal's office sector.
- Owner-users accounted for the second largest buyer pool in 2025. These occupiers are capitalizing on strategic entry points to better control their real estate amid favourable asset pricing.

## 2026 Office Trends



**94,000  
SQUARE FEET**  
*will be completed*

### CONSTRUCTION:

Deliveries have been muted since Montreal's robust build cycle ended in 2023. Openings will increase compared to last year though, due to the completion of a top-tier life science building downtown.



**20  
BASIS POINT**  
*decrease in vacancy*

### VACANCY:

While tenant right-sizing is still ongoing and trade uncertainties are prompting caution, vacancy is forecast to stabilize around 15 per cent in 2026. This will be led by top-tier properties amid a flight to quality.

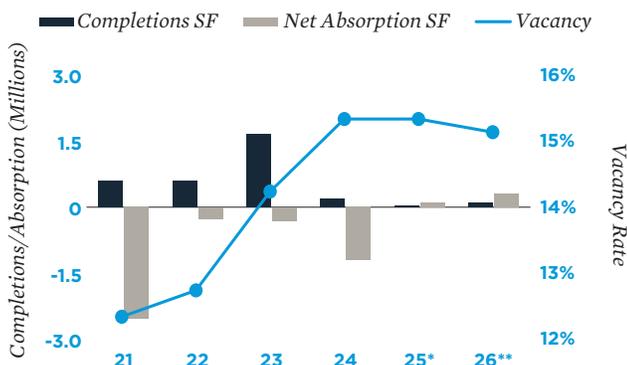


**1.0%  
INCREASE**  
*in asking rent*

### RENT:

Despite an overall improvement in vacancy, asking rents are likely to hold flat due to lingering economic uncertainties and higher vacancy in lower-tier assets. Class A space is expected to lead rent gains.

## Supply and Demand

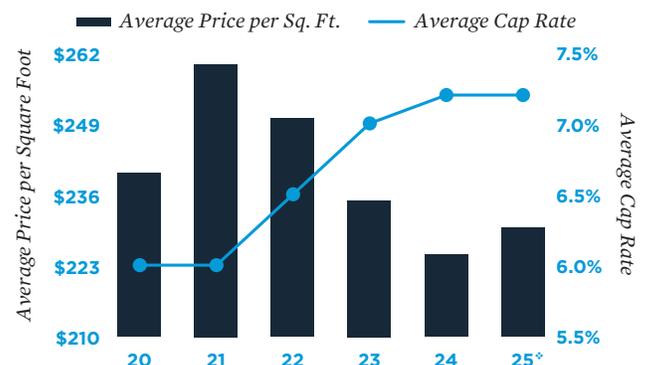


\* Estimate \*\* Forecast; \* Trailing 12 months through 3Q

Sources: Altus Data Solutions; CoStar Group, Inc.; Statistics Canada

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 2026. 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 guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

## Price and Cap Rate Trends



Montreal Office:

**John Horowitz** | Chief Revenue Officer,  
Sr. Managing Director  
260 Madison Ave, 5th Floor, New York,  
NY, 10016  
Tel: (212) 430-5260  
John.Horowitz@marcusmillichap.com