# Montreal’s Office Rental Market in 2025: Vacancy Up and New Trends Emerging

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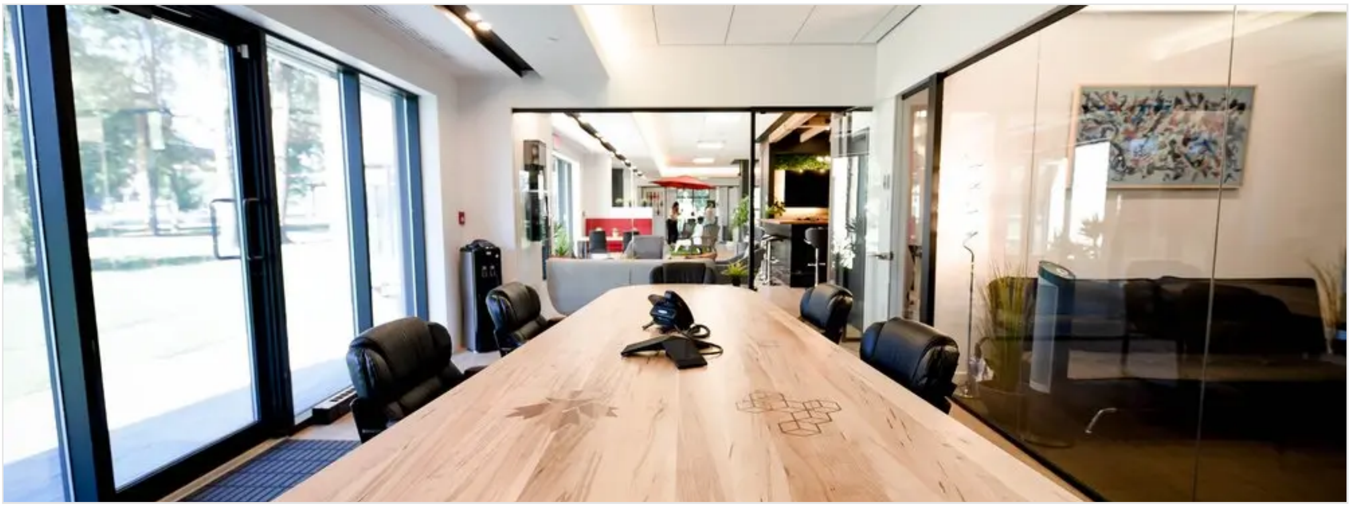

Montreal’s Office Rental Market in 2025: Vacancy Up and New Trends Emerging

**Montreal’s downtown offices are emptier than they’ve been in decades.** The city is grappling with nearly *record-high* vacancy rates as of May 2025, and companies are rethinking how they use office space. Below we explore the current state of Montreal’s office rental market – from overall trends and neighborhood breakdowns to the impact of remote work, new developments, and how today’s market compares to the pre-pandemic era.

## Overview: High Vacancies and Shifting Demand

After several turbulent years, Montreal’s office market remains under significant pressure. As of early 2025, the **Greater Montreal Area (GMA)** office vacancy rate sits around **19.8%** mktgdocs.cbre.com – roughly double pre-pandemic levels. Downtown offices have been hit especially hard, with downtown vacancy climbing from about *16% in 2022* renx.ca to nearly *19% by Q1 2025* mktgdocs.cbre.com. In practical terms, this means almost one-fifth of all office space in the city is currently empty. Net absorption (the net change in occupied space) was deeply negative in early 2025 (about **-407,000 sq. ft.** in Q1) mktgdocs.cbre.com, indicating that more companies gave up space than took new leases.

Several factors are driving this high vacancy: **remote and hybrid work** have become firmly entrenched, many companies are downsizing their footprints, and new supply that arrived just as demand shrank. Asking rents on paper have stayed relatively stable – the average **net asking rent** is about **$20 per square foot** (around **$39 gross including taxes/fees**) mktgdocs.cbre.com – but landlords are often offering incentives to attract tenants. In short, the bargaining power has shifted strongly in favor of tenants, a stark contrast to the landlord's market Montreal enjoyed before 2020.

