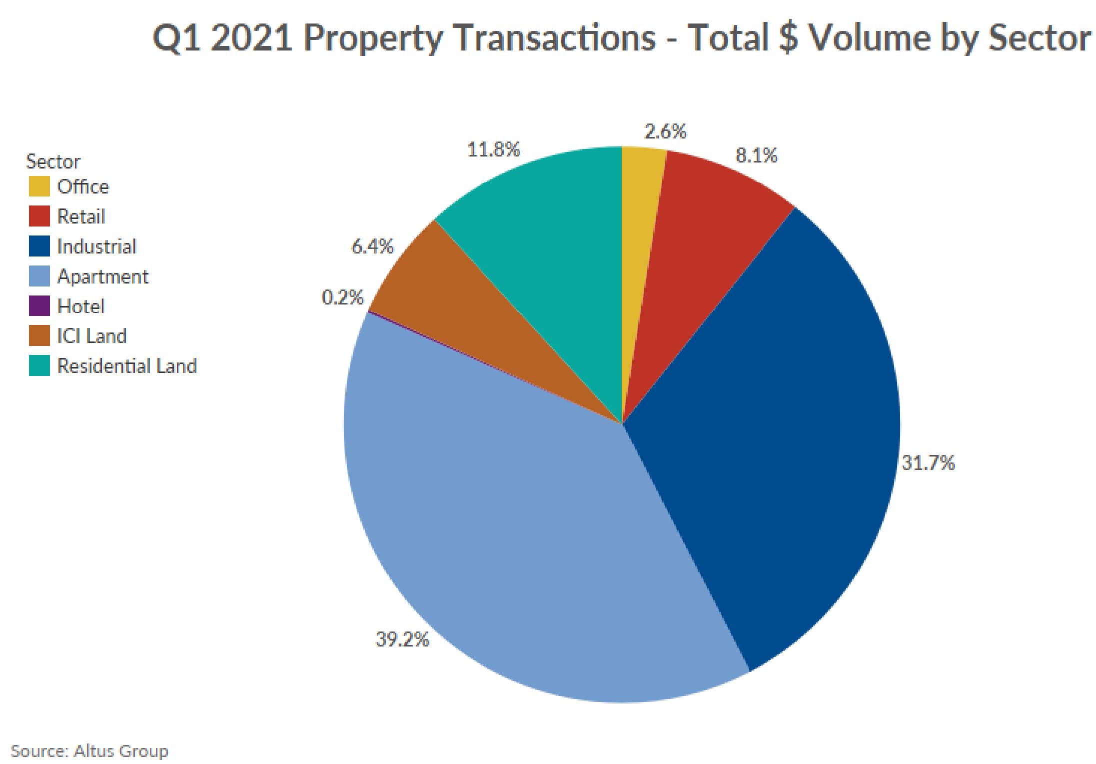
Montreal Market Area Commercial Q1 2021 Statistics

Altus Group

Q1 2021 summary

Despite the challenges and continued uncertainty brought on by the COVID-19 pandemic, which saw controversial lockdowns and further restrictive curfews take place in the Greater Montreal Area, investment activity in the first quarter carried positive momentum from the end of 2020.

