

Q1 2026

Montreal Commercial Real Estate Report

Multi-family | Office | Hotel | Retail | Industrial | Medical

Prepared for public market insight publication
Precedent Developments | May 2026



Selective resilience, not broad recovery.

Montreal entered 2026 with stronger confidence in income-secure assets, but not a uniform reset across every property type. Office is a quality and transit story: Class AAA and connected downtown assets outperform while older Class B space remains pressured. Industrial is stabilizing, but large-bay availability and new pipeline still require conservative leasing assumptions. Multi-family, medical and service-oriented retail remain structurally important; hotel is selective and asset-specific.

RENTAL VACANCY

2.9%

Purpose-built rental market; CMHC 2025

OFFICE VACANCY

17.2%

GMA office market; Colliers Q1 2026

INDUSTRIAL VACANCY

5.4%-5.8%

CBRE / Colliers Q1 2026 range



Q1 2026 market dashboard

PURPOSE-BUILT RENTAL VACANCY

2.9%

CMHC 2025 Rental Market Report; vacancy rose for a second consecutive year

AVG. 2-BED PURPOSE-BUILT RENT

\$1,346

CMHC; +7.2% year-over-year in 2025

CONDO RENTAL VACANCY

2.1%

CMHC; higher vacancy particularly in large buildings and on Island of Montreal

OFFICE VACANCY

17.2%

Colliers Q1 2026 GMA office market

CLASS AAA OFFICE VACANCY

6.2%

CBRE Q1 2026; lowest vacancy of all office classes

DOWNTOWN OFFICE ABSORPTION

+141K sf

CBRE Q1 2026; Class A contributed roughly 111K sf

OFFICE SALES VOLUME

>\$360M

CBRE preliminary Q1 2026 volume, more than 8x Q1 2025

INDUSTRIAL VACANCY

5.4%-5.8%

CBRE / Colliers Q1 2026 methodology range

INDUSTRIAL AVAILABILITY

6.5%

Colliers Q1 2026; up 20 bps quarter-over-quarter

INDUSTRIAL AVG. NET RENT

\$14.04/sf

Colliers Q1 2026; down from \$14.14/sf in Q4 2025

INDUSTRIAL PIPELINE

2.5M-2.8M sf

Colliers / CBRE Q1 2026 under construction estimates

DESTINATION RETAIL SIGNAL

824K sf

Royalmount first-phase commercial centre and luxury node

Note: vacancy, availability and rent figures are source-specific and should not be compared without methodology review.

Sources: S1-S8

Capital is returning, but underwriting remains disciplined.

2026 thesis

The strongest Montreal opportunities are thesis-driven projects where the real estate solves a specific tenant, household, logistics, patient, retail or visitor need.

Capital is more constructive for income-secure assets, but debt, capex and lease-up risk still matter.
Replacement cost is not enough; buyers are prioritizing cash-flow durability and achievable rents.
Construction costs, parking, fit-out, municipal approvals and incentives are central to feasibility.
Best risk-adjusted themes: transit rental, top-tier office, essential logistics, service retail, medical, and selective hotel.



Multi-family: supply eased vacancy, not affordability.

PURPOSE-BUILT VACANCY

2.9%

CMHC reported vacancy rose for a second consecutive year.

AVG. 2-BED RENT

\$1,346

CMHC; +7.2% year-over-year.

CONDO RENTAL VACANCY

2.1%

Higher vacancy especially in large buildings and on the Island.

New completions on the Island and South Shore added choice for renters and pushed some landlords toward incentives. Demand softened in some submarkets due to slower growth in temporary workers and students, but affordable units remain scarce. Development feasibility should stress-test lease-up, rent growth, incentives, operating costs and financing terms.



Office: fight-for-quality replaced flight-to-quality.

GMA VACANCY

17.2%

Colliers Q1 2026.

CLASS AAA VACANCY

6.2%

CBRE; lowest of all classes.

DOWNTOWN ABSORPTION

+141K sf

CBRE; Class A contributed roughly 111K sf.

OFFICE SALES VOLUME

>\$360M

Preliminary Q1 2026, over 8x Q1 2025.

Tenants are competing for best-in-class, transit-accessible, amenitized and move-in-ready premises. Class B/C assets require reinvestment, repositioning, conversion optionality or aggressive basis. Suburban weakness persists where access, amenities and tenant density are weaker.



Industrial: stabilization with large-bay caution.

CBRE VACANCY

5.4%

Down 80 bps; first reduction since Q4 2021.

COLLIERS VACANCY

5.8%

Vacancy still slightly elevated.

AVG. NET RENT

\$14.04/sf

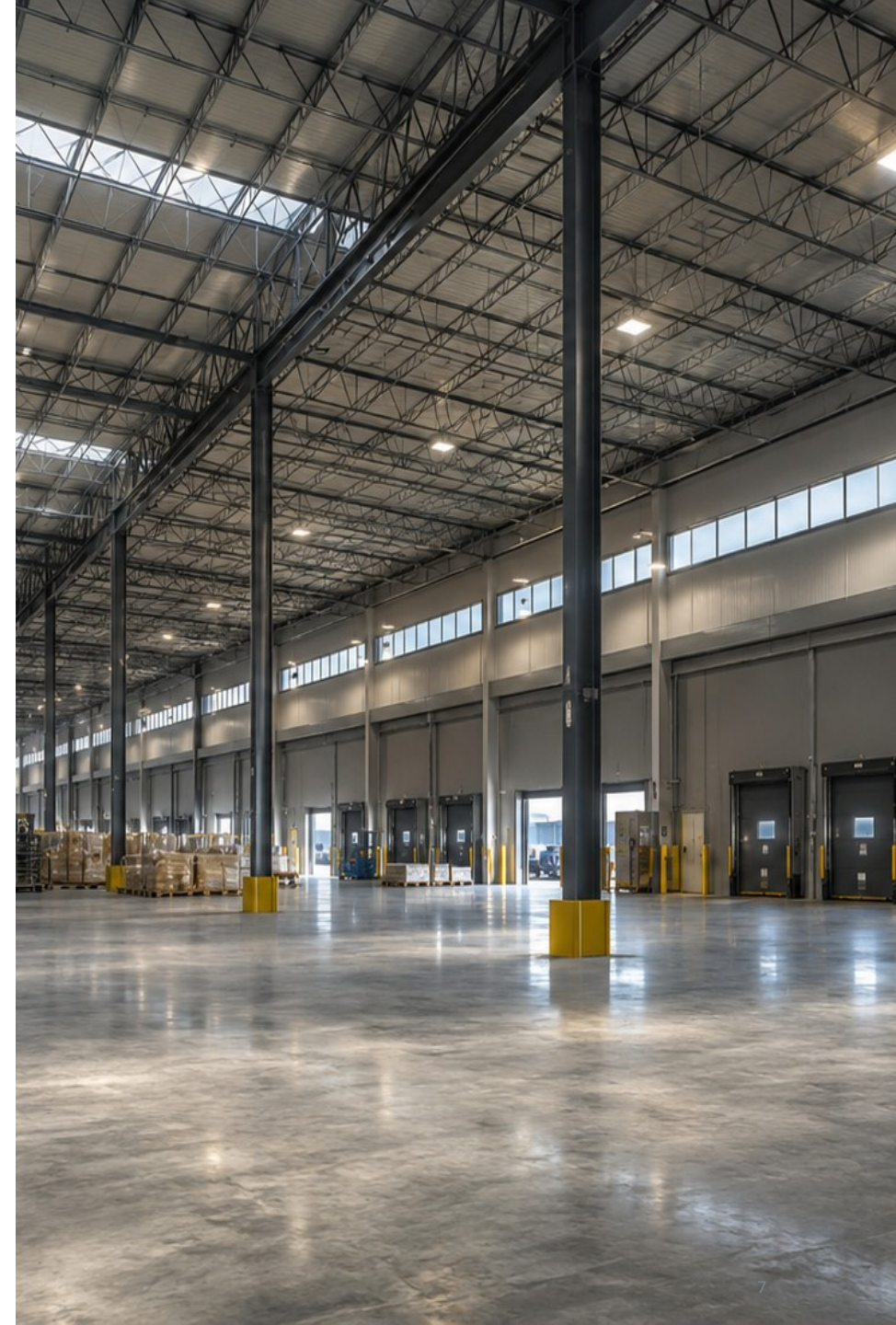
Colliers; down from Q4 2025.

PIPELINE

2.5M-2.8M sf

Under construction range from Colliers / CBRE.

Positive absorption signals improvement, but availability and new supply still create tenant leverage. High-clear, large-bay Class A supply should be underwritten with conservative rent and absorption assumptions. Last-mile, food logistics, essential distribution and user-specific facilities remain the most defensible demand pockets.



Retail and hotel are node-specific income stories.

Retail

Royalmount created a new luxury and experiential retail node. Grocery, services, restaurants and mixed-use placemaking remain more financeable. Retail underwriting should prioritize tenant sales, access, parking and dwell time.

Hotel

Hotel demand is asset-specific and tied to downtown, convention, tourism, festivals and lifestyle demand. No single public Q1 Montreal operating dataset is used here as a vacancy-equivalent metric. Stress-test capex, brand standards, labour, seasonality and FF&E.



Medical real estate remains a defensive growth category.

CLINIC BENCHMARK

\$375-\$545/sf

Altus Montreal medical clinic hard-cost range.

SECTOR THESIS

Defensive

Demand supported by outpatient care and aging demographics.

KEY RISK

Fit-out cost

Clinical program and infrastructure drive budget.

Healthcare demand is less discretionary than most commercial categories. Outpatient, diagnostic, rehabilitation, dental, wellness and specialist uses are attractive near dense residential catchments. Parking, accessibility, code, imaging, procedure-room requirements and infection control should be budgeted early.

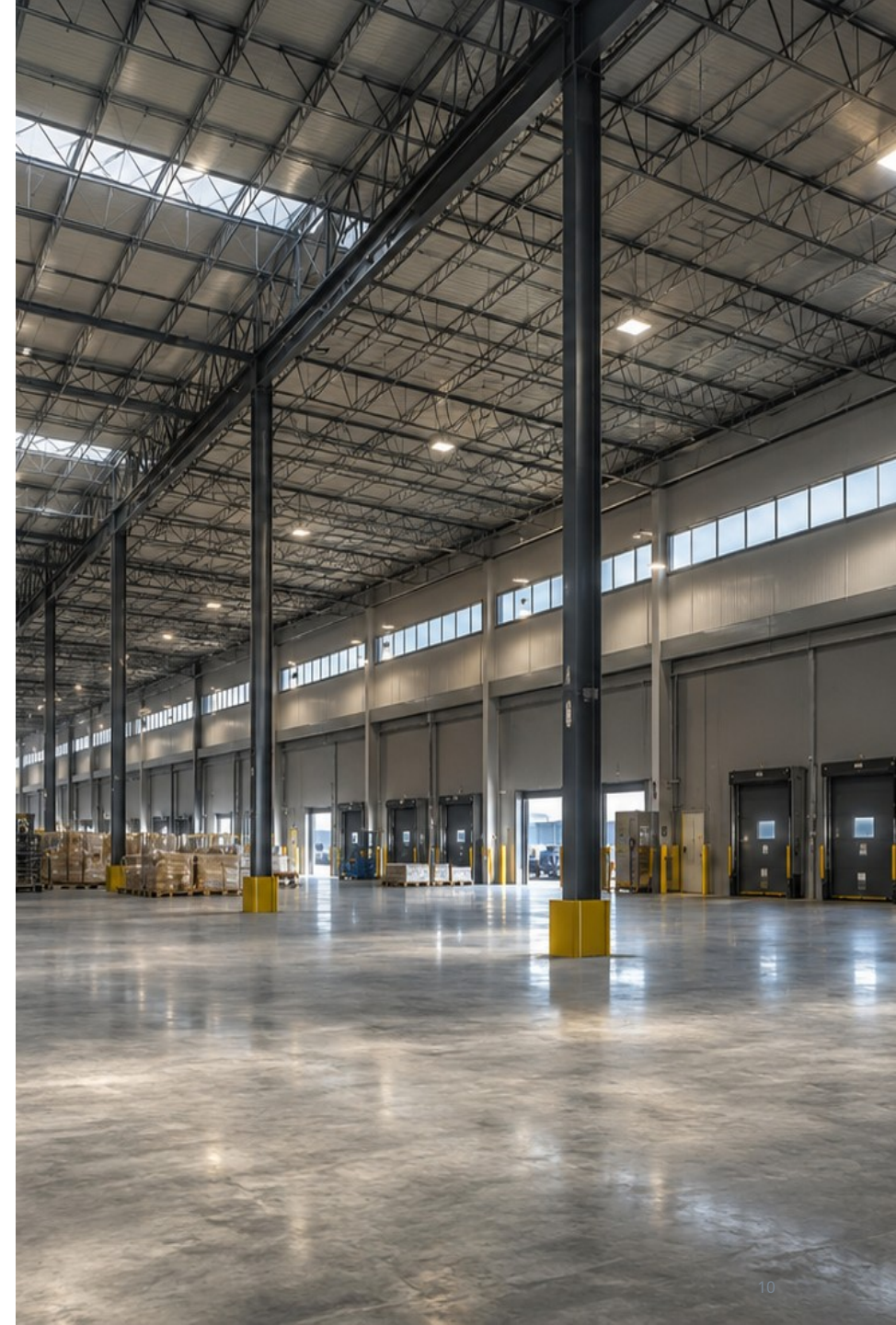


Construction cost is the feasibility filter.

| | |
|----------------------------|--|
| Multi-family | Up to 12: \$275-\$335/sf; 13-39: \$320-\$330/sf; 40-60: \$330-\$375/sf |
| Office | Class A: \$280-\$465/sf; fit-out Class A: \$150-\$205/sf |
| Retail | Strip: \$165-\$235/sf; enclosed mall: \$260-\$350/sf |
| Hotel | Suite: \$260-\$340/sf; 4-star full-service: \$330-\$480/sf |
| Industrial | Warehouse: \$120-\$185/sf; distribution: \$170-\$460/sf |
| Medical clinic | \$375-\$545/sf |
| Underground parking | \$155-\$205/sf; unusual premium up to \$185/sf |

Altus benchmarks are hard costs only. Add soft costs, land, fees, taxes, financing, contingencies, parking, tariffs and site-specific conditions.

Sources: S8



2026 strategy: buy or build where demand is specific.

Multi-family

Prioritize transit-served rental, missing-middle infill and disciplined pro formas; rising vacancy gives renters options but does not solve affordability.

Office

Focus on top-tier, transit-connected and move-in-ready buildings; older non-differentiated Class B/C assets need repositioning, conversion or aggressive capital plans.

Industrial

Underwrite rent growth carefully until new supply is absorbed; best demand remains tied to last-mile, food, essential distribution and users with clear logistics savings.

Retail

Favour high-productivity grocery/service retail, luxury destination nodes and mixed-use placemaking; weaker commodity retail should be assessed through sales productivity and re-tenanting risk.

Hotel

Underwrite selectively around downtown, event, convention and tourism demand; redevelopment feasibility depends on room mix, capex, labour costs and brand positioning.

Medical

Treat medical as a defensive allocation category with long lease potential; feasibility depends on specialized fit-out, accessibility, parking and proximity to patient catchments.



Source notes and limitations

S1 CBRE Canada - Montreal Office Figures Q1 2026, April 13, 2026
S2 Colliers Canada - Montreal Office Market Report Q1 2026, April 9, 2026
S3 CBRE Canada - Montreal Industrial Figures Q1 2026, April 13, 2026
S4 Colliers Canada - Montreal Industrial Market Report Q1 2026, April 13, 2026
S5 CMHC - 2025 Rental Market Report - Montreal CMA, December 2025
S6 Retail Insider - Royalmount Opens in Montreal with Province's Largest Luxury Retail Collection, September 5, 2024
S7 PwC / Urban Land Institute - Emerging Trends in Real Estate 2026 - Medical Office Property Type Outlook
S8 Altus Group - 2026 Canadian Cost Guide, local source file provided by user
S9 Precedent Developments - Q1 2026 Vancouver Commercial Real Estate Report - structure reference

Sources: S1-S9

Disclaimer

Prepared for general market insight only. Not appraisal, brokerage, investment, legal, tax, quantity-surveying or development advice. Data is compiled from public sources considered relevant as of May 2026 and should be verified against source methodology and project-specific due diligence before decision-making.

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Market Insights | Q1 2026 Montreal Commercial Real Estate Report