Montreal’s Office Rent Landscape in the Post-COVID Era (2022–2025)

By 2727 Coworking Published May 21, 2025 30 min read

Montreal’s Office Rent Landscape in the Post-COVID Era (2022–2025)

Introduction

Montreal’s office market has undergone significant shifts in the wake of the COVID-19 pandemic. Since 2022, average rents and vacancy rates for office space have been in flux as companies reassess their space needs amid hybrid work models and economic changes. This report provides a comprehensive survey of Montreal’s post-COVID office rental trends, including how prices differ by office class (A, B, C), the impact of coworking vs. traditional leases, and variations across major districts like Downtown, Mile-Ex, Griffintown, and Old Montreal. We also examine vacancy and sublease trends, expert insights from real estate analysts, and key factors (from remote work to economic recovery) influencing rents. The goal is to give Montrealers and observers a clear picture of **office rent levels since 2022** and what they reveal about the city’s evolving workspace dynamics.

Post-COVID Market Overview (2022–2024)

After a decade of tightening vacancy and rising rents, the pandemic abruptly reversed Montreal's office market momentum. In **2019**, Greater Montreal's office vacancy rate had fallen to about **9.6%**, reflecting a landlord-favorable market avisonyoung.ca. By early 2022, however, downtown office vacancies had nearly doubled to **16.9%** renx.ca as companies embraced remote work and put space on the market. Average asking rents, which had been **stable around $22 per sq. ft. for downtown Class A offices nationally** in 2019, remained relatively flat through the pandemic's early years renx.ca. Montreal's **average net office rent** in early 2023 was about **$18.68 per sq. ft.** (all classes) renx.ca, essentially unchanged from pre-COVID levels even as vacancies climbed. This resilience in face rents is partly due to landlords offering more concessions (free rent periods, improvement allowances) instead of cutting asking rates directly.

Figure 1: Greater Montreal office vacancy rate, 2019 vs. post-COVID. Vacancy roughly doubled from under 10% pre-pandemic to around 17% by 2022, and continued to rise to over 19% by late 2024 renx.ca cresa.com.

Through **2022 and 2023**, Montreal's office vacancy hovered in the mid-to-high teens (%), indicating a tenant-favorable market not seen in years cresa.com. By Q4 2023, the overall vacancy rate across the Greater Montreal Area (GMA) reached approximately **17.2%**, a **30 basis point** uptick from the previous quarter cresa.com. Going into late 2024, vacancies edged even higher – about **19.1%** across GMA as of Q4 2024 cresa.com – reflecting continued softness in demand. Importantly, these vacancies are not uniformly distributed: they are concentrated in certain building classes and submarkets, as we will explore. On the supply side, new construction has slowed dramatically (only ~235,000 sq. ft. of new office space was slated for delivery in 2024 cresa.com), which should help prevent a glut. Overall, **post-COVID Montreal has shifted to a renter's market**, with high availability giving tenants more bargaining power on rent and lease terms.

Class A, B, C Offices: A Flight to Quality

One of the clearest trends post-2020 is the **"flight to quality"** – tenants are gravitating to modern Class A and AAA offices, often at the expense of older Class B and C buildings renx.ca renx.ca. Higher-quality buildings with better ventilation, amenities, and location are seen as a tool to entice employees back to the office, whereas dated offices are struggling to retain tenants. This divergence is evident in both **vacancy rates** and **rental pricing** by class:

- **Class A & AAA** (top-tier buildings): Demand has remained relatively robust. By early 2023, **all metrics were "pretty healthy" in A-class inventory across markets**, according to JLL Canada CEO Allan MacKenzie renx.ca. In Montreal, premium "trophy" downtown towers (Class AAA) had an availability rate under **10% in Q1 2024**, with only ~600,000 sq. ft. of direct space available in this segment avisonyoung.ca. These buildings are even registering **rent increases**: landlords of AAA towers in downtown Montreal have been able to push rents upward annually cresa.com. As of late 2024, downtown AAA offices averaged only **8.3% vacancy** and were commanding **gross rents above $70 per sq. ft.** (including service charges/taxes) in some cases cresa.com. This implies net rents in the high-$40s or more – a very high benchmark for the Montreal market. Regular Class A buildings (non-trophy) are also benefiting: owners have been investing in **modernizing Class A assets** (new amenities, tech, common areas) to capture tenants leaving lesser buildings avisonyoung.ca. **Net asking rents for renovated Class A space have exceeded $27 per sq. ft. downtown** in recent lease transactions avisonyoung.ca. For context, **downtown Class A average net rent was about $23.18 per sq. ft.** in late 2023 cbre.ca, versus the mid-$20s pre-pandemic, indicating slight growth. In suburban Montreal Class A properties, asking nets have reached the low-$20s (e.g. ~$16 per sq.ft on average, with some higher-end suburban offices hitting $22) avisonyoung.ca cbre.ca.

- **Class B & C** (older, less prestigious stock): These buildings have been hit hardest by the drop in demand. Many tenants in B/C properties downsized or *"traded up"* to better space when faced with renewing, leaving behind higher vacancies in this tier renx.ca renx.ca. By late 2024, Class B offices in Montreal were **averaging ~22.3% vacancy** – the highest of any class cresa.com. Landlords of B and C buildings are frequently forced to lower rents or offer hefty incentives to attract tenants. **"B- and C-class product is really under attack with low demand and declining rental rates,"** MacKenzie noted in early 2023 renx.ca renx.ca. In Montreal, **asking rents for B-grade offices have in fact *declined*** since 2020 roar-assets-auto.rbl.ms. As an example, a typical downtown Class B building might ask in the mid-teens per square foot net (roughly **$15–$18 net**), with some even lower. Cresa's Q4 2024 report shows **Class B landlords asking around $32–$33 gross** (including operating costs) cresa.com cresa.com, which nets out to the mid-teens and is roughly half the cost of top-tier downtown space. Even at those rates, many Class B/C owners remain **"highly incentivized and negotiable"**, often agreeing to shorter lease terms and significant build-out allowances to secure deals renx.ca cresa.com. The result is a widening gulf: **premium Class A/AAA space is getting leased (and even setting rent highs), whereas Montreal's Class B/C offices face elevated 20%+ vacancies and stagnant or falling rents** cresa.com renx.ca.

This flight-to-quality is also evident in absorption trends. **Sublease availability and downsizing** have disproportionately impacted older buildings. Sublease space coming onto the Montreal market tends to be **in B/C properties that tenants are exiting**, whereas prime buildings have seen less give-back and even some positive absorption renx.ca. Indeed, Colliers reported that in Montreal by late 2022, **AAA and A-class downtown spaces were being absorbed at a higher rate, *"at the expense of B- and C-class spaces"*** renx.ca. The overall picture is one where **Class A/AAA landlords maintain relatively strong rent levels and moderate vacancy, while lower classes struggle with much higher vacancy and rent concessions**. This dynamic is prompting serious discussions on what to do with underperforming older offices – including conversions to other uses.

The Adaptive Reuse Discussion

With a chunk of Montreal's B/C office stock languishing, property owners and city planners have started exploring **adaptive reuse** (converting offices to residential or other purposes) to reduce the oversupply. **"Obsolete office buildings"** that might lend themselves to residential conversion are a hot topic avisonyoung.ca. Removing even a few large outdated buildings from inventory could meaningfully improve downtown vacancy rates. For example, **only one office building (16 Place du Commerce, Nun's Island) has been converted to apartments so far (in 2022) avisonyoung.ca**, but more projects are under study. Avison Young notes that **three downtown buildings – 1245 Sherbrooke W., 625 René-Lévesque W., and 895-935 De La Gauchetière W. – are being evaluated for conversion**. Together, those would take nearly **1 million sq. ft. off the office market, potentially *reducing downtown vacancy by 1.0–1.5 percentage points*** avisonyoung.ca. While conversions are complex (and not all buildings are suitable), the **worsening outlook for Class B/C offices** is likely to *"incentivize these owners to consider those conversions"* renx.ca renx.ca. Montreal is watching Calgary's example, where incentives for office-to-residential projects helped cut that city's core vacancy. In the meantime, many landlords of older offices are pursuing another strategy: **renovations and amenity upgrades** to reposition their buildings and stem tenant loss. This "accelerated modernization" is an attempt to compete with true Class A space avisonyoung.ca. How successfully B/C assets can be repurposed or upgraded will influence Montreal's rent segmentation in the coming years.

Coworking vs. Traditional Offices

The **coworking sector** in Montreal went through a boom-and-bust cycle during the pandemic, but it remains an important element of the post-COVID office landscape. Prior to 2020, coworking spaces (like WeWork, Spaces, and local operators) were rapidly expanding as freelancers, startups, and even big firms sought flexible, plug-and-play offices. The pandemic dealt a major blow to coworking – usage plummeted during lockdowns, and the largest provider, **WeWork, filed for bankruptcy in late 2023** cbre.ca. In Montreal, WeWork's retrenchment led to the **surrender of two entire floors (about 60,000 sq. ft.) at 1010 Ste-Catherine Ouest** back to the market cbre.ca, suddenly adding to downtown vacancy. This raised questions about whether the coworking concept could survive the remote-work era.

However, recent trends suggest **coworking is adapting rather than disappearing**. **"The coworking sector is changing rapidly,"** says Nari Aznavour, a Montreal office leasing specialist who previously oversaw WeWork locations cbre.ca. WeWork itself has been renegotiating leases and partnering with landlords to stay viable, while competitor IWG (Regus/Spaces) is **rolling out new partnership models** where landlords operate flexible space under IWG's brand cbre.ca. For example, IWG's Spaces opened a **65,000 sq. ft. coworking site at Square Victoria** via such a partnership in Montreal cbre.ca. Local coworking operators have also emerged or expanded, often tailoring spaces to niche communities (e.g. tech incubators in Mile-End or creative hubs in Old Montreal).