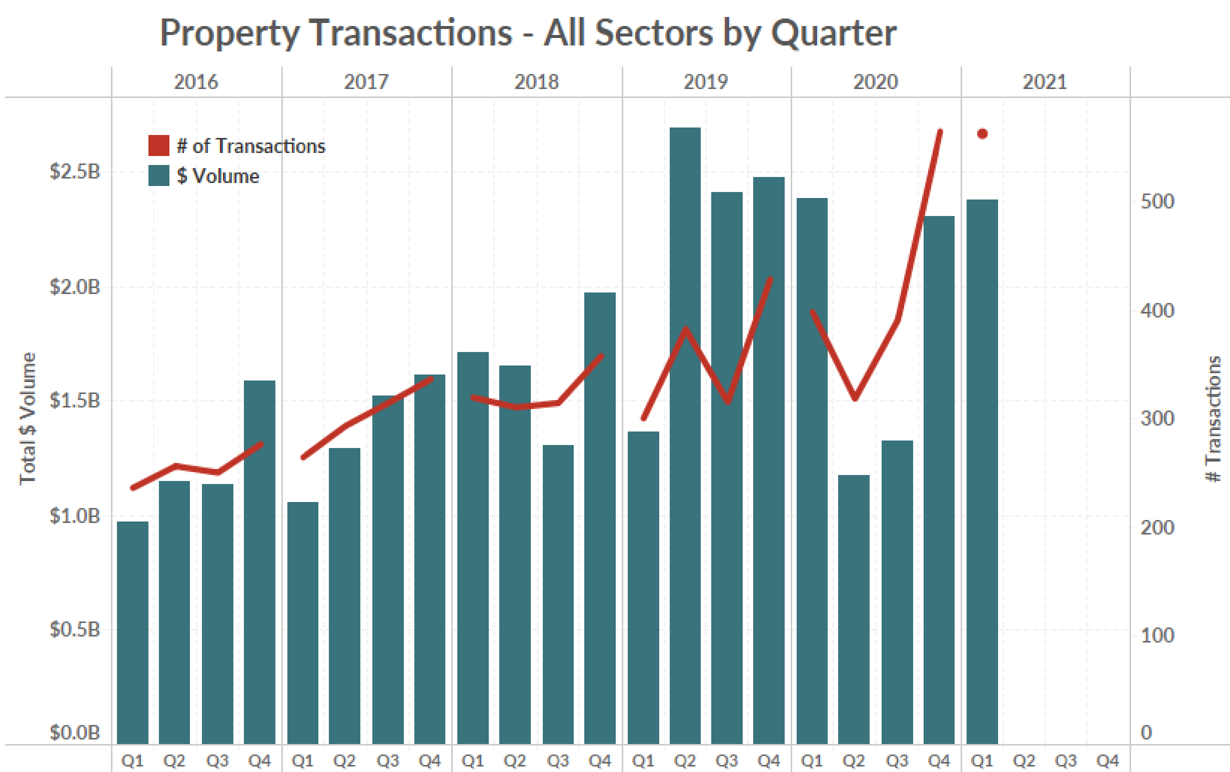
The Montreal market remained stable with total investment volume reaching $2.4 billion in Q1 2021, which was on par with the same quarter last year. Investment activity on the other hand increased significantly as Q1 2021 registered a total of 563 transactions, up 41% compared to Q1 2020. With continued investor interest in multi-residential assets, transaction counts in this sector far exceeded all others this quarter. While a bid-ask gap has persisted throughout the pandemic, recent increases in activity reflect a higher comfort level when it comes to prices among both buyers and sellers. Overall, the Greater Montreal Area has proven to be resilient and is currently experiencing record high levels of transaction activity as private investors take advantage of low interest rates.



As seen in previous quarters, the multi-residential asset class was a top performer in Q1 2021 registering a total investment volume of $931 million. This resulted from an astonishing 312 transactions which represents nearly 40% of total transaction volume seen this quarter. Coming in second place was the industrial sector, with $754 million in investment volume, a record high quarterly investment total for the industrial asset class. The appetite for industrial assets is no surprise given increasing tenant demand paired with the tight availability rates in the Montreal area, which sit at a record low 2.7% for Q1 2021. Due in part to pandemic-related challenges, the two sectors which saw investors shy away from were office and retail. Office investments only registered $62 million and retail investments came in at $193 million – a 92% and 58% decrease, respectively, compared to Q1 2020.

According to Altus Group's Investment Trends Survey for Q1 2021, despite experiencing a decrease in momentum this quarter, Montreal remains the third top preferred market by investors, alongside Ottawa. Survey results also reflect interest in industrial assets, with both single-tenant industrial and industrial land sitting among the top five preferred product-market combinations this quarter. Overall cap rates in Montreal saw a slight increase in Q1 2021 compared to the same quarter in 2020, while tier 1 regional mall rates increasing, single-tenant industrial decreasing and both downtown class AA office and suburban multiple unit residential remaining stable quarter-over-quarter.

The Greater Montreal Area has proven to be a strong and stable investment market overall. The first quarter of 2021 saw investors continue to target industrial and multi-residential assets which have proven to be more resilient given the unprecedented times, over assets such as retail and office which have been more directly impacted by current market conditions. With the completion of a strong first quarter, market conditions are encouraging and point to post-pandemic recovery.



