

Industrial Snapshot Q1 2016

Montreal, QC



MONTREAL INDUSTRIAL

Economic Indicators

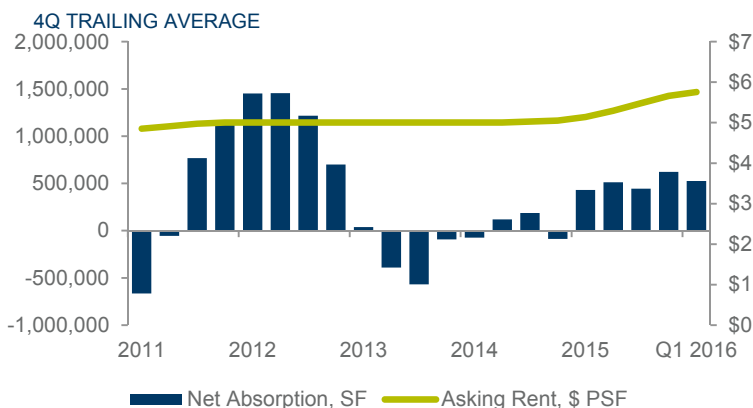
	Q1 15	Q1 16	12-Month Forecast
Montreal Employment	2.03 mil	2.05 mil	▲
Montreal Unemployment	7.6%	8.7%	▲
Canada Unemployment	6.8%	7.3%	▲

Market Indicators (Overall, All Product Types)

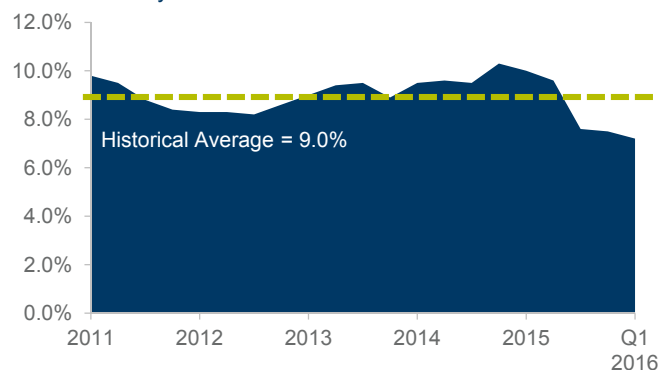
	Q1 15	Q1 16	12-Month Forecast
Vacancy	10.0%	7.2%	▼
Net Absorption (sf)	950,794	565,138	▼
Under Construction (sf)	1,049,480	1,186,981	▲
Average Asking Rent*	\$5.36	\$5.74	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent



Overall Vacancy



Economy

The Canadian economic situation finished 2015 on a positive note; and it is predicted that 2016 will continue to bring growth due to the low Canadian dollar, declining interest rates, and dipping oil prices. In Quebec, there was slower growth in 2015 than what was anticipated, yet there remains hope for economic progress. The recovery by the U.S. economy combined with the gains from the Ontario markets are expected to benefit Quebec's economy in 2016. An increase is predicted in exports of goods and services from Quebec, the result of the devaluation of the Canadian dollar and the drop in oil prices; both of which can potentially have a positive impact on the industrial real estate market in Quebec. From Q4 2015 to Q1 2016 the unemployment rate in Canada has slightly increased by 0.2 percentage points, largely due to layoffs in resource based industries; however, there has been a rise in the manufacturing sector, specifically in the smaller niche markets, due to a growing demand for custom, unique goods.

Market Overview

The industrial market in Montreal showed signs of improvement in Q1 2016 with a vacancy rate of 7.2%, close to three percentage points lower than Q1 2015. There remains a positive attitude and confidence among the buyers of industrial real estate in Montreal, who have been showing a willingness to invest and take risks in the year ahead. As new construction will be delivered in the coming months, landlords continue to invest in tenant improvements to retain their current tenants and gain new market players. Moreover, absorption for Q1 2016 stood at 565,138 square feet (sf), implying that the industrial market in Montreal is gaining momentum and 2016 is off to a strong start.

During the last year, the majority of the vacant space was concentrated in the West Island and Ville Saint-Laurent submarkets. This quarter the top vacancies were in the West Island and Montreal East submarkets. The average net rent for the Greater Montreal Area was \$5.74 per square foot (psf) this quarter decreasing by 1.4% compared to the last quarter. The additional rent was \$3.23 psf, an increase of 2.2% from Q4 2015.