From a **pricing standpoint**, coworking membership **rents tend to be higher on a per-square-foot basis than traditional office leases** cbre.ca. It's not uncommon for a dedicated desk or small office in a coworking center to amount to **well above $40–$50 per sq. ft. annually** when normalized, whereas conventional office leases in Montreal average in the teens or twenties per sq. ft. net. **Operators charge a premium for flexibility and turnkey convenience** – spaces come fully furnished, with short-term commitments and amenities like coffee, reception, and IT infrastructure. Aznavour notes that this **"elastic model"** is valuable for companies uncertain about future headcount: it lets them expand or contract on short notice cbre.ca. During the pandemic recovery, some companies indeed opted for coworking to avoid long leases or costly build-outs, while others took advantage of weak office landlord conditions to negotiate flexibility into direct leases cbre.ca.

Today, **coworking in Montreal shows renewed demand**, especially as hybrid work becomes routine. Many employees now work remotely most of the week but come in a few days; companies are experimenting with giving workers access to coworking sites near their homes to complement HQ. Montreal's coworking spaces are seeing a mix of uses: freelancers, start-ups, and **even larger firms using them for satellite offices or swing space** cbre.ca. The WeWork bankruptcy illustrated the risks in the sector, but it hasn't killed the concept – rather, it's leading to a **"new model"** where coworking firms and building owners share the risk and reward cbre.ca. **In Montreal, the outlook for coworking remains "particularly bright,"** according to Aznavour, given that flexibility is exactly what many post-COVID tenants want cbre.ca. The key tradeoff is cost: companies must weigh

steeper coworking rents against the benefits of **short-term, amenitized space** cbre.ca. For tenants with uncertain growth or who only need a small footprint, coworking can be cheaper overall (avoiding unused space), but for larger, stable teams, a direct lease can still be more cost-effective. Going forward, expect **coworking to continue as a complementary option** in Montreal's office market – particularly as landlords themselves become more flexible, blurring the lines with features like fully fitted "spec suites" and shorter leases in traditional buildings.

Rental Rates by Montreal District

Office rents in Montreal also vary significantly by **geographic submarket**. The city's office inventory is concentrated in the **Downtown core** (Ville-Marie borough), but there are important clusters in several districts – each with their own post-COVID story:

Downtown Core (Ville-Marie)

Downtown Montreal remains the priciest and largest office district. It encompasses the central business district (CBD) and adjacent areas like the Quartier International and portions of downtown west and east. Downtown offers the bulk of Montreal's Class A towers, including skyscrapers in the financial core and newer developments near the Bell Centre. Historically, this area had **extremely low vacancy (on the order of 5–7%) and steady rent growth** pre-2020. Post-COVID, downtown was hit hard by remote work as many large corporate tenants kept employees home. By Q1 2022, **downtown's vacancy had surged to 16.9%** (from single digits in 2019) renx.ca. It has since fluctuated around the mid-teens to high-teens. As of late 2024, downtown Montreal's office vacancy is estimated around **18–19%** cresa.com – high by historical standards, but notably *below* cities like Calgary and only slightly above the national average altusgroup.com altusgroup.com.

Despite elevated vacancy, **headline rents downtown have not collapsed**. Average asking **net rents downtown are roughly $18–$20 per sq. ft. across all classes** (around **$34–$40 gross**) avisonyoung.ca cresa.com. However, this average masks the bifurcation by building quality. **Top-tier downtown Class A/AAA buildings easily ask in the mid-$20s net or higher**, and as noted can exceed $30 net for trophy space avisonyoung.ca. For instance, the newly built National Bank HQ (completed 2023 in the downtown south area) reportedly secured leases at the upper end of the market range, contributing to **AAA downtown rents topping $70 gross ($50+ net) for the best space** cresa.com. On the other hand, **many older Class B offices downtown are marketing space**

at $12–$18 net, depending on condition, often with generous inducements. The effective rents in those older towers can dip into the single-digits net after free rent periods are accounted for, according to market insiders.

Geographically within downtown, the **Central Business District (CBD)** – roughly between René-Lévesque Boulevard and Sherbrooke, around Mansfield, Peel, etc. – commands the highest rents due to its concentration of bank towers and law firm addresses. Emerging downtown-adjacent pockets are also notable: **Downtown South (Griffintown/Cité du Multimédia area)** and the **International Quarter** near Old Montreal have seen newer construction and tech tenants, with rents approaching traditional CBD levels. Downtown's strength is its amenities and transit access; ironically, **those advantages became less important during COVID** (when people avoided transit). *"Everything that used to be an advantage of downtown has turned a little bit into a liability… nobody wants to ride transit anymore,"* observed Colliers' research director Adam Jacobs renx.ca. This sentiment fueled a relative shift outward, but downtown still offers prestige and convenience that many companies value for the long term.

In summary, **Downtown Montreal's average office rent post-COVID is roughly** *$18–$23 net PSF* (depending on class), with **Class A averaging about $25 net** and **Class B in the mid-teens**, and actual deal terms often lower after incentives. The **Downtown core remains the benchmark** for Montreal's office pricing, even as it grapples with higher vacancy and the need to reinvent itself for hybrid work.

Mile-Ex / Mile End (Rosemont–La Petite-Patrie / Plateau)

Mile-Ex (and the adjacent **Mile End**) has emerged as Montreal's trendy tech and creative office hub. Located a few kilometers north of downtown (around Parc Avenue, St-Laurent Blvd and Jean-Talon), this district features converted industrial loft buildings and low-rise offices that appeal to startups, AI labs, and game design studios. Pre-pandemic, companies like Ubisoft, Framestore, and Element AI (now part of ServiceNow) established offices in this area, drawn by lower rents and a hip vibe. Post-COVID, **Mile-Ex has been relatively resilient** – many of its tenants are smaller firms or R&D outfits that maintained spaces for collaborative work even as hybrid models took hold. The vacancy rate in **Midtown North**, which includes Mile-Ex/Mile End, was about **15.2% in late 2024**, lower than downtown's rate cresa.com. This suggests demand for these loft-style offices has held up reasonably well.

On the rent side, **Mile-Ex rents are generally lower than downtown, but the gap has narrowed**. Prior to 2020, one could lease cool brick-and-beam space in Mile End at perhaps $12–$18 net per sq. ft., a bargain relative to downtown towers. Today, freshly renovated or newly built offices in Mile-

Ex are quoting **net rents in the $20+ range**. For example, a heritage loft redevelopment at 7001 St-Laurent (in Mile-Ex/Little Italy) is asking **$22.00 per sq. ft. net for office space, plus ~$10 in additional rent** mtrpl.ca – roughly $32 gross, comparable to Class B space downtown. Many Mile-Ex landlords have invested in upgrades (HVAC, elevators, fiber optic, etc.) to meet modern tenant needs, thereby feeling justified in charging higher rents. That said, **typical deals in older Mile End buildings still come at a modest discount to downtown** – perhaps in the mid-teens net for a basic space – which can be attractive to budget-conscious tech firms. The tenant mix here tends to prefer open, collaborative layouts and shorter leases, so there is synergy with the coworking/flex trend as well.

In short, **Mile-Ex/Mile End has solidified as a popular alternative to downtown**, with **average rents in the mid-teens to low-$20s** (depending on finish and building) and a creative environment that has so far weathered the hybrid work transition. Its relative affordability and "livability" (near cafés, residential neighborhoods) continue to draw companies, even as downtown tries to lure them back with flight-to-quality offerings.

Griffintown & Old Montreal (Old Port)

Griffintown (in the Sud-Ouest borough) and **Old Montreal/Old Port** (in Ville-Marie's southern tip) are two distinct districts often mentioned together because of their proximity and non-traditional office space.

- **Griffintown** is a former industrial area south-west of downtown that, in the 2010s, boomed with condo developments and some new office projects (often mixed-use). It's home to several tech companies and smaller corporate HQs that prefer a modern, urban campus feel. Griffintown doesn't have many office towers, but rather mid-rise buildings and repurposed warehouses. **Office rents in Griffintown typically track just below prime downtown levels** – new Class A space here might lease for **$20–$30 net per sq. ft.** depending on the property, while older loft offices would be in the mid-to-high teens. The **"Downtown South"** submarket, which includes Griffintown and the Cité Multimedia area, has seen significant new supply in the last decade (e.g. the Deloitte Tower near Windsor Station, though that is technically downtown). By late 2024, **Downtown South/Griffintown had an office vacancy rate roughly in line with the overall downtown (~18%)**, reflecting both some new vacancies and steady interest in the area cresa.com. Tenants in Griffintown cite easier parking and highway access (for commuters who drive) and a live-work-play atmosphere as advantages. Post-COVID, those features gained importance for some firms as an alternative to the congested downtown core. WeWork even opened a location on William Street in Griffintown pre-bankruptcy, betting on the area's growth.

All told, **Griffintown's office rent range post-2022 is broad** – small creative suites might go for ~$18 net, whereas a top-floor space in a new development could be high-$20s net. The average likely sits in the low $20s net (low $40s gross), slightly under downtown average, but **with considerable variation depending on the specific building's quality**.

- **Old Montreal / Old Port** presents a different office environment – historic buildings (centuries-old in some cases) with **brick-and-beam interiors and smaller floor plates**. This area attracts law firms, design agencies, and boutique firms that value the charm and prestige of a heritage address. Rents in Old Montreal are generally **moderate**: many buildings are **Class B or C by amenities**, even if Class A by character. Pre-pandemic, Old Port offices might lease in the **$15–$20 net** range for a typical space. Post-COVID, this hasn't drastically changed; in fact, some Old Montreal landlords report relatively stable occupancy as tenants in these smaller offices often already had flexible or hybrid setups and didn't relinquish space en masse. The **South Shore tech company "Station Fintech" renewing 28,000 sq. ft. in Old Montreal** in 2024 cresa.com cresa.com is one example of continued commitment to the area. **Old Montreal's vacancy rate was around 13.9% in late 2024** (as part of the broader "South Shore & Old Montreal" submarket) cresa.com – noticeably *lower* than the downtown core, which suggests it is holding its own. Rental rates in Old Montreal have remained **competitive, roughly $30–$35 gross ($15–$18 net) on average**, with premium renovated suites going a bit higher. Landlords here can't easily add modern amenities (due to building constraints), so to keep and win tenants they often focus on the unique aesthetic and may be flexible on lease terms. For firms that don't need a shiny tower but want a distinctive space (and for whom a slightly remote location is acceptable), **Old Montreal continues to offer good value office space**. Post-COVID, its pedestrian-friendly streets and lower density were actually a plus for some employees wary of crowded downtown elevators.

Other Notable Districts: Montreal's office market also extends to **suburban zones** like **Saint-Laurent (Technoparc)**, **Downtown Laval**, the **West Island**, and **Longueuil/South Shore**. These areas typically have **lower net rents (often $12–$18 net)** and historically higher vacancies, but some saw renewed interest during the pandemic from companies wanting offices closer to where employees live (to avoid long commutes). For instance, Colliers noted that **suburban office vacancy rates became only slightly lower than downtown's by late 2022 (12% suburban vs 14% downtown nationally) as demand "evened out" between city centre and periphery renx.ca renx.ca**. In Greater Montreal, as of 2023 the suburbs (Laval, etc.) had vacancy around **12–17%** – not far off downtown – and **average suburban Class A rents around $15–$18** per sq. ft. net cbre.ca. Notably, **the South Shore (Longueuil)** boasts one of the lower vacancy rates (around **13–14%** cresa.com) and steady rents, partly due to limited supply and presence of government offices there. Meanwhile, **Laval and the West Island** have higher vacancies (20%+ cresa.com) as some tenants consolidated or moved back toward the city after initial pandemic shifts. Overall, **the rent differential between downtown and suburban Montreal shrank post-COVID**, as downtown softened more. This offers tenants plenty of location options – whether a high-end tower in Centre-Ville, a trendy Mile-End loft, or a campus-style office in Ville Saint-Laurent – **at a rent price point that fits their budget and workstyle**.

Vacancy, Subleases and Demand Shifts

The high vacancies in Montreal's office market are driven by a combination of **new supply, downsizing, and a wave of sublease space**. Even as asking rents have held relatively steady, the underlying demand dynamics have been weak since 2020:

- **Net Absorption** – Montreal experienced **eight straight quarters of negative absorption** during the pandemic, meaning more office space was vacated than leased renx.ca. This streak only began to improve modestly in 2022–2023. By Q4 2023, quarterly absorption was still negative in downtown (–56,000 sq. ft.), though suburban Montreal saw a slight positive absorption of +133,000 sq. ft. as some companies took satellite offices cbre.ca. Essentially, **the market stopped expanding**; tenants collectively gave up more space than they took for about two years. The pace of contraction has slowed – 2023's total net absorption was better than 2021's – but **leasing activity remains muted and cautious** altusgroup.com.

- **Sublease Space** – A notable trend was the flood of sublease listings. Firms that adopted long-term remote work or shrank their workforce looked to offload excess space by subletting it. In Montreal, sublease availability roughly **doubled from 2019 to 2020** avisonyoung.ca avisonyoung.ca, and continued rising through 2022. As of early 2023, **sublets made up about 17–18% of all vacant space in Montreal** cbre.ca. Cresa reported **15.8% of available space was sublease as of Q4 2024 cresa.com**, indicating that subleases remain a significant chunk of the market. Sublease space is often deeply discounted (to cover just a portion of the original rent), which puts *downward pressure on effective rents* overall. However, there are signs the sublease surge has peaked: nationally in late 2023, sublet space started to decrease as some subleases got taken up or expired altusgroup.com altusgroup.com. For Montreal to fully recover, absorbing the remaining sublease glut – much of it in older offices – will be critical.

- **Hybrid Work & Tenant Footprints** – The dominant factor behind increased vacancy is, of course, **remote/hybrid work reducing the amount of space companies need**. Many organizations have adopted policies where employees split time between home and office. A Canadian survey shows **exclusively remote work arrangements fell from 24% of workers in**

Jan 2022 to 12.6% in Nov 2023, while hybrid arrangements tripled from 3.6% to 11.7% of workers altusgroup.com altusgroup.com. This means fully remote is declining, but hybrid (partial remote) is rising – so offices are still needed, just not at full capacity five days a week. In practice, Montreal employers have been **"rightsizing"** their offices: many aim to shed ~20–30% of their pre-pandemic square footage when leases expire, reflecting that not all staff are in at once renx.ca. **Luciano D'Iorio**, a Montreal real estate broker, observed in early 2023 that *"we are seeing a general reduction in space as tenants continue to right-size"* renx.ca. He also noted tenants are **signing smaller leases (often under 10,000 sq. ft.)** and **returning excess space to landlords** renx.ca. Large-block (>20,000 sq. ft.) deals have become rare; instead, the action is in mid-sized and small requirements as companies adjust to new occupancy patterns renx.ca. This downsizing wave hits big towers directly (where major tenants give back floors) but also leaves older multi-tenant buildings with numerous small vacancies.

- **Tenant Caution** – Corporate decision-makers remain cautious about long-term commitments. **"Most major office users are just sitting there saying 'Let's see what the first half of 2023 looks like…let's not over-force people back',"** said MacKenzie of JLL renx.ca renx.ca. That wait-and-see approach persisted into 2024 amid economic uncertainty. Renewals have become more common than new expansions altusgroup.com. Many tenants opt for **shorter lease terms or added termination options** for flexibility renx.ca. Landlords, in turn, are more willing to accommodate these requests than before, given the competitive environment. One upside is that by **Q1 2024 Montreal finally saw a small decrease in overall availability (–0.9% drop)** – the first in four years avisonyoung.ca – suggesting the market might be beginning to find a floor as the most aggressive space cuts taper off. Still, **office attendance levels remain well below pre-COVID norms** (e.g. Toronto offices are barely one-third occupied on any given day, and Montreal likely similar renx.ca), so tenants continue to reassess how much space is truly necessary.

- **New Supply & Development** – Montreal had a few significant office projects complete during 2020–2023 (such as Banque Nationale's new 1M sq. ft. tower in 2023, and renovations like Place Ville Marie's revamp). These added space to the market at a challenging time. Fortunately, as noted, the **future construction pipeline has shrunk** – by end of 2023 only ~1.6 million sq. ft. downtown and 0.47M in suburbs were under construction, much of it pre-leased cbre.ca. Developers largely paused speculative projects. This restraint means *future vacancy won't be worsened by oversupply*; in fact, Montreal's **office inventory growth is at its lowest level in nearly two decades** roar-assets-auto.rbl.ms. This should, over time, help demand catch up to supply – especially if some older stock exits via conversions.

In summary, **Montreal's elevated office vacancy in the post-COVID era stems from a mix of reduced demand (hybrid work) and increased availability (sublets, new buildings)**. Tenants have been giving back space and taking longer to make leasing decisions, resulting in a tenant's market. The **key question is how quickly this surplus space can be absorbed or removed**. Positive signs include a tapering off of new vacancies in late 2023 and anecdotal increases in office attendance compared to 2020–21. But with vacancy still around 17–19%, it will likely take several years of economic growth – or creative reuse of buildings – to tighten the market significantly.

Key Factors Affecting Post-COVID Rental Rates

Several **interrelated factors** have been influencing office rental rates in Montreal since 2022:

- **Hybrid Work Normalization:** Hybrid work has become *"the norm"* for many Montreal companies avisonyoung.ca. Fewer employees in the office each day means tenants require less space per employee, dampening demand. However, companies are also investing more in the **quality of space** (collaboration areas, amenities) to lure staff in on key days avisonyoung.ca. This has propped up Class A rents even as overall demand falls. Going forward, if more firms mandate office presence (as some did in 2023–24), it could stabilize demand; if hybrid persists or deepens, demand could shrink further. At this point, most evidence suggests hybrid is here to stay, so **rents will favor quality over quantity of space**.

- **Economic Recovery and Uncertainty:** Montreal's economic recovery after the 2020 recession has been gradual. Job growth resumed, but high inflation and rising interest rates in 2022–23 introduced uncertainty renx.ca altusgroup.com. Many firms delayed real estate decisions due to recession fears. **"Tenants remained cautious"** and took a *wait-and-see* approach in 2023 altusgroup.com. This caution translates to slow leasing velocity and more **renewals at current rent** rather than expansions at higher rent. On the other hand, certain sectors (like video game production, some professional services) continued to hire and need space. As of late 2024, Canada's economy has stabilized somewhat, but high interest rates still weigh on business investment. The pace of economic growth – and white-collar employment – will be a major determinant of office demand. A stronger economy would increase tenant confidence to sign leases (supporting rents), while a downturn could lead to more givebacks.

- **Corporate Relocations and Migration:** Montreal has seen some shifting of companies and talent that indirectly affect office use. During the pandemic, there was anecdotal movement of some talent from Toronto or abroad to Montreal (drawn by lower cost of living), but also movement of some Montrealers to suburbs or other provinces. **Net interprovincial migration**

for Quebec was negative in 2021–22, but international immigration has been robust, benefiting Montreal's labor pool. If Montreal can attract more tech companies or remote workers looking for an affordable city, that could eventually translate to office occupancy (e.g. co-working usage by remote workers or new startups needing space). Additionally, a **few notable deals** have occurred: some U.S. firms opened Montreal satellite offices to tap talent, and conversely, a few local firms gave up offices entirely as they went fully remote or moved operations. The overall impact of migration on office rents is subtle and secondary to broader market forces – but it's part of the narrative of how Montreal is repositioning itself post-COVID.

- **Public Health Policy and Culture:** Quebec had some of the strictest COVID-19 office restrictions in Canada, which kept office workers home longer in 2020–2021. **This contributed to Montreal's higher vacancy (around 17%) relative to most other cities except Calgary** renx.ca. While restrictions are long gone, the **cultural shift in work habits** remains. If Montreal's workforce more strongly prefers remote work than, say, workers in smaller Canadian cities, that could mean slower office recovery. Conversely, Montreal's vibrant urban culture could eventually re-attract employees to downtown offices for the social and networking benefits. In 2022, cell phone data showed a **49.5% increase in office attendance in Montreal from late Feb to late April 2022** as restrictions lifted renx.ca, showing the potential for rebound. But as of 2025, occupancy is still well below 2019 levels. How companies and workers negotiate the balance (policies requiring office presence vs. employee pushback) will influence future space needs and thus rents.

- **Landlord Financing and Property Values:** A more behind-the-scenes factor is the financial pressure on office landlords. With **higher vacancies and interest rates**, building values have dropped and some owners face mortgage challenges. Transactions of office buildings have slowed "tremendously," per MacKenzie renx.ca. Some landlords may feel pressure to fill space at almost any cost to cover expenses, potentially driving rents down, especially in distressed B/C buildings. Others (often institutional owners of Class A towers) have deep pockets and can afford to hold rents steady and wait for better conditions. Montreal has seen local players (like Groupe Mach and Groupe Petra) opportunistically **buy older suburban offices at low prices** renx.ca, betting they can turn them around. This dynamic could lead to **more aggressive pricing (lower rents) in weaker buildings** as new owners try to lease them up. Meanwhile, prime assets will likely continue asking top-of-market rents.

- **Government and Infrastructure Initiatives:** There are also attempts to **revitalize downtown** (e.g. Montreal's municipal action plans, improvements to transit, etc.) which could make commuting more appealing and offices more attractive. If more infrastructure (like the REM light-rail network opening in 2023–24) improves access, some suburban workers might be more willing to return downtown, bolstering demand there. Additionally, any **policies or incentives for office conversions** or for companies to lease space (perhaps tax breaks for job creation in offices) could alter supply-demand. Calgary's incentive program was referenced as a model avisonyoung.ca altusgroup.com. Montreal hasn't announced major incentives yet, but if high vacancy persists, we may see more government intervention which could indirectly support rental rates by reducing vacant stock or subsidizing occupancy.

In essence, **post-COVID office rents in Montreal are shaped by a tug-of-war between weak demand and efforts to adapt**. Remote work slashed demand, but economic recovery and back-to-office pushes could slowly rebuild it. Landlords are torn between lowering rents to attract tenants versus holding firm to protect valuations. So far, the compromise has been **flat or slightly up rents for Class A, and softening rents for Class B/C**, with lots of perks thrown in. Montreal's relatively affordable rents (compared to Toronto/Vancouver) might also buffer it – there's not as far to fall, and companies looking to save might actually consider Montreal offices as a cost-saving location, which is a potential silver lining.

Outlook and Conclusion

As we move further into the post-COVID era, Montreal's office rent landscape is likely to remain **tenant-favorable in the near term**, though pockets of strength will persist. Vacancy rates in the high teens mean **downward pressure on rents and generous deal terms will continue** in 2025. Tenants can expect a wide selection of spaces and landlords eager to compete, especially for large older spaces. **Class B and C office owners face a "reckoning"** – many will need to repurpose or significantly upgrade their buildings, or risk prolonged vacancy and rent declines renx.ca renx.ca. We may see the first of Montreal's major office-to-residential conversion projects kick off in the next year or two, which would begin to chip away at the oversupply issue and could help stabilize rents by late this decade.

On the flip side, **Class A/AAA offices should continue to outperform**. Expect rent **gaps by quality to possibly widen even further** – premium downtown assets could even notch slight rent increases year-over-year, particularly as companies consolidate into better space (the *flight-to-quality* trend has "no sign of stopping" renx.ca). Already, downtown Class AAA rents have hit record highs in select cases, and that trend might continue for the best green, smart buildings. Coworking's presence will also remain a fixture: with WeWork's retrenchment, other operators and new models will grow to meet demand for flexibility, complementing traditional leases.

Geographically, **downtown Montreal's future** hinges on the return of vibrancy to the core. There are encouraging signs of life – new restaurants and revitalized public spaces are emerging, and some employers (including banks and tech firms) are mandating more office days. If downtown worker foot traffic improves, we could see a more substantial recovery in leasing by late 2025, helping fill some of those empty floors. Outer districts like Mile-Ex and Griffintown will likely maintain their appeal, effectively **creating a multi-nodal office market** with several thriving clusters. Montreal's relatively low absolute rents may also become a selling point to international firms: at **~$20 CAD/sf** on average, **Montreal is cheaper than Toronto (>$30) or Vancouver (>$34)** **renx.ca**, so it could attract new office mandates if companies seek cost savings.

In conclusion, **Montreal's post-COVID office rental landscape is characterized by higher vacancies and a flight to quality – a "new normal" of selective demand**. Average rents from 2022 onward have been flat, but the story beneath is nuanced: Class A downtown space still commands mid-$20s per sq.ft. and is holding value, while lower-grade space faces rent discounts and potential obsolescence. Coworking and flexible arrangements have carved out a growing niche, offering alternatives to traditional long leases. Different districts show different trajectories, with some suburban and fringe areas weathering the storm better than the once-unassailable downtown.

For tenants, this is an opportune moment to negotiate favorable leases in Montreal – **choices abound across class and location**. For landlords and the city, the challenge is filling (or repurposing) millions of square feet of underutilized space to prevent a protracted slump. The post-COVID era is still unfolding, but one thing is clear: **the office is not "dead" in Montreal, it's evolving**. Companies are re-imagining how much and what kind of office space they need, and landlords are responding in kind. The outcome of this great workspace experiment will determine the direction of Montreal's office rents in the years to come. For now, **Montrealers can take some optimism in early positive signs** (flattening availability, more people downtown than a year ago) even as the market remains firmly in favor of tenants seeking space avisonyoung.ca altusgroup.com. Montreal's blend of old-world charm and modern innovation will undoubtedly continue to reflect in its office spaces – from heritage lofts to sleek high-rises – as the city adapts to a post-pandemic world.

Sources: Multiple market reports and news articles, including analyses by **CBRE**, **Colliers International**, **JLL**, **Avison Young**, **Cresa**, and **Altus Group**, as well as data on Q1 2022–Q4 2024 vacancy and rent trends renx.ca renx.ca cbre.ca cresa.com. Insights and quotes are drawn from industry experts such as Nari Aznavour (CBRE Montreal) cbre.ca, Alan MacKenzie (JLL Canada) renx.ca, Adam Jacobs (Colliers) renx.ca, and Luciano D'Iorio (CDNGLOBAL) renx.ca, among others, to provide context on how **remote work, economic conditions, and the flight-to-quality phenomenon** have shaped Montreal's office rental market in the post-COVID era. renx.ca renx.ca

Sources

- avisonyoung.ca
- renx.ca
- cresa.com
- cbre.ca
- roar-assets-auto.rbl.ms
- altusgroup.com
- mtrpl.ca

Tags: montreals, office, rent, landscape, post

About 2727 Coworking

2727 Coworking is a vibrant and thoughtfully designed workspace ideally situated along the picturesque Lachine Canal in Montreal's trendy Griffintown neighborhood. Just steps away from the renowned Atwater Market, members can enjoy scenic canal views and relaxing green-space walks during their breaks.

Accessibility is excellent, boasting an impressive 88 Walk Score, 83 Transit Score, and a perfect 96 Bike Score, making it a "Biker's Paradise". The location is further enhanced by being just 100 meters from the Charlevoix metro station, ensuring a quick, convenient, and weather-proof commute for members and their clients.

The workspace is designed with flexibility and productivity in mind, offering 24/7 secure access—perfect for global teams and night owls. Connectivity is top-tier, with gigabit fibre internet providing fast, low-latency connections ideal for developers, streamers, and virtual meetings. Members can choose from a versatile workspace menu tailored to various budgets, ranging from hot-desks at $300 to dedicated desks at $450 and private offices accommodating 1–10 people priced from $600 to $3,000+. Day passes are competitively priced at $40.

2727 Coworking goes beyond standard offerings by including access to a fully-equipped, 9-seat conference room at no additional charge. Privacy needs are met with dedicated phone booths, while ergonomically designed offices featuring floor-to-ceiling windows, natural wood accents, and abundant greenery foster wellness and productivity.

Amenities abound, including a fully-stocked kitchen with unlimited specialty coffee, tea, and filtered water. Cyclists, runners, and fitness enthusiasts benefit from on-site showers and bike racks, encouraging an eco-conscious commute and active lifestyle. The pet-friendly policy warmly welcomes furry companions, adding to the inclusive and vibrant community atmosphere.

Members enjoy additional perks like outdoor terraces and easy access to canal parks, ideal for mindfulness breaks or casual meetings. Dedicated lockers, mailbox services, comprehensive printing and scanning facilities, and a variety of office supplies and AV gear ensure convenience and efficiency. Safety and security are prioritized through barrier-free access, CCTV surveillance, alarm systems, regular disinfection protocols, and after-hours security.

The workspace boasts exceptional customer satisfaction, reflected in its stellar ratings—5.0/5 on Coworker, 4.9/5 on Google, and 4.7/5 on LiquidSpace—alongside glowing testimonials praising its calm environment, immaculate cleanliness, ergonomic furniture, and attentive staff. The bilingual environment further complements Montreal's cosmopolitan business landscape.

Networking is organically encouraged through an open-concept design, regular community events, and informal networking opportunities in shared spaces and a sun-drenched lounge area facing the canal. Additionally, the building hosts a retail café and provides convenient proximity to gourmet eats at Atwater Market and recreational activities such as kayaking along the stunning canal boardwalk.

Flexible month-to-month terms and transparent online booking streamline scalability for growing startups, with suites available for up to 12 desks to accommodate future expansion effortlessly. Recognized as one of Montreal's top coworking spaces, 2727 Coworking enjoys broad visibility across major platforms including Coworker, LiquidSpace, CoworkingCafe, and Office Hub, underscoring its credibility and popularity in the market.

Overall, 2727 Coworking combines convenience, luxury, productivity, community, and flexibility, creating an ideal workspace tailored to modern professionals and innovative teams.
