CBRE

Downtown continues to lead as vacancy trends downward

▼ 18.0%
Vacancy Rate

▲ 333K
SF Net Absorption

▶ 0K
SF Under Construction

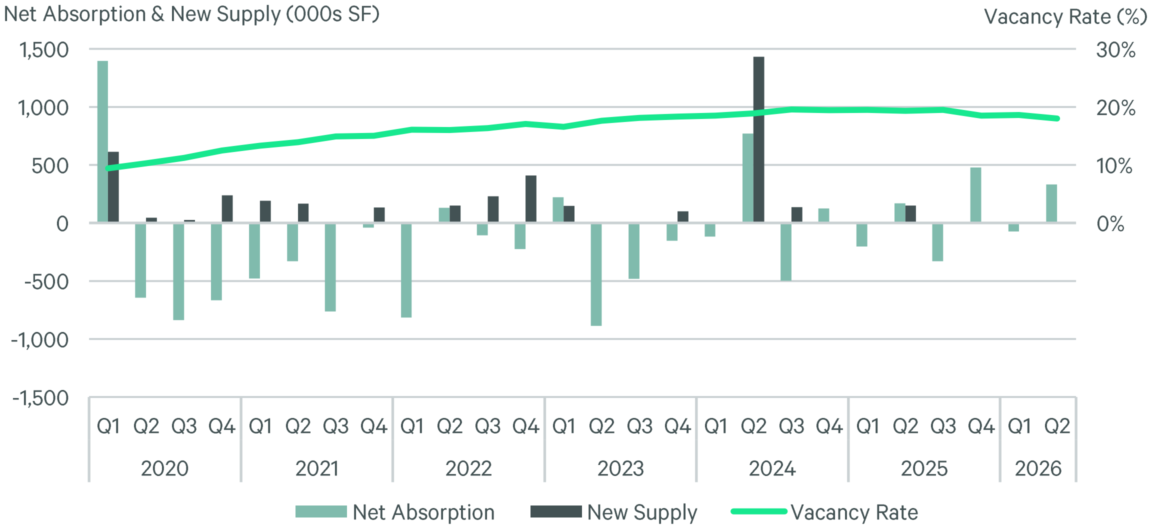
▼ $19.79
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Overview

- Class AAA net asking rents are hitting new highs as the range spread from a low of $33.00 to a high of $42.00 per sq. ft.
- Downtown Class A and B both registered three consecutive quarters of positive net absorption.
- Long-standing availabilities skew market vacancy as excluding listings marketed for more than 36 months reduces the vacancy rate from 18.0% to 12.4%.
- Overall vacancy for Class AAA rose to 6.3% but direct vacancy for this trophy category went down 10 basis points (bps) to 4.8%.
- Vacancy of 18.0% is the lowest figure since Q2 2023's 17.6%.
- Sublet vacancy for the Greater Montreal Area (GMA) decreased 12.4% to 1.4 million sq. ft.

FIGURE 1: GMA Supply & Demand



Source: CBRE Research, Q2 2026.

Net asking rent increases are concentrated at the top

Class AAA overall vacancy rose marginally to 6.3%, primarily because of sublet listings added in Q2. Direct vacancy in Class AAA declined to 4.8%. This tightening is influencing pricing trends and setting a new precedent in the market. Currently, occupiers seeking trophy space must contend with a landlord-dominant market. Buildings with mid- to low-single-digit vacancies are driving pricing, with the most in-demand properties asking as much as $42.00 per sq. ft. compared with the Class AAA average of $35.35 per sq. ft. In effect, an occupier's position on the quality spectrum now determines the market in which they are negotiating. The belief that the entire market is tenant favored is slowly eroding and that leverage is fixated more on a building-by-building case.

Downtown net absorption momentum continues

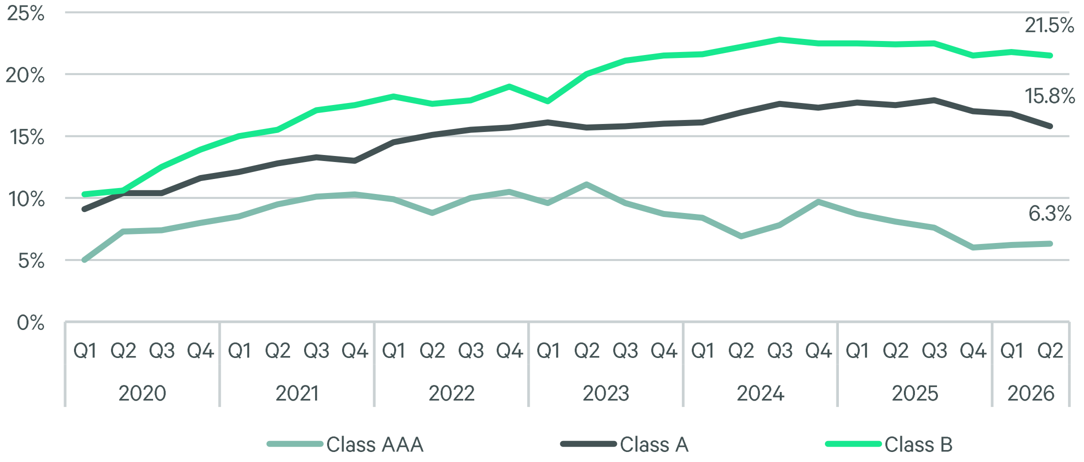
Downtown has recorded three consecutive quarters of positive net absorption. The last time this occurred was between Q1 2019 and Q3 2019. This signals that demand is gaining traction, particularly in the Class A category, which recorded 195,000 sq. ft. of net absorption. Transactions included approximately 95,000 sq. ft. at 1800 McGill College Avenue, 52,500 sq. ft. at 1801 McGill College Avenue, and more than 57,000 sq. ft. at 1001 Robert-Bourassa Boulevard.

The Downtown Class B sector also registered three consecutive quarters of positive net absorption, driven mainly by buildings connected to the underground network. Since Q2 2025, this Class B subcategory has recorded more than 205,000 sq. ft. of net absorption.

A potential new development for downtown

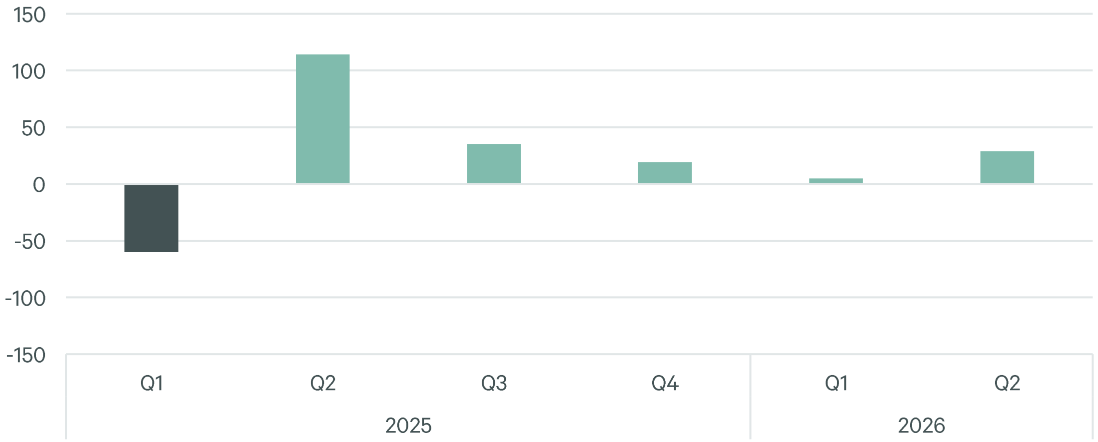
Rosefellow and Tsatas Properties have revealed plans for a mixed-use development that would combine hotelling, purpose-built rental housing, and office space if Montreal wins the bid against Ottawa, Toronto, and Vancouver for the Defence, Security and Resilience Bank. This would mark the next office development Downtown since 160 King Street in Cité Multimédia and 700/800 Saint-Jacques Street. Because the office portion would be occupied mainly by this tenant, however, the development would still not provide enough Class AAA space to satisfy demand for trophy suites.

FIGURE 2: GMA Historical Vacancy Rate by Class (%)



Source: CBRE Research, Q2 2026.