It's worth recalling how different the picture was pre-pandemic. In 2019, Montreal's economy was booming and office vacancies were near historic lows (often cited in the single digits). Downtown towers were bustling five days a week. Today, by contrast, the city's core faces a **"wait-and-see" mode】 with much higher vacancies, sublease space hitting record levels, and many floors sitting dark mktgdocs.cbre.com renx.ca. Let's look more closely at how different parts of the city are faring.

## Neighborhood Breakdown: Downtown vs. Other Districts

Montreal's office market varies notably by **neighborhood –** some areas have been hit harder than others:

- **Downtown Core (CBD):** The central business district (Downtown) is struggling with *elevated vacancy*. Overall downtown vacancy is about **18.9%** mktgdocs.cbre.com, a dramatic rise from roughly 10% or less pre-2020. Within downtown, newer "AAA" office towers (trophy buildings like the newest skyscrapers) are still relatively well occupied – their vacancy is under 10% mktgdocs.cbre.com. However, many older **Class A/B towers** have large gaps. In fact, lower-quality downtown office space now approaches the extreme vacancy levels once seen only in Calgary's weak market cbre.ca. Much of the empty space is concentrated in a handful of buildings, especially those with major tenants who have left. According to one analysis, fewer than 20% of buildings account for about half of all downtown vacant space costar.com. The upshot: **"flight to quality"** is evident – tenants that are active prefer high-end, amenity-rich offices, leaving aging buildings emptier.
- **Downtown South & Griffintown:** The southern fringe of downtown – encompassing areas like **Griffintown** (the rapidly developing district just southwest of downtown) – currently has some of the **highest office vacancy** in the city. This submarket (often grouped as "Downtown

South") is hovering around **23–24% vacancy** mktgdocs.cbre.com. Several factors play into this: it's a newer business area with recent developments and conversions, meaning new office supply came online just as demand softened. For example, the new **National Bank headquarters** opened in 2023 in the southern part of downtown, adding nearly 1 million sq. ft. of brand-new space. While state-of-the-art and largely occupied by National Bank itself, this consolidation left behind older offices that the bank formerly leased cbre.ca. **Griffintown**, known more for condos and startups than corporate offices, does host some modern office projects and co-working spaces. But with companies hesitant to expand, even trendy Griffintown is seeing newly built offices hunt for tenants. In short, **Downtown South/Griffintown** has a glut of space relative to demand – an abrupt shift for an area that a few years ago was buzzing with new construction.

- **Downtown West & East:** In the traditional downtown core, the **"West"** (e.g. around René-Lévesque Blvd West, home to many corporate head offices) and **"East"** (around Quartier des Spectacles and east of Saint-Laurent) have fared slightly better than the south. **Downtown West** shows vacancy around **17.9%** mktgdocs.cbre.com, while **Downtown East** is closer to **15.9%** mktgdocs.cbre.com. These parts of downtown still saw net occupancy losses recently, but not as severe as elsewhere. Many high-profile towers in the western core (like Place Ville Marie or corporate plazas on René-Lévesque) retain key tenants, though often with downsized square footage. In the East, tech firms and creative companies have taken some of the slack, attracted by relatively lower rents. Still, both areas are far softer than before – for context, *downtown East's* vacancy more than doubled over a couple of years (it was in the ~7% range pre-2020). Notably, a significant portion of vacant space in these areas is sublease space (companies trying to offload extra floors they don't need). In one downtown submarket, over **37% of the vacant space is comprised of sublets** mktgdocs.cbre.com, reflecting how companies have put surplus offices on the market.

- **Old Montreal:** The historic Old Port district, with its centuries-old stone buildings, has a mix of boutique offices and converted loft-style spaces. **Old Montreal's office vacancy** is around **20.5%** as of Q1 2025 mktgdocs.cbre.com – on par with downtown. However, interestingly, Old Montreal was a rare **bright spot of activity early in 2025**. It was the only downtown submarket to see **positive net absorption** (about +48,000 sq. ft.) while all other downtown areas lost tenants mktgdocs.cbre.com. This suggests some businesses *moved into* Old Montreal or expanded there recently. One likely reason is cost – rents in Old Montreal tend to be lower than in gleaming office towers, and the area's charm attracts creative firms, small corporate outposts, and co-working operators. A good example is **Google's new Montreal office**: in 2023 Google opened a five-floor, 100,000 sq. ft. Quebec headquarters in the historic *"Paper Hill"* area of Old Montreal multibriefs.com. These kinds of moves bring some life to vacant heritage buildings. Old Montreal's smaller floor plates and character spaces are in demand by tech, media, and start-ups that prioritize unique work environments over central address. Still, the area faces challenges: it heavily relies on tourism and hospitality, and many offices there are occupied only part-time under hybrid schedules.

- **Plateau-Mont-Royal & Mile End:** Outside the downtown core, **Le Plateau-Mont-Royal** – particularly the **Mile End** district – has been known as Montreal's *"tech and creative hub."* This area is filled with converted industrial buildings and loft-style offices, housing software companies, game studios, designers, and nonprofits. The good news is that the **loft office market** (which includes Mile End) is doing *relatively* better. Vacancy for loft-style offices citywide is around **15.4%** mktgdocs.cbre.com, a few points lower than the overall market. In Mile End, major tenants like Ubisoft (which occupies a former textile factory) and other tech firms have maintained a presence. These brick-and-beam buildings offer large open spaces and lower rents, appealing to companies seeking budget-friendly space that employees find "cool." Moreover, many Plateau/Mile End firms have embraced **hybrid work**, which sometimes means keeping a smaller office as a collaboration hub (rather than eliminating offices entirely). Co-working providers have also proliferated in the Plateau. For instance, Spaces (Regus) operates a large co-working center on Saint-Viateur, and several indie coworking studios dot the neighborhood. All this has kept the Plateau's office scene reasonably vibrant – certainly not immune to the downturn, but *vacancies are more moderate* here than downtown. Rentals in Mile End are still being inked; one report noted that **deals are being done across Montreal's coworking sector, including Mile End**, as companies seek temporary or flexible spaces cbre.ca.

- **Other Areas (Midtown, West Island, Laval, etc.):** The question specifically focuses on the city, but it's worth noting the **suburban office nodes** around Montreal. Suburban markets like **Laval** (north), **West Island** (west), **Midtown** (e.g. Décarie/Côte-des-Neiges area), and the **South Shore** have a mixed performance. In aggregate, the suburbs actually have a slightly *higher* vacancy rate (**21.1%**) than downtown mktgdocs.cbre.com. This is mainly due to a few weak spots – for example, the "Midtown" corridor shows a high **24.6% vacancy** mktgdocs.cbre.com, likely reflecting older low-rise offices and some tenants relocating. On the other hand, some suburban submarkets saw *positive* absorption recently (e.g. the **West Island** and **East End** both gained tenants in early 2025) mktgdocs.cbre.com. Companies that decided to close expensive downtown offices have in a few cases opened smaller offices closer to where employees live – for instance, a firm might trade one big downtown HQ for a couple of smaller satellite offices in Laval or on the South Shore. The new **REM light-rail** connecting downtown with suburbs like Brossard could further blur the line, making it easier for employees to commute to central offices (or conversely, encouraging companies to consider South Shore locations to be near that transit). Overall, while downtown Montreal remains the largest office cluster, the **suburban share of leasing** has edged up as work patterns evolve.

**To summarize the geography:** Montreal's **urban core** is bearing the brunt of the office downturn, especially in its newest or less central parts. Beloved neighborhoods like the Plateau/Mile End show more resilience, maintaining creative energy and moderate demand. And the suburbs, while not booming, have been something of a safety valve – capturing tenants who flee downtown or accommodating those who never needed a downtown presence to begin with.

*(See table below for a snapshot of vacancy rates by area in Q1 2025:)*

**Area**

**Vacancy Rate (Q1 2025)**

**Notes**

**Downtown (CBD overall)**

**18.9%** mktgdocs.cbre.com

~47 million sq. ft. market; high overall vacancy, but top-tier towers doing better than average.

• Downtown South (incl. Griffintown)

23.5% mktgdocs.cbre.com

Highest downtown vacancy – affected by new supply and tenant consolidations.

• Downtown West

17.9% mktgdocs.cbre.com

Includes core financial district; vacancy up but somewhat less severe.

• Downtown East

15.9% mktgdocs.cbre.com

Eastern fringe of downtown; some new tenants in cheaper space, still high sublet availability.

**Old Montreal**

20.5% mktgdocs.cbre.com

Older heritage buildings; saw a small uptick in occupancy early 2025 despite high vacancy.

**Westmount/Atwater (Downtown Fringe)**

14.3% mktgdocs.cbre.com

An outlying downtown submarket; lowest downtown vacancy (small area, stable demand from local firms).

**Plateau/Mile End (Loft Offices)**

~15% mktgdocs.cbre.com

Tech/creative hub in older buildings; holding relatively steady.

**Suburban Montreal (All)**

21.1% mktgdocs.cbre.com

Suburbs overall slightly higher vacancy than downtown; some areas improving, others weakening.

## How Hybrid Work Is Reshaping Office Demand

It's impossible to discuss Montreal's office market in 2025 without addressing the elephant in the room: **remote and hybrid work**. The COVID-19 pandemic triggered a massive work-from-home experiment, and even as the pandemic has receded, **teleworking's enduring popularity** continues to depress office demand multibriefs.com. A recent survey found that the return of employees to downtown offices may have **hit a plateau** – in other words, after some recovery in 2022 and 2023, office attendance levels have stagnated at well below pre-pandemic norms.

On any given weekday now, many desks remain empty. Estimates vary, but companies on average report employees coming in roughly **2–3 days per week**, with **mid-week** (Tuesday–Thursday) seeing the highest attendance. Mondays and Fridays, downtown office towers can feel eerily quiet – a far cry from the hustle and bustle of 2019. Statistics Canada data underscores this shift: as of late 2024, only about **12.5% of Canadian employees work exclusively from the office** every day altusgroup.com altusgroup.com. Most others have some flexible arrangement. Many large Montreal employers have adopted hybrid schedules or even "remote-first" policies, allowing staff to work from home multiple days a week.

This widespread hybrid work has directly translated into **less demand for office space**. Companies simply do not need as much square footage per employee as before. A local business survey noted that employers are now often aiming for *smaller* offices or shared desks, expecting only a fraction of staff to be on-site at once linkedin.com. For example, a firm that once occupied 3 floors might shrink to 1 or 2 floors under permanent hybrid arrangements.

One measurable consequence is the surge in **sublease space** in Montreal. Firms that signed long leases pre-2020 are now trying to unload the excess. As of Q1 2025, **Montreal had a record 2.6 million sq. ft. of office space available for sublease** mktgdocs.cbre.com. This is space that is technically still leased by a tenant but sits underused (or completely unused), being offered to others on the secondary market. Sublease availability is often a bellwether of companies contracting – and Montreal's sublease inventory has climbed steadily quarter after quarter. To put it in perspective, sublease offerings now make up a significant chunk of all available space. In downtown Montreal, roughly **20% of vacant space is sublet space** being shed by tenants rather than direct landlord vacancies mktgdocs.cbre.com mktgdocs.cbre.com. The sublease glut puts additional downward pressure on effective rents, since subleases often come at a discount or with remaining furniture, etc., which competing landlords have to match.

Surveys also show many Montreal businesses **delaying long-term leasing decisions** because of uncertainty. Why commit to a 10-year lease for a large office when the future headcount and in-office attendance is unclear? Indeed, real estate advisors say leasing activity is in a **"wait-and-see mode"** – companies are cautious, some opting for **shorter-term renewals** or flexible serviced offices instead of traditional long leases renx.ca renx.ca.

Employee preferences play a big role here. Commuting in Montreal, as in other cities, is a pain point. Even with improving public transit, many workers resist five-day commuting. **"Resistance to long commute times"** has been a major hurdle in getting people back to the office full-time cbre.ca. Montreal's infamous traffic and packed Metro at rush hour haven't gotten any easier, so hybrid work has become a prized perk. Employers find that to **"earn the commute"**, they must offer a great experience – whether that's a nicer office, free lunches, or meaningful in-person collaboration that employees can't get via Zoom cbre.ca. Not all companies can easily provide that, especially in older offices lacking modern amenities. This dynamic further encourages a flight to quality (discussed more below) – if people come in only a few days, they prefer it be to an attractive space.

From a financial perspective, **cost savings** are another driver of hybrid work adoption. Montreal's office rents are lower than in Toronto or Vancouver, but lease expenses are still significant for businesses. By reducing their footprint, companies save on rent and operating costs. During the economic uncertainty of the past couple years (with inflation and other pressures), cutting real estate costs has been low-hanging fruit for many firms.

All these factors explain why downtown office vacancy jumped from **16.3% at end of 2021 to 17.5% at end of 2022** multibriefs.com – a period when pandemic restrictions eased, but remote work remained popular. The trend has continued through 2023–2024, albeit with some stabilization late in 2024 as the market "bottomed out" according to some analysts altusgroup.com. In early 2025, downtown vacancy ticked up again slightly, suggesting the recovery is not linear mktgdocs.cbre.com. **Teleworking's popularity appears here to stay**, and every percentage point increase in remote work tends to nudge vacancy upward multibriefs.com.

In summary, **the hybrid work revolution has fundamentally altered Montreal's office landscape**. Fewer people commuting daily means fewer desks needed. The city's challenge now is figuring out what to do with all the surplus space – and how to entice both companies and employees to re-engage with the office in new ways.

## Major Developments, Projects, and Renovations

Despite the headwinds, there are several major **developments and initiatives** reshaping Montreal's office market. These include new construction projects (albeit fewer than before), big renovations, and even plans to convert offices to other uses:

- **New Office Towers:** In the late 2010s, Montreal began seeing new office skyscrapers for the first time in decades. The marquee project was the **National Bank Headquarters** at 800 Saint-Jacques. Completed in 2023, this 40-storey tower added roughly 1 million sq. ft. of *Class AAA* space to downtown. National Bank consolidated many of its teams from various older buildings into this one modern HQ cbre.ca. The tower, with its state-of-the-art design, is a symbol of flight-to-quality – it's highly amenitized and energy-efficient. However, its opening also left behind vacated space in places like the old National Bank building on St-Jacques and other leases the bank gave up. This contributed to downtown's rising vacancy in older stock. Other notable recent projects include the **Maison Manuvie** (opened 2017) and **Victoria sur le Parc** (a mixed tower with offices) – all part of a wave of downtown renewal. After National Bank's tower, **new construction has largely slowed**. According to CBRE, *only about 209,000 sq. ft. of office space was under construction in Montreal as of Q1 2025* mktgdocs.cbre.com – a very low amount (essentially no significant speculative office towers in progress). Developers have pulled back given high vacancy. One exception is small *build-to-suit* offices for specific tenants:

for example, there's about **2.4 million sq. ft. in Montreal's pipeline**, but *over 60% of it is design-build* for particular users, not general speculative buildings renx.ca. In short, **the supply tap is tightening**, which may eventually help balance the market.

- **Office Upgrades ("Amenitization"):** Landlords of older buildings are investing in upgrades to compete for tenants. This trend has been dubbed the "amenitization and hotelization" of office space cbre.ca. For instance, Ivanhoé Cambridge renovated **Place Ville Marie**'s retail gallery into a modern food hall (*Le Cathcart*), added an observation deck, and revamped common areas – all aimed at making the office complex more attractive and giving workers reasons to come in. Many downtown towers are adding or improving **amenities like fitness centers, lounges, rooftop terraces, improved air filtration, bike storage and showers**, etc. The idea is to **"provide a differentiated experience"** for tenants in hopes of retaining them cbre.ca. In Montreal, some have compared this to bringing a bit of the hotel vibe into office lobbies – cozy seating, concierge-like services, even event programming. These upgrades are especially crucial for Class B buildings that can't otherwise compete with shiny new towers. While such capital improvements cut into owners' profits, they're increasingly seen as necessary in today's market to *earn that commute*. As **Ruth Fischer, CBRE's Quebec Managing Director** noted, companies are looking for *high quality built-out space in key locations* for their employees, and are less interested in unrenovated, bland offices cbre.ca. This is pushing landlords to think creatively about how to modernize older properties.

- **Notable Renovation Projects:** Beyond PVM's makeover, other projects include the ongoing transformation of the **Place Bonaventure** complex (an aging behemoth from the 1960s) to make it more mixed-use and inviting. The **Montreal World Trade Centre** in Old Montreal is refurbishing spaces to attract new tenants after some departures. Even suburban office parks are refreshing – for example, tech-centric campuses in Saint-Laurent are adding amenities to mimic downtown tech offices. *Sustainability* is also part of renovations: many landlords are pursuing green building certifications via retrofits (e.g. LED lighting, better insulation) to appeal to environmentally conscious tenants and to comply with emerging standards.

- **New Entrants and Expansions:** Interestingly, a few major tenants have expanded or entered Montreal recently, taking advantage of the soft market. We mentioned Google's new HQ in Old Montreal – that was a big investment demonstrating confidence in Montreal's tech talent. **Amazon** also significantly expanded its tech hub in Montreal, leasing more office space (though they too allow hybrid work). Some global gaming and VFX studios have grown their Montreal footprints, drawn by tax incentives and the local talent pool. These expansions, while not enough to offset all the downsizing elsewhere, are important positive signals. They also often choose funky neighborhoods or top-class buildings. For example, a tech firm **Plusgrade** recently took temporary space at a co-working center while awaiting their custom-built new HQ at the renovated Maison Alcan complex cbre.ca. Such stories show that *quality space with character* can still attract growing firms, even in a high-vacancy environment.

- **Office-to-Residential (or Other Use) Conversions:** Perhaps the hottest topic in downtown real estate circles is the potential to **convert underused office buildings into housing** or other uses. Montreal's civic officials and developers are eyeing the success (and challenges) of office conversions in places like Calgary. There is indeed momentum building in Montreal: *at least 2–3 office-to-residential conversions are already underway or completed*. For example, **1434 Sainte-Catherine Street West** – an older 5-storey office building near Concordia University – was sold in 2024 and is being transformed into student housing avisonyoung.com avisonyoung.com. Its small floor plates and low occupancy made it a good candidate for reuse. Avison Young, the brokerage involved, says this is part of a *"wave of office-to-residential conversions"* picking up in downtown Montreal avisonyoung.com. They have identified **at least 20 potential conversion projects** in the city's core that meet basic criteria (older buildings with high vacancy, suitable floor layouts, and zoning that can allow residential) avisonyoung.com. Another high-profile example is the former **Standard Life Tower on Sherbrooke Street**, a 28-storey office high-rise which is slated for conversion to apartments cbre.ca. That project, announced in late 2023, aims to turn a largely empty office tower into much-needed housing – but it hinges on government support and financial feasibility. The Quebec Federation of Labour's FTQ fund has been involved in at least one such conversion on Nuns' Island as well cbre.ca. Even *Class C loft offices* might revert to residential, coming full circle (since many of those were originally built as factories or warehouses). Commercial real estate experts note that conversions **are not a silver bullet** – they face challenges like high renovation costs, building code hurdles, and the need for incentives. As one analyst put it, *"without substantial government support there will be few examples where the conversions pencil out"* cbre.ca. The City of Montreal is exploring grants or tax breaks to encourage conversions as a way to both reduce empty space and increase downtown housing. This could also address another local issue: housing supply and affordability. If even a fraction of the 7+ million square feet of vacant offices can be turned into apartments or condos, that's a lot of potential homes. While still in early stages, **office conversion** could become a defining trend of the next decade downtown.

- **Other Repurposing:** Not all empty offices will turn into housing – some may find life as hotels, educational spaces, or other institutional uses. For instance, a portion of the empty **Sun Life Building** (a historic downtown landmark) was rumored to be considered for a luxury hotel conversion (though nothing confirmed). Meanwhile, lower-grade office buildings in suburban markets might be razed or redeveloped into mixed-use complexes. The creative "adaptive reuse" of obsolete offices is a space to watch. Montreal's planning authorities have a chance to reimagine parts of downtown, especially if vacancy stays high. We might see, for example, an old office block becoming a **vertical campus for CEGEP or university programs**, or co-living spaces, or health care centers. The possibilities are there, but again, economics will decide what's viable.

In sum, Montreal's skyline and office inventory are in flux. **New developments** like National Bank's tower inject modern space (and confidence) into the market, while **older buildings are being retooled or even removed from the office supply** entirely through conversions. This transitional period is painful in terms of high vacancy, but it's also driving a much-needed **"reset"** of Montreal's office stock – towards better quality and diversified uses. City residents may soon see construction cranes not for new offices, but for transforming yesterday's offices into tomorrow's apartments or attractions.

## What Office Tenants Want in 2025: Flexibility, Co-Working, and Class A

With so much space available, **tenants have the upper hand** and their preferences are dictating the shape of the market. Here are some of the **most in-demand types of office spaces** and lease arrangements in Montreal right now:

- **Top-Tier "Class A" Space:** Companies that are leasing new offices overwhelmingly seek **best-in-class buildings**. Across Canada in 2024, Class A buildings dominated leasing activity – Montreal is no exception altusgroup.com. If a firm is going to ask employees to come in regularly, many feel it must be to a *great* space – think modern HVAC (very important in COVID era), lots of natural light, good views, onsite amenities (café, gym), and maybe environmental creds like LEED certification. This has created a **bifurcated market**. In Montreal, high-end towers (often labeled Class AA or AAA) are *comparatively healthy*, with vacancy sometimes in the single-digits, whereas older Class B/C offices languish with 20–30% vacancy mktgdocs.cbre.com cbre.ca. Essentially, demand has concentrated at the top. Landlords of prime buildings have even been able to **raise rents for premium space** slightly – indeed the *average Class A net rent in Canada rose to $26.25/sf* in early 2025 renx.ca. Montreal's elite offices, while cheaper than Toronto's, still command a premium (downtown Class A net rents are often in the mid-$20s per sq. ft., versus teens for Class B). A telling stat: by late 2024, the vacancy gap between Montreal's trophy offices and its B/C grade offices had widened to about 7.7 percentage points cbre.ca, and is likely wider now. This "flight-to-quality" means older buildings must either upgrade (as noted) or consider dropping rents significantly to compete.

- **Flexible & Shorter Leases:** Uncertainty in headcount and the economy has made **flexibility a key priority** for tenants. Many companies are reluctant to lock into traditional 10-year leases. They are negotiating for 3-5 year terms with options, or even **one-year extensions** as they gauge their space needs. Landlords, in turn, have become more accommodating on term length – something almost unheard of during tight markets. Additionally, **fit-out flexibility** is in demand: tenants want turnkey space or furnished space to reduce upfront costs. We see a rise in "spec suites" (pre-built offices ready to occupy) offered by landlords to attract tenants who don't want to spend time and money on build-outs. Flexibility extends to expansion/contraction rights as well – tenants often seek the right to give back a floor or to expand into another if their needs change. Essentially, **agility** is the name of the game in 2025 leasing.

- **Co-Working and Serviced Offices:** The co-working sector in Montreal has had its ups and downs, but it is now **experiencing a renewed boom**. During the pandemic, big players like WeWork retrenched – in fact, WeWork gave up two floors (60,000 sq ft) at its 1010 Ste-Catherine Ouest location, putting that space back on the market cbre.ca cbre.ca. Rival IWG (Regus/Spaces) also closed a location. However, demand for flexible space is rising again as both individuals and companies seek swing space. Smaller startups and remote workers are fueling co-working use in neighborhoods like Mile End and Old Montreal. Even larger corporations are using co-working as **temporary space** – for example, as mentioned, a tech firm waiting for its permanent office to be ready took space at **iQ Offices** (a high-end coworking provider) for the interim cbre.ca. Montreal-based **Breather** (which offered on-demand office suites) pivoted during the pandemic, but new local co-working brands have emerged. The key attractions are **flexible duration (month-to-month memberships)** and plug-and-play convenience. In 2025, we see co-working not just for freelancers but also as an overflow option for companies: teams might go into a WeWork or Spaces a couple days a week for collaboration, then work from home the rest. Some companies are even **"hub-and-spoke"** using co-working – e.g. maintaining a small HQ and supplementing with coworking passes in multiple neighborhoods so employees can choose a convenient site. Montreal's coworking outlook is considered *"particularly bright"*, as one local expert put it cbre.ca, because it caters well to the hybrid, distributed work model.

- **Smaller, Boutique Offices:** Along with co-working, there's demand for **small private office suites** (1,000–3,000 sq. ft.), especially in charming neighborhoods. These appeal to firms of 5-20 people who no longer need a big downtown floor but still want a private space not shared with strangers. Many such firms have gravitated to areas like the Plateau, Little Burgundy, or even residential conversions (e.g. renting a converted townhouse or a loft unit). The Plateau in particular has many <5,000 sq ft spaces in older walk-up buildings that are now occupied by design studios, tech startups, and satellite offices of larger companies. These spaces often have flexible lease terms and character elements (brick walls, etc.) that tenants enjoy.

- **Collaborative & Innovative Space Designs:** Among companies maintaining or taking new offices, there's a trend toward **redesigning space for hybrid work**. Instead of rows of assigned cubicles, tenants are seeking more meeting rooms, collaboration areas, and amenities within their space (cafés, lounges, etc.). Essentially, the office is being reshaped as a place for employees to gather and do things together that they *can't* do remotely. This has implications for landlords too: older buildings with large floor plates might actually be advantageous now if they allow creation of many varied zones (conference center, breakout pods, etc.). Conversely, buildings with small chopped-up layouts might feel less flexible for tenants who want to create open collaboration areas. In Montreal, for example, **Google's new five-floor layout** in Old Montreal includes open-concept work areas mixed with lots of collaborative pods to facilitate face-to-face teamwork multibriefs.com. Tenants are also paying attention to **air quality and touchless features** (lingering lessons from COVID), favoring buildings that can accommodate those needs.

- **Cost-Effective Class B Space (for value seekers):** While many tenants want the best, some cost-conscious organizations are indeed *bargain-hunting* in this high vacancy environment. Not every company can afford top of the line, and some actually prefer to allocate budget elsewhere by saving on rent. These tenants are looking at **Class B offices that can be leased for 30-50% less than Class A**. For instance, a non-profit or a small business might take space in an older tower or a non-prime location to get a good deal. Landlords of those buildings are making deals at aggressive rates and offering hefty incentives (several months of free rent, funding for improvements, etc.). This segment of demand prevents Class B/C buildings from going completely empty – there will always be some firms that primarily care about **price** over prestige. The key for these buildings is to hit the right price point where a tenant feels the value outweighs the drawbacks. As Western Investor noted, average gross rent for downtown *Class B* offices in some markets (like Vancouver) can be significantly cheaper than prime towers; similarly in Montreal, a tenant can save a lot per square foot by choosing, say, a 1980s building on lower Peel Street vs. a new build in Deloitte Tower. So, **value leasing** is happening, and it's one reason a number of Class B towers still retain 70-80% occupancy – they've adjusted rents to keep their less choosy tenants.

Overall, **the market is tenant-driven in 2025**. Whether it's a desire for flexible lease terms, more services (turnkey space), or high-quality environments, landlords have to meet these preferences to sign deals. The classic downtown office – long lease, fixed space, minimal amenities – is becoming a relic. The successful offices now are either **modern "experience-rich" workplaces** or **highly flexible offerings** that adapt to what businesses need month by month. Montreal's landlