

Downtown riding momentum while suburban markets lag

▲ 18.7%

Vacancy Rate

▼ -157.6K

SF Net Absorption

▶ 0K

SF Under Construction

▼ \$19.81

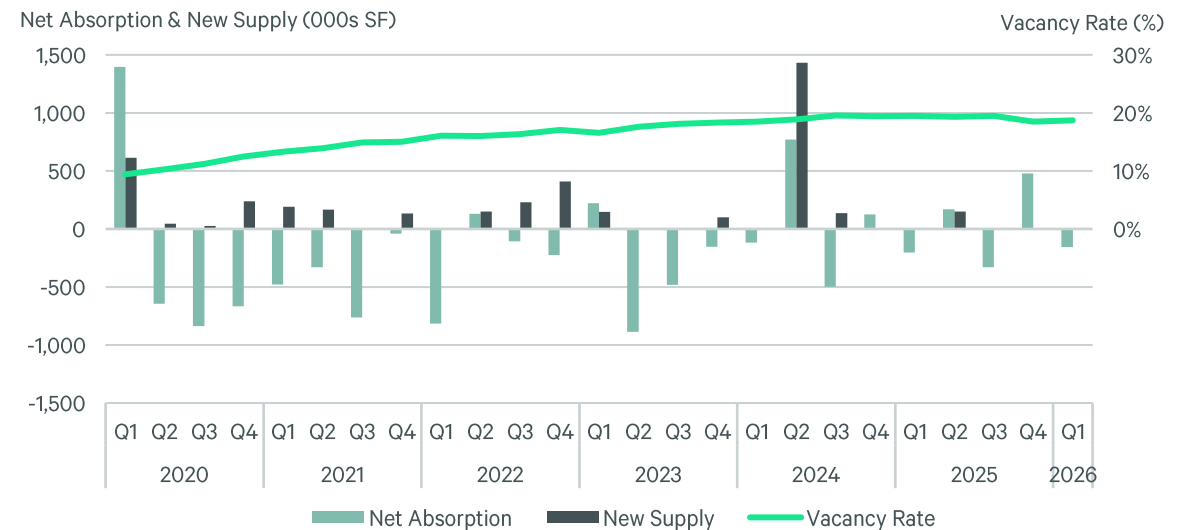
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Overview

- Downtown continues to perform as net absorption totalled nearly 141,000 sq. ft., with approximately 111,000 sq. ft. deriving from Class A.
- Class B properties connected to the underground network reported a fourth consecutive quarter of positive net absorption, totalling nearly 220,000 sq. ft. and underscoring transit accessibility as a highly valued amenity.
- Class AAA space remains scarce despite negative absorption this quarter. Vacancy is up 20 basis points (bps) QoQ to 6.2%, the lowest of all classes and still lower than the five-year average of 8.7%.
- The City of Montreal has mandated their three days a week in-person for all white-collar employees starting in September.
- The conviction buying trend that emerged during the second half of 2025 continued into 2026. Preliminary sales volume in the first quarter exceeded \$360 million, a figure over eight times higher than Q1 2025.

FIGURE 1: GMA Supply & Demand



Source: CBRE Research, Q1 2026.

Occupiers continue to flock Downtown

There was mixed movement in leasing to kick off 2026 as the Greater Montreal Area (GMA) saw a slight increase in the vacancy rate. This was highly concentrated within Class B assets located in Laval, Midtown, and the West Island. These three submarkets collectively accounted for nearly 290,000 sq. ft. of negative absorption.

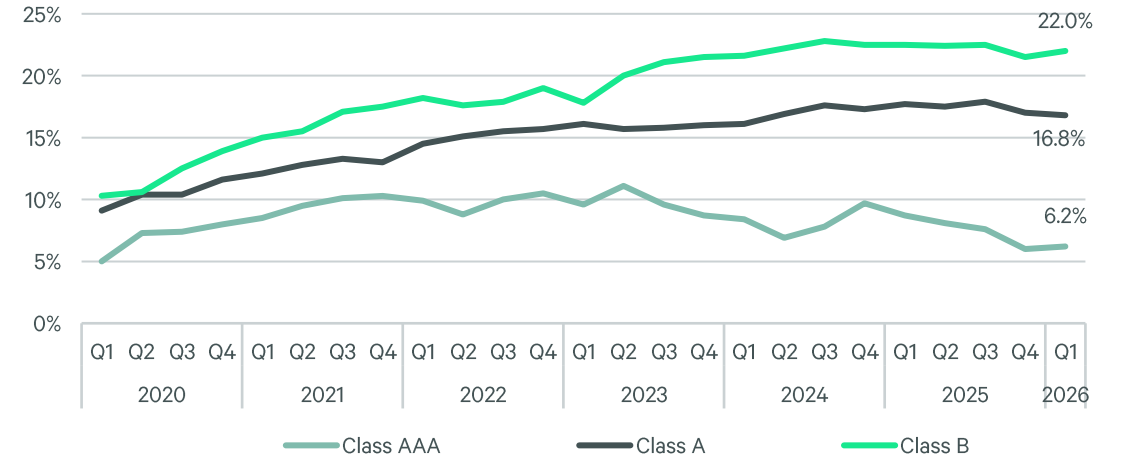
Downtown is a different story. Despite there being 8.4 million sq. ft. of vacant space, competition for quality space is tight. Occupiers maintain preference for turnkey solutions and that inventory is becoming scarce. Class A registered 111,000 sq. ft. of positive net absorption while Class B assets had 41,000 sq. ft.

Notable leases include 31,000 sq. ft. of turnkey space at 1981 McGill College Avenue, the largest sublet transaction of the quarter. Plug-and-play transactions represented 69,000 sq. ft. in positive absorption, highlighting sustained tenant demand for such opportunities. Looking ahead, broader leasing activity in the Central Core is expected to maintain momentum.

Proximity to transit is the most in-demand amenity for absorption

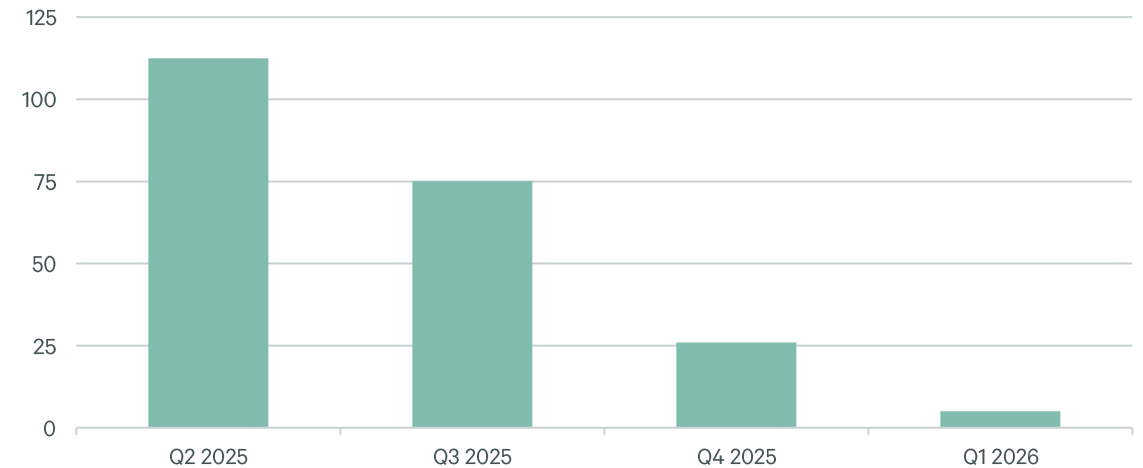
As availability within trophy assets and prime Class A space continues to tighten Downtown, the data suggests access to transit is becoming a key differentiator for Class B buildings. Presently, 56.0% of total vacant space derives from Class B. There is a “goldilocks” phenomenon for this class in terms of amenity preferences. The standout trend is how connection to the underground seems to be the distinguishing factor. For instance, Class B buildings linked to Montreal’s underground network recorded a fourth consecutive quarter of positive net absorption. Despite only 5,000 sq. ft. of positive absorption in Q1, there has been approximately 220,000 sq. ft. of net absorption since Q2 2025. Comparatively, unconnected Class B options totalled negative 59,000 sq. ft. for the same period. Class A is less impacted by this trend as the distance for many unconnected properties are a negligible time difference for transit access and have other amenities to compensate. As the West Island’s REM line is expected to be active in the spring, properties closest to the McGill and Central Station stops will be primary beneficiaries.

FIGURE 2: GMA historical vacancy rate by class (%)



Source: CBRE Research, Q1 2026.

FIGURE 3: Total net absorption for connected Class B properties Downtown, Q2 2025-Q1 2026 (000s SF)

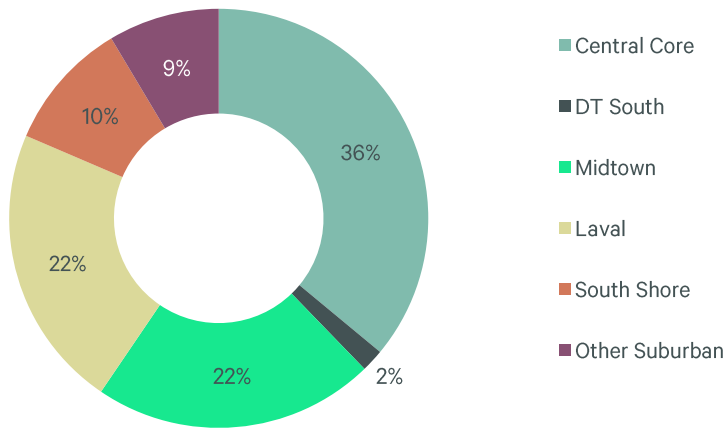


Source: CBRE Research, Q1 2026.

Investors signal a conviction buying trend for office properties

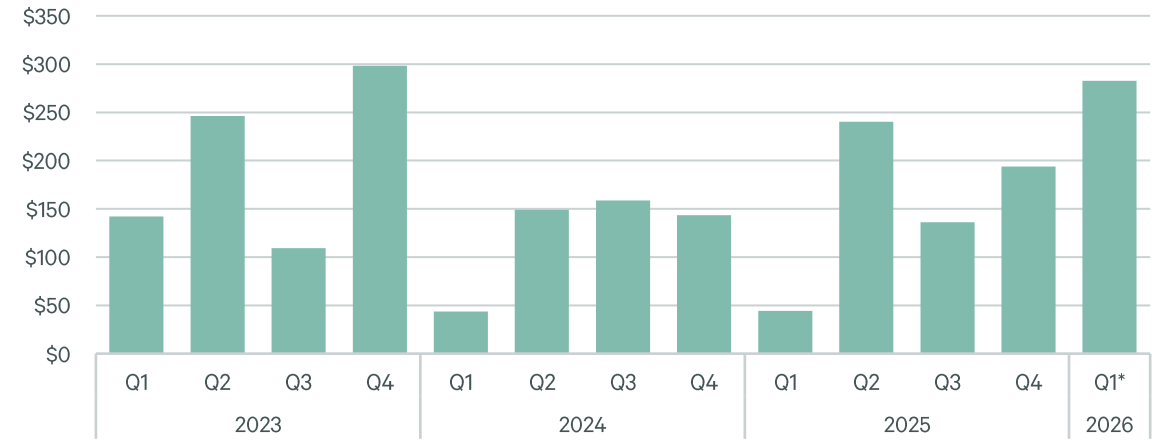
Office sales are accelerating as vacancy declines. Since 2025, ten investors have acquired more than 3.3 million sq. ft. of office. Activity has been heavily concentrated : preliminary sales volume show 61% of total space transacted since the start of the year 2026 has been in non-Class A building, with the remaining 39% found in Class AAA. Notable transactions include DekaBank’s acquisition of the Deloitte Tower, one of six AAA office buildings in the city. First-quarter preliminary sales volume exceeded \$360 million, more than eight times Q1 2025 levels, marking the strongest Q1 since office investment activity declined during the latter stages of the pandemic. Laurier Capital have been making a statement with two office transactions with 400 Atlantic Avenue (partnered with Mondev) and Gare Windsor (partnered with Group Society). Tidan also purchased 1130 Sherbrooke Street West. This signals a renewed confidence by investors to seize the next leasing cycle momentum, with certain new operators choosing to aggressively lower asking rents to compete. Investment activity is expected to remain active into Q2 as confidence continues to rebuild.

FIGURE 4: Transacted office properties since Q1 2025 by submarket (% of total SF transacted)



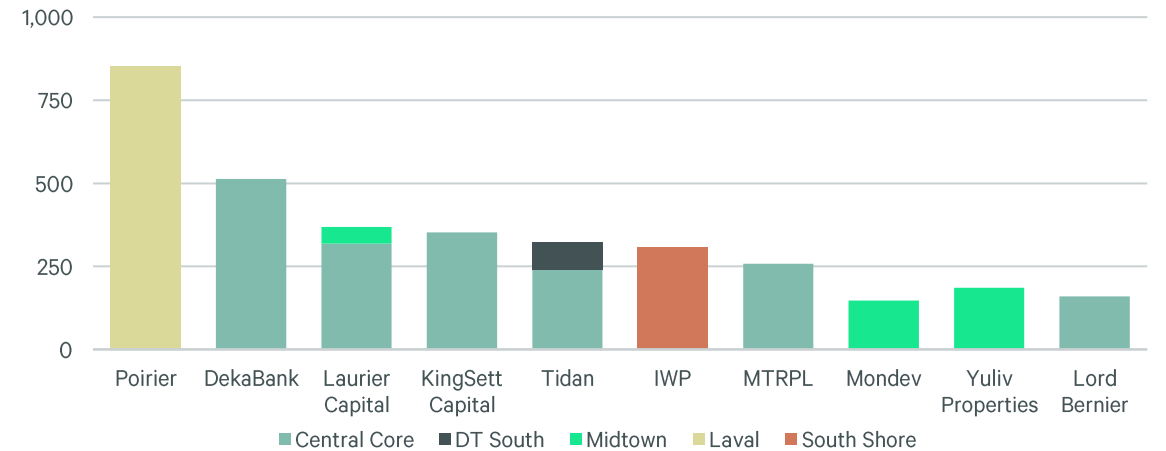
Source: CBRE Research, Q1 2026.

FIGURE 5: Office sales volume, 2023 – Q1 2026 (\$M)



*Preliminary
Sources: Altus Data Studio. March 16th 2026, CBRE Research, Q1 2026.

FIGURE 6: Top acquirers of office properties since Q1 2025 (000s SF)



Source: CBRE Research, Q1 2026.

FIGURE 7: GMA Office Market Statistics, Q1 2026

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	18.2%	5.6%	56,787	56,787	0	\$21.96	\$22.86	\$44.82
Downtown South	7,466,342	17.1%	11.1%	61,080	61,080	0	\$26.20	\$23.54	\$49.74
Downtown West	3,784,923	16.4%	1.1%	38,909	38,909	0	\$18.05	\$19.24	\$37.29
Downtown East	5,825,767	13.8%	31.9%	39,624	39,624	0	\$18.17	\$17.27	\$35.44
Old Montreal	3,314,422	24.0%	7.9%	-3,884	-3,884	0	\$22.10	\$20.86	\$42.96
Atwater/Westmount	1,738,066	20.0%	10.3%	-51,748	-51,748	0	\$24.19	\$18.15	\$42.34
CBD TOTAL	47,402,377	17.8%	9.0%	140,768	140,768	0	\$22.11	\$21.89	\$44.00
Midtown	16,715,520	21.4%	11.4%	-105,794	-105,794	0	\$17.38	\$14.47	\$31.85
West Island	8,318,789	19.7%	18.9%	-132,798	-132,798	0	\$17.12	\$14.21	\$31.33
Laval	3,916,140	19.5%	3.4%	-74,064	-74,064	0	\$15.88	\$14.64	\$30.52
East End	1,908,312	23.8%	4.4%	-4,221	-4,221	0	\$15.30	\$18.21	\$33.51
South Shore	5,103,408	13.8%	13.8%	18,552	18,552	0	\$17.27	\$13.41	\$30.68
SUBURBAN TOTAL	35,962,169	19.8%	12.1%	-298,325	-298,325	0	\$16.99	\$14.59	\$31.58
GMA TOTAL	83,364,546	18.7%	10.4%	-157,557	-157,557	0	\$19.81	\$18.61	\$38.42
LOFT OFFICE	5,537,537	16.9%	12.4%	-58,069	-58,069	0	\$18.31	\$10.88	\$29.19

Source: CBRE Research, Q1 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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