FIGURE 3: Downtown Net Absorption for Class B Buildings Connected to the Underground Network (000s SF)



Source: CBRE Research, Q2 2026.

An adjusted vacancy rate flips the script

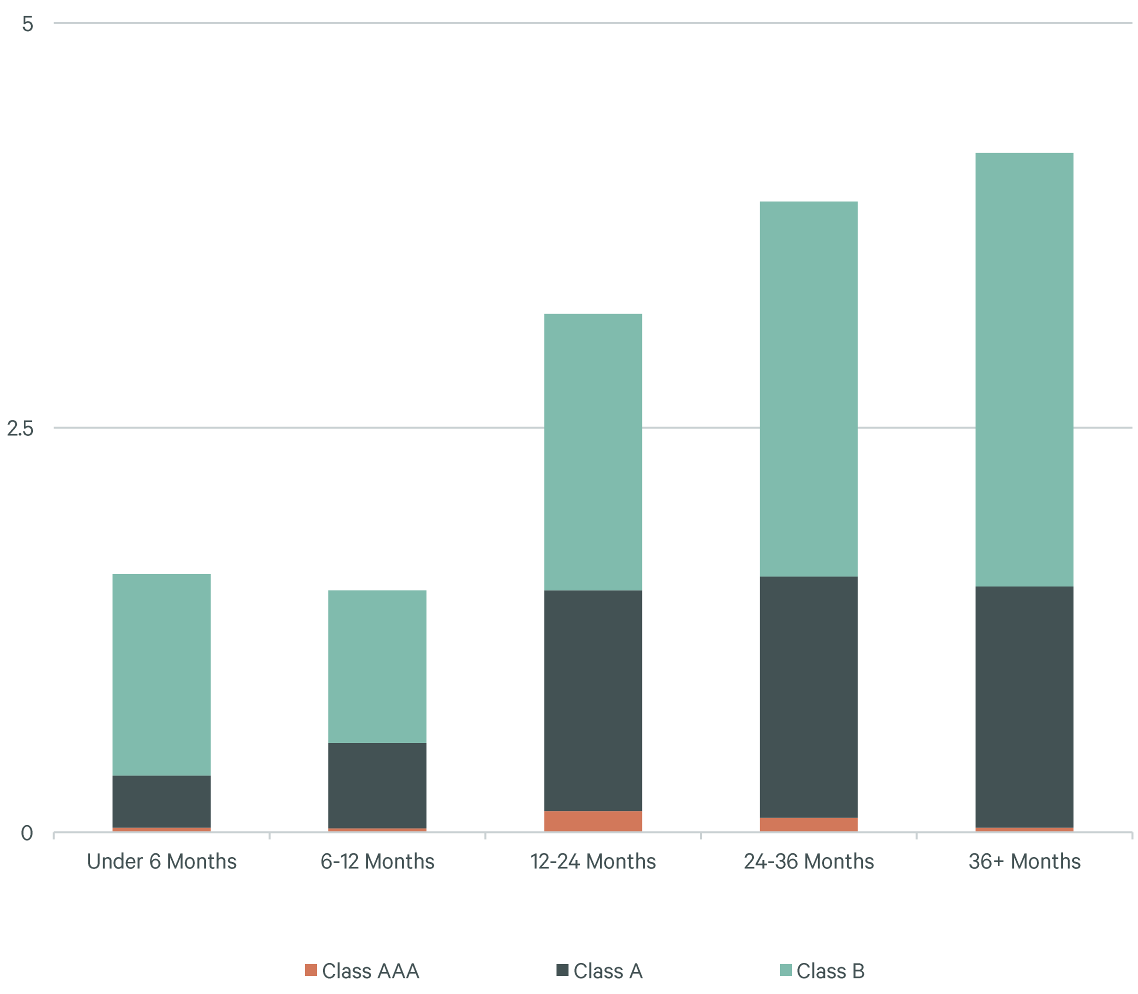
As occupier demand continues to concentrate in amenity-rich and recently upgraded suites, a growing disconnect has emerged between marketable space and the broader inventory of available space across the GMA. While the overall vacancy remains elevated at 18.0%, an analysis of days on market reveals that 31.1% of all available space has been listed for more than 36 months. Out of the 4.7 million sq. ft. that derives from the over 36-month category, 2.7 million sq. ft. is from Class B.

This analysis is more about the marketability of suites and less about a building's overall performance. For instance, there is a small fraction from Class AAA properties in both the 24-36 months and over 36 months categories, despite Class AAA out-performing the market. This anomaly in the dataset can be explained by individual suite concerns like sublets that have remained on market due to its size not being subdivisible effectively for subtenant needs.

Overall, one can conclude that listings on market beyond three years are less likely to be shortlisted by prospective occupiers during market surveys. Removing this subset of availabilities would contract vacancy considerably. That 18.0% figure would plummet to 12.4% and the effects would be even tighter on Downtown which would see overall vacancy decrease from 16.9% to 11.0%.

These adjusted vacancy rates change the narrative on the supply side for the Montreal office market. Touring is concentrated, options are tighter than they appear, and space that has been on market for a prolonged time are in dire need of being re-purposed or re-configured altogether.

FIGURE 5: Days on market of available space per category for the Greater Montreal Area (MSF)



Source: CBRE Research, Q2 2026.

FIGURE 7: Current GMA Office Market Statistics

Submarket	Inventory (SF)	Vacancy Rate (%)	Sublet Space (% of Vacant Space)	Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Avg. Net Asking Rent (PSF)	Avg. Additional Asking Rent (PSF)	Avg. Gross Asking Rent (PSF)
Central Core	25,272,857	17.0%	5.6%	155,676	212,463	0	$22.58	$23.17	$45.75
Downtown South	7,466,342	16.1%	9.0%	74,269	135,349	0	$25.78	$23.84	$49.62
Downtown West	3,784,923	16.1%	1.0%	8,646	47,555	0	$18.48	$19.59	$38.07
Downtown East	5,825,767	12.4%	28.3%	66,466	123,485	0	$18.12	$17.04	$35.16
Old Montreal	3,314,422	25.5%	5.7%	-50,281	-54,165	0	$21.75	$20.22	$41.97
Atwater/Westmount	1,738,066	20.5%	10.1%	-8,423	-60,171	0	$24.38	$17.96	$42.34
CBD TOTAL	**47,402,377**	**16.9%**	**8.0%**	**246,353**	**404,516**	**0**	**$22.39**	**$22.00**	**$44.39**
Midtown	16,699,949	21.2%	10.6%	31,076	-74,718	0	$16.89	$14.42	$31.31
West Island	8,318,789	18.0%	17.0%	73,385	6,212	0	$17.16	$14.20	$31.36
Laval	3,916,140	20.3%	4.8%	-32,784	-106,848	0	$15.78	$14.45	$30.23
East End	1,908,312	23.7%	4.6%	3,019	-1,202	0	$14.86	$18.37	$33.23
South Shore	5,103,408	13.5%	13.1%	11,448	30,000	0	$17.12	$13.60	$30.72
SUBURBAN TOTAL	**35,946,598**	**19.4%**	**11.1%**	**86,144**	**-146,556**	**0**	**$16.69**	**$14.57**	**$31.26**
GMA TOTAL	**83,348,975**	**18.0%**	**9.5%**	**332,497**	**257,960**	**0**	**$19.79**	**$18.61**	**$38.40**
LOFT OFFICE	**5,553,108**	**14.9%**	**13.8%**	**112,806**	**54,737**	**0**	**$18.29**	**$10.41**	**$28.70**

Source: CBRE Research, Q2 2026.

Market Area Overview

Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage.

Net Absorption: The change in Occupied sq. ft. from one period to the next.

Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate.

Vacancy Rate: Total vacant sq. ft. divided by the total building area.

Vacant Space: Space that can be occupied within 30 days.

New in this report

After reviewing methodology practices, Class AA properties have now been migrated into Class AAA or A, depending on their performance, discontinuing Class AA from being reported.

Survey Criteria

CBRE's market report analyses fully modern office buildings of 20,000+ sq. ft. across the GMA. CBRE assembles all information through telephone conversations and listings received from owners and members of the commercial real estate brokerage community.

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