Outlook

The industrial market in Montreal looks promising and there is great anticipation for the year ahead. There is increasing demand for warehouse and distribution facilities due to the growing e-commerce business, and Montreal is well positioned to meet that demand. There remains close to 1.2 million square feet under construction for the new FX-Tessier project in Vaudreuil that is slated for completion in June.

The real estate market continues to offer good investment opportunities for foreign investors who are willing to gain from a low Canadian dollar and from the low 0.5 % interest rate.

MARKETBEAT

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Montreal, QC



SUBMARKET	AVAILABLE FOR SALE (SF)	AVAILABLE FOR SALE/LEASE (SF)	AVAILABLE FOR LEASE (SF)	OVERALL VACANCY (SF)	OVERALL VACANCY RATE	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	DIRECT WEIGHTED AVG. NET RENT*	DIRECT WEIGHTED AVG. ADD. RENT	DIRECT WEIGHTED AVG. GROSS RENT
Montreal Midtown North	82,323	309,782	1,867,764	2,259,869	N/A	0	0	\$6.89	\$3.17	\$10.06
Montreal Midtown South	54,733	0	485,965	540,698	N/A	0	0	\$5.85	\$2.92	\$8.77
Montreal East	93,1738	351,744	2,555,676	3,839,158	N/A	0	0	\$5.21	\$2.76	\$7.97
Saint-Laurent	65,5981	288,673	2,363,553	3,308,207	N/A	765,000	0	\$5.35	\$3.51	\$8.86
Lachine	26,1681	302,321	1,243,803	1,807,805	N/A	0	0	\$5.29	\$3.14	\$8.43
West-Island	37,3703	1,575,751	3,124,271	5,073,725	N/A	130,482	0	\$5.57	\$4.34	\$9.91
West-Shore	28,000	0	53,412	81,412	N/A	189,100	0	\$6.92	\$4.82	\$11.74
Laval	334,852	388,694	894,027	1,617,573	N/A	102,399	0	\$6.48	\$3.64	\$10.12
North-Shore Laurentides	93,654	185,543	90,487	369,684	N/A	0	0	\$6.64	\$3.30	\$9.94
North-Shore Lanaudieres	8,500	289,304	8,000	305,804	N/A	0	0	\$6.17	\$2.43	\$8.60
South-Shore	158,378	332,409	877,997	1,368,784	N/A	0	0	\$5.81	\$3.15	\$8.96
GREATER MONTREAL TOTALS	2,983,543	4,024,221	13,564,955	20,572,719	7.5%	1,186,981	0	\$5.74	\$3.23	\$8.97

*Rental rates reflect asking \$psf/year
Source Altus Real Insite

Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
2200 Trans-Canada, Dorval	411,264	Intramodal Warehouses Inc.	New Lease	West Island
430 Stinson, Montreal	60,000	Linus Shops	New Lease	Midtown-North
2555 Dollard, Montreal	60,000	Labatt	New Lease	Midtown-South
440 Stinson, Montreal	32,277	Accurate Screen	New Lease	Midtown-North
6600 St-Urbain, Montreal	27,610	J.F.Rochefort Inc.	New Lease	Midtown-South
2099 Fernand-Lafontaine, Longueuil	23,523	Groupe Helios	New Lease	South-Shore

Key Sales Transactions Q1 2016

PROPERTY	SF	SELLER/BUYER	PRICE/ \$PSF	SUBMARKET
7101 Notre-Dame E, Montreal	599,504	Edgewell Personal /Energizer Canada	\$22,242,000 / \$37	Montreal East
79 to 90 F Brunswick /825 to 845 Tecumseh Pointe-Claire	296,252	Pacific International/9552715 Canada Inc.	\$16,139,935 / \$55	West Island
5575 to 5581 Royalmount, Montreal	196,283	4095057 Canada Inc./Automobiles Silver	\$10,000,000 / \$51	Midtown-North
5055 Courval, Montreal	68,442	Groupe Royal Inc./North American Profiles Canada Ltd	\$10,000,000 / \$146	Saint Laurent
22000 Route Transcanadienne, Baie-d'Urfé	308,445	BRE Canada/Developpement Olymbec Inc.	\$9,150,000 / \$30	West Island
20500 Clark-Graham, Baie-d'Urfé	42,280	Xaar Ressources Inc./9187-7621 Quebec Inc.	\$6,750,000 / \$160	West Island

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