

INVESTMENT FORECAST

Retail
Montreal

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Favourable Conditions Set Stage for Recovery Amid Still-Cautious Retailers

Consumer health to underpin a stable outlook. Montreal's retail sector prospects for 2026 are broadly positive, supported by steady consumer spending growth and improving economic conditions. Lower interest rates are expected to ease borrowing costs, while the city's relatively modest household debt levels and elevated savings rate will help sustain purchasing power. These factors should underpin retail sales momentum through the year. However, much of this spending strength may be absorbed by existing retail formats rather than translating into significant new leasing activity. Lingering trade tensions and a softer manufacturing sector could continue to weigh on job creation, while a slowdown in immigration is likely to limit the expansion of the consumer base. As a result, many retailers may remain cautious and could delay expansion plans until greater clarity emerges on these fronts. On the supply side, development activity continues to be disciplined, with most upcoming projects concentrated in suburban areas as part of larger mixed-use communities. This controlled pipeline should help maintain market stability through 2026.

INVESTMENT TRENDS

- Investment activity stayed strong last year despite macroeconomic challenges. The largest transaction was Primaris REIT's \$565 million acquisition of Promenades St-Bruno.
- Food-anchored strip centres were a favoured property type last year, prized for their stability, reliable income and resilience against economic and e-commerce pressures.

2026 Retail Trends



480,000
SQUARE FEET
will be completed

CONSTRUCTION:

Completions are projected to remain broadly in line with last year's level, consisting mostly of mixed-use developments. The largest addition will be a new 225,000-square-foot Canac location in Laval.



20
BASIS POINT
increase in vacancy

VACANCY:

Space demand will grow at a measured pace as uncertainties weigh on leasing activity. As a result, vacancy is likely to edge higher. However, disciplined construction will prevent any significant increases.



1.0%
DECREASE
in asking rent

RENT:

Retail rents are expected to soften slightly in 2026, reflecting modest upward pressure on the vacancy rate and cautious leasing amid headwinds from slower population growth and ongoing trade risks.

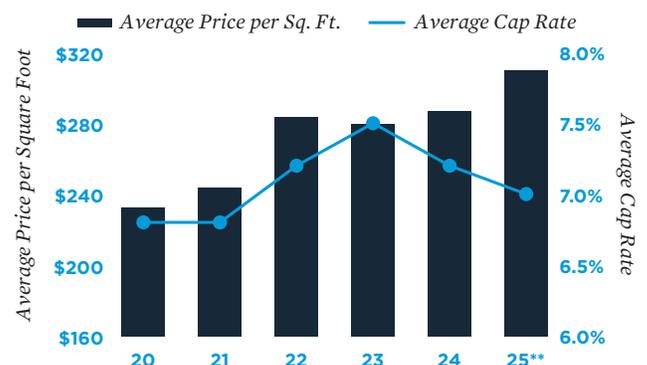
Employment vs. Retail Sales Trends



* Employment through November, retail sales through September; ** 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



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