Source: Altus Group

Notable Q1 Transactions

RAAMCO International - Les Immeubles Banvest Inc. Apartment Portfolio – Apartment

The most significant Montreal transaction across all sectors in Q1 2021 belongs to the closing of a multi-residential portfolio, which was sold by U.S. based RAAMCO International and was acquired by Les Immeubles Banvest Inc. Upon completion of the portfolio transaction, the total purchase price was $300 million. However, the first two properties within this portfolio closed in Q4 2020, with the remaining eight properties closing in Q1 2021 quarter for $224 million. The overall portfolio saw Les Immeubles Banvest Inc. absorb a total of 2,242 units across 70 multi-family buildings in ten Greater Montreal Area locations. These properties include Place Côte-Vertu in Ville-Saint-Laurent, and Renaissance in LaSalle. Although a portion of these properties will require capital for repairs and maintenance, the aggregated price per unit of $133,810 reflects strong growth potential to gradually bring current rents to market levels.

401 Marie-Curie Street, Vaudreuil-Dorion – Industrial

Dream Industrial REIT were prominent investors in the first quarter, with acquisitions totalling $194 million across four transactions. At $114 million and a price per square foot of $216, 401 Marie-Curie Street is the largest Montreal industrial transaction of the quarter in terms of price and building area. This class-A industrial building totals 527,391 square feet, with expansion capabilities of approximately 217,000 square feet with the vendor Groupe Quint having already begun the development of 127,000 square feet. The property is 100% leased and boasts an exceptional long-term tenant roster including Parmalat Canada and DLS Logistics Group.

3055 Anderson Street, Terrebonne – Industrial

The aforementioned Dream Industrial REIT also purchased this 365,694 square foot class-A warehouse and distribution centre located in Terrebonne for $62 million. Originally built in 2003 with an expansion completed in 2020, this industrial building is fully leased with a strong tenant roster from the logistics and aerospace manufacturing industries.

3500 Douglas-B. Floreani Street, Saint-Laurent – Industrial

Concert Properties made its first acquisition in Quebec with the $90.8 million purchase of this class-A, two-storey distribution centre, which is fully occupied by L'Oréal Canada with a weighted average lease term of 10 years. As L'Oréal's primary distribution center in Canada, the property has recently completed an expansion process adding 95,120 square feet. Once completed, the distribution center will total 424,422 square feet with 10% office-to-warehouse ratio, 38 truck-level doors, and 26 trailer parking stalls.

2770-2830 André Avenue, Dorval – ICI Land

This 26.2-acre, site which is currently improved with two industrial buildings, was acquired by the Montreal based developer Rosefellow for $34.3 million. With the increase in demand for industrial space in the Montreal market, the purchaser intends to transform this ideally situated site near the Pierre Elliot Trudeau International Airport into a multi-level distribution centre.

Office Transactions

Office activity continued to struggle into the first quarter of 2021 as year-over-year investment volume was down 92% from particularly strong performance seen in Q1 2020.

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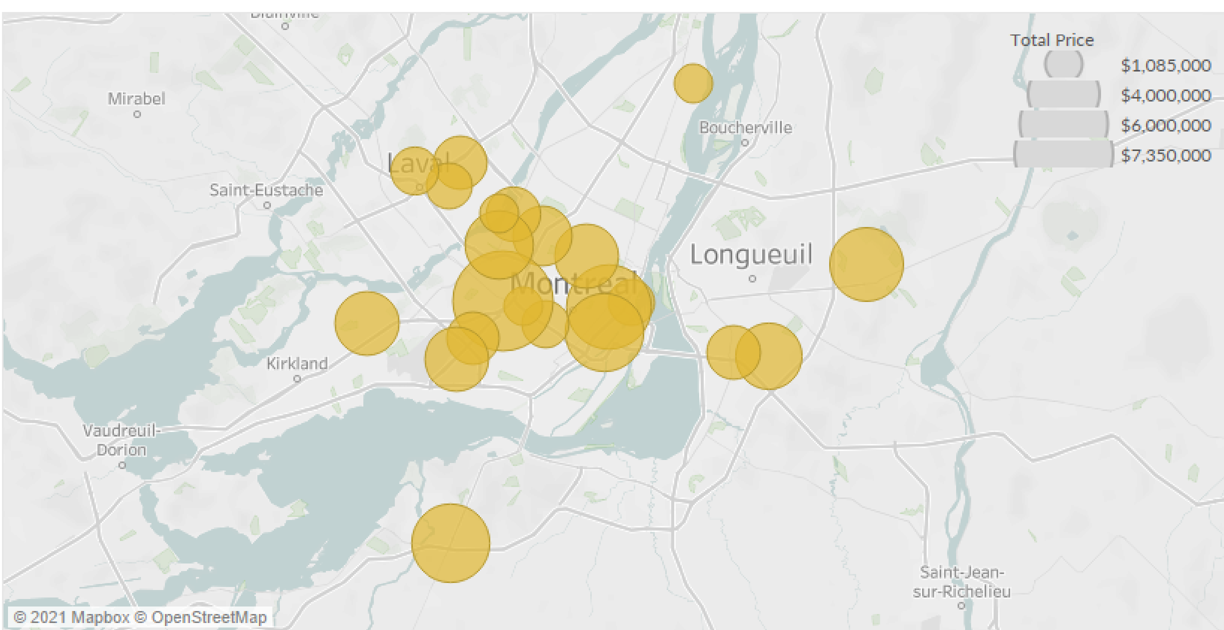
	Q1 2021		Q1 2020		YTD - Avg $/SF
	$ Volume	#	$ Volume	#	
Island of Montréal	$41.57M	14	$709.96M	20	$284
Laval	$6.40M	4	$26.20M	3	$163
Longueuil	$3.20M	1			$194
North Shore			$3.45M	2	
South Shore	$10.65M	3	$11.13M	4	$275
Grand Total	$61.82M	22	$750.73M	29	$257

Office - Significant Transactions Q1 2021

First Address	Region	Municipality	Total Price	Building Size	Price Per Sq. Foot
300 Marcel-Laurin Boulevard	Island of Montréal	Saint-Laurent	$7,350,000	50,253	$146
2115 de la Montagne Street	Island of Montréal	Ville-Marie	$5,250,000	8,972	$585
245 St-Jean-Baptiste Boulevard	South Shore	Châteauguay	$4,600,000	21,711	$212
3451 Saint-Jacques Street	Island of Montréal	Le Sud-Ouest	$4,500,000	15,000	$300
1579 Montarville Street	South Shore	Saint-Bruno-de-Mo..	$3,950,000	10,047	$393

Office Property Transactions - Q1 2021



Retail Transactions

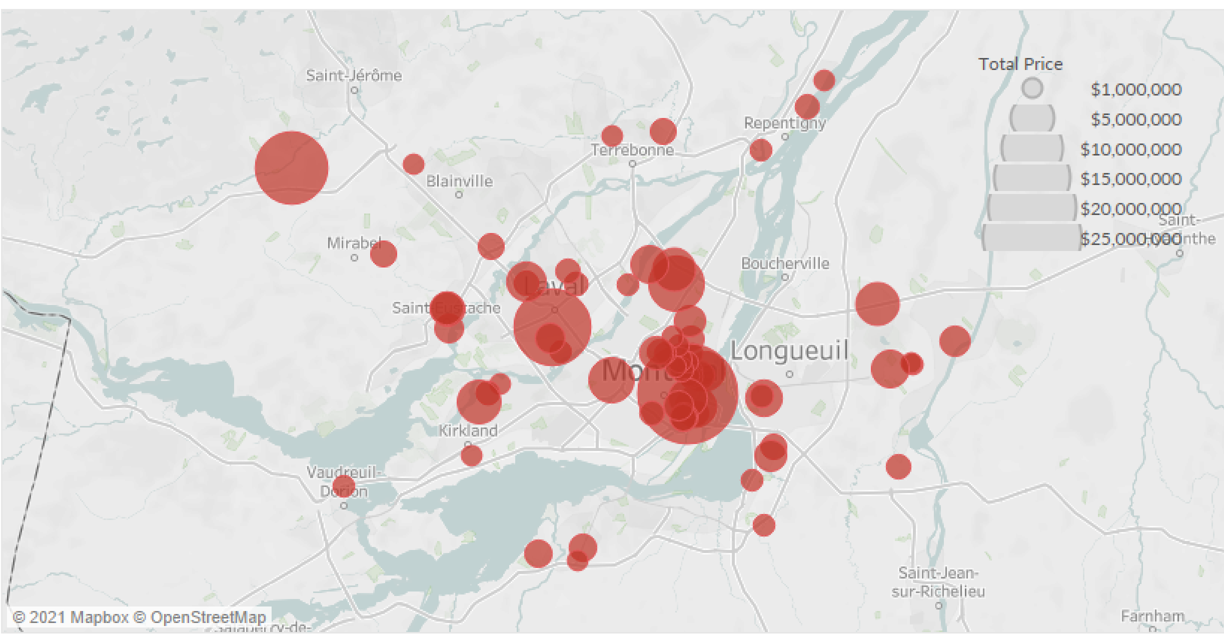
The retail sector, which had been resilient in the Montreal market in 2020, was off to a slow start in 2021 with overall investment down 58% from Q1 2020.

	Q1 2021		Q1 2020		YTD - Avg $/SF
	$ Volume	#	$ Volume	#	
Island of Montréal	$101.46M	34	$135.13M	35	$290
Laval	$28.05M	8	$272.50M	8	$253
Longueuil	$4.70M	3	$15.56M	3	$216
North Shore	$32.00M	12	$18.57M	9	$181
South Shore	$26.49M	14	$17.72M	8	$242
Grand Total	$192.70M	71	$459.48M	63	$255

Retail - Significant Transactions Q1 2021

First Address	Region	Municipality	Total Price	Building Size	Price Per Sq. Foot
1300 Sherbrooke West Street	Island of Montréal	Ville-Marie	$25,000,000	120,000	$208
2000 Chomedey Boulevard	Laval	Laval	$14,800,000	25,909	$571
13845 Saint-Simon Street	North Shore	Mirabel	$13,200,000	49,960	$264
8700 Langelier Boulevard	Island of Montréal	Saint-Léonard	$7,750,000	100,232	$77
1456 de l'Église Street	Island of Montréal	Saint-Laurent	$5,050,000	13,929	$363

Retail Property Transactions - Q1 2021



Industrial Transactions

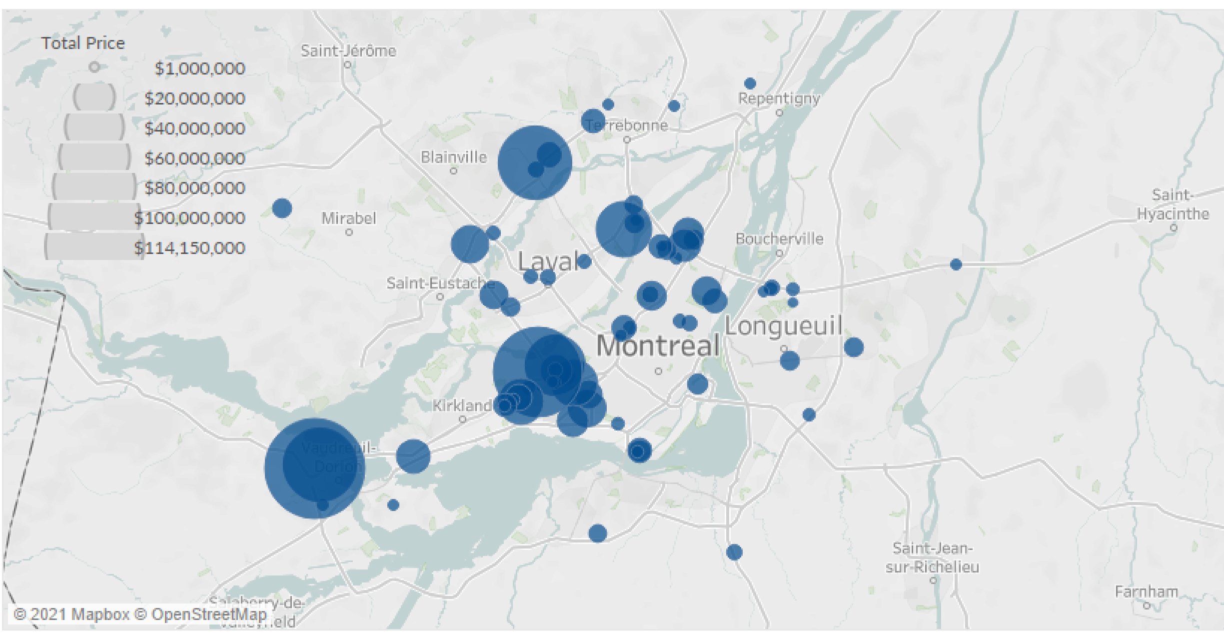
With high industrial demand, Q1 2021 saw $754 million in investment volume, more than double the total in Q1 2020 and the highest quarter recorded since Altus Group began tracking in 2016.

	Q1 2021		Q1 2020		YTD - Avg $/SF
	$ Volume	#	$ Volume	#	
Island of Montréal	$381.13M	40	$178.98M	31	$131
Laval	$63.51M	9	$40.78M	6	$179
Longueuil	$11.58M	5	$17.68M	3	$78
North Shore	$104.51M	10	$37.41M	15	$153
South Shore	$193.63M	10	$95.07M	12	$182
Grand Total	$754.36M	74	$369.92M	67	$143

Industrial - Significant Transactions Q1 2021

First Address	Region	Municipality	Total Price	Building Size	Price Per Sq. Foot
401 Marie-Curie Street	South Shore	Vaudreuil-Dorion	$114,150,000	527,391	$216
3500 Douglas-B. Floreani Street	Island of Montréal	Saint-Laurent	$90,750,000	424,422	$214
3500 F.-X.-Tessier Street	South Shore	Vaudreuil-Dorion	$62,325,000	216,114	$288
3055 Anderson Street	North Shore	Terrebonne	$61,750,000	365,694	$169
8000 Henri-Bourassa Boulevard West	Island of Montréal	Saint-Laurent	$41,289,000	300,000	$138

Industrial Property Transactions - Q1 2021



Apartment Transactions

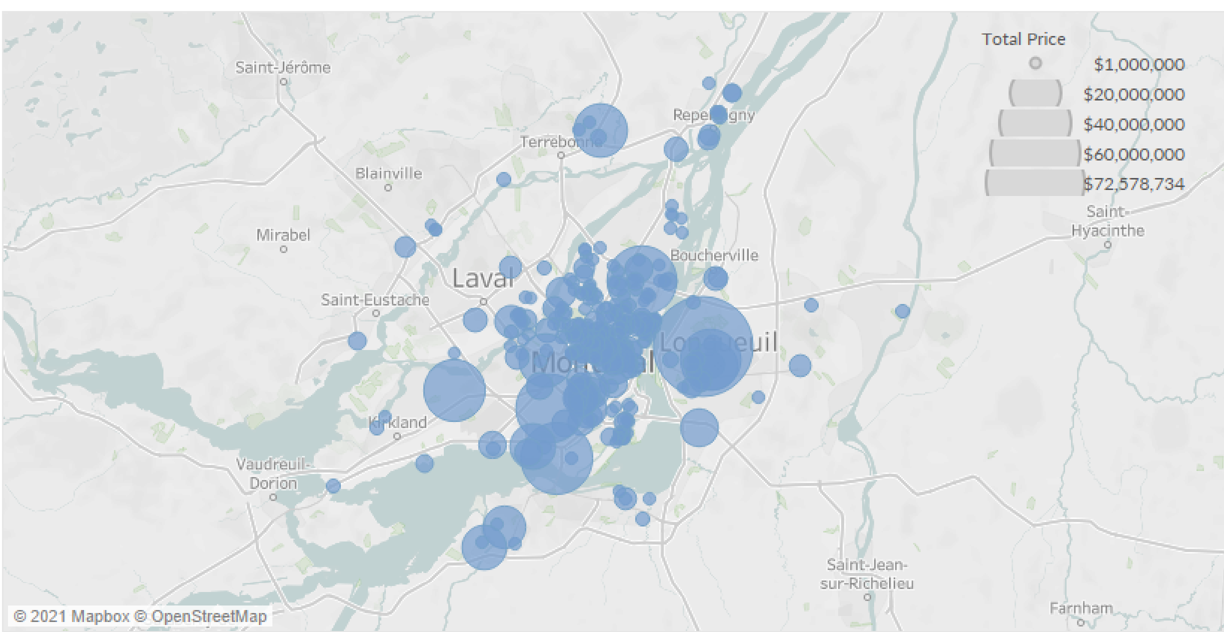
The multi-family sector, which also set a new record high since 2016, continues to attract investor interest and performed well in Q1 2021 with transaction volumes up 57% over Q1 2020.

	Q1 2021		Q1 2020		YTD - Avg $/Unit
	$ Volume	#	$ Volume	#	
Island of Montréal	$638.40M	245	$520.04M	152	$203,611
Laval	$30.37M	14	$10.59M	5	$153,369
Longueuil	$99.55M	14	$23.88M	11	$133,029
North Shore	$57.70M	21	$28.29M	16	$174,449
South Shore	$105.36M	18	$9.13M	5	$147,627
Grand Total	$931.36M	312	$591.92M	189	$192,963

Apartment - Significant Transactions Q1 2021

First Address	Region	Municipality	Total Price	Number of Units	Price Per Uni
2355 Bellerose Street	Longueuil	Vieux-Longueuil	$72,578,734	556	$130,537
270 Vézina Street	Island of Montréal	LaSalle	$37,618,662	260	$144,687
5975 de l'Authion Avenue	Island of Montréal	Mercier-Hochelaga-Maisonneu..	$35,000,000	317	$110,178
5885 Cavendish Boulevard	Island of Montréal	Côte-Saint-Luc	$34,000,000	94	$361,702
299 Spring Garden Street	Island of Montréal	Dollard-des-Ormeaux	$27,602,123	220	$125,464

Apartment Property Transactions - Q1 2021



Hotel Transactions

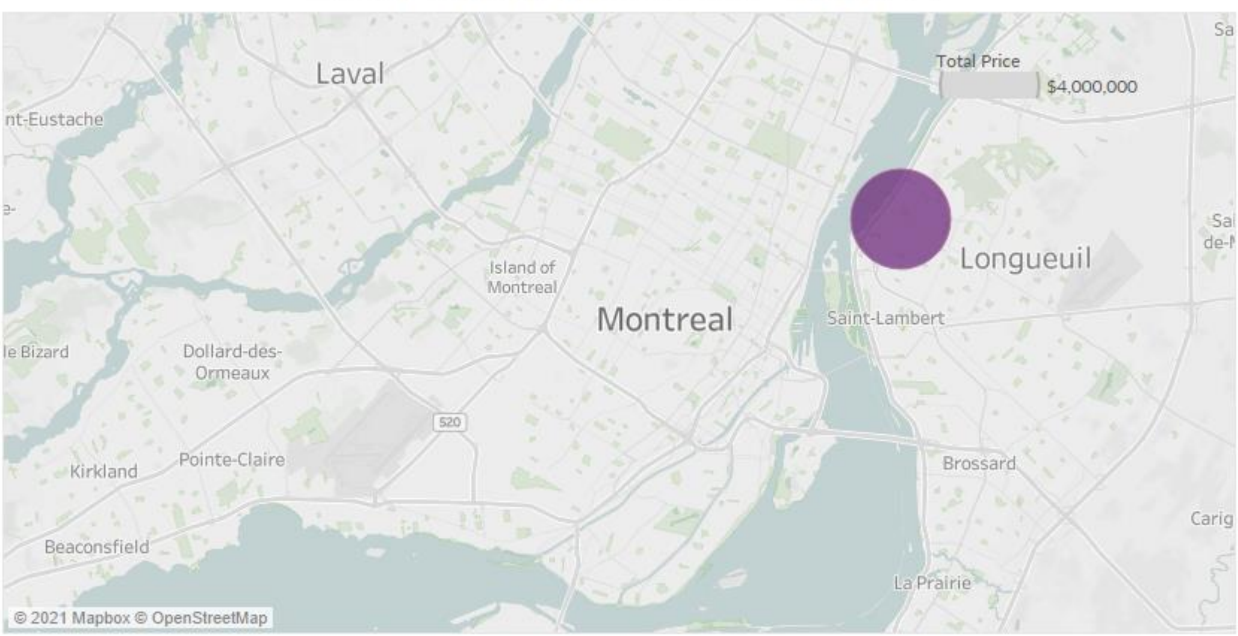
Hotel investments are typically quite inconsistent, though Q1 2021 did register one transaction worth $4,000,000.

	Q1 2021		Q1 2020		YTD - Avg $/Room
	$ Volume	#	$ Volume	#	
Island of Montréal			$16.55M	5	
Laval					
Longueuil	$4.00M	1			$35,398
North Shore					
South Shore					
Grand Total	$4.00M	1	$16.55M	5	$35,398

Hotel - Significant Transactions Q1 2021

First Address	Region	Municipality	Total Price	Number of Rooms	Price Per Room
460 de Chambly Road	Longueuil	Vieux-Longueuil	$4,000,000	113	$35,398

Hotel Property Transactions - Q1 2021



ICI Land Transactions

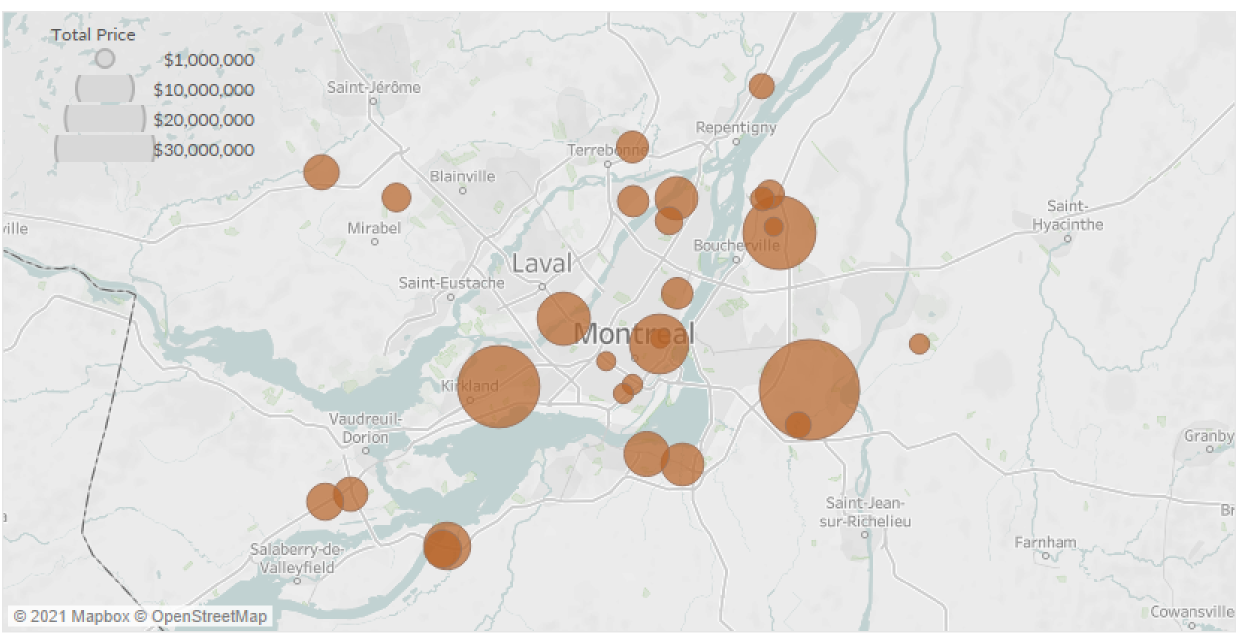
Investment in the Montreal ICI Land market has been steady throughout the pandemic. This momentum has carried into the first quarter of 2021 with investment volumes up 107% from the previous year.

	Q1 2021		Q1 2020		YTD - Avg $/Acre
	$ Volume	#	$ Volume	#	
Island of Montréal	$45.94M	9	$5.48M	2	$578,936
Laval	$11.40M	2	$25.18M	5	$1,260,846
Longueuil					
North Shore	$11.23M	4	$12.77M	3	$589,847
South Shore	$84.27M	13	$30.41M	9	$261,723
Grand Total	$152.84M	28	$73.84M	19	$460,836

ICI Land - Significant Transactions Q1 2021

First Address	Region	Municipality	Total Price	Lot Area	Price Per Acre
Bellerive Road	South Shore	Carignan	$30,000,000	154.164	$194,598
6000 Transcanada Highway	Island of Montréal	Pointe-Claire	$20,000,000	13.667	$146,338
201 de l'Énergie Road	South Shore	Varennes	$16,000,000	21.072	$759,305
3523 Saint-Laurent Boulevard	Island of Montréal	Le Plateau-Mont-Royal	$10,535,795	0.460	Null
LOT des Prairies Boulevard	Laval	Laval	$8,499,520	3.446	$2,470,791

ICI Land Property Transactions - Q1 2021



Residential Land Transactions

The residential land sector appears to be on the upswing, as buyers look for available development land. Overall investment volume was up to $280 million in Q1 2021, a 125% increase over Q1 2020.

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	Q1 2021		Q1 2020		YTD - Avg $/Acre
	$ Volume	#	$ Volume	#	
Island of Montréal	$143.19M	20	$96.71M	16	$8,226,816
Laval	$4.95M	1	$20.79M	7	$1,738,581
Longueuil	$15.17M	3	$1.00M	1	$1,794,298
North Shore	$49.19M	16	$1.41M	1	$1,411,492
South Shore	$67.70M	15	$4.80M	2	$1,028,842
Grand Total	$280.20M	55	$124.71M	27	$2,410,207

Residential Land - Significant Transactions Q1 2021

First Address	Region	Municipality	Total Price	Lot Area	Price Per Acre
Robert Boulevard	Island of Montréal	Saint-Léonard	$38,290,619	1.987	$19,338,697
Montfort Street	Island of Montréal	Ville-Marie	$19,000,000	0.372	Null
1800 Yvette-Brillon Street	Island of Montréal	Ahuntsic-Cartierville	$16,682,873	1.110	$15,029,345
Colomb Avenue	South Shore	Brossard	$13,440,000	5.177	$2,596,294
2040 Peel Street	Island of Montréal	Ville-Marie	$13,427,500	0.133	Null

Residential Land Property Transactions - Q1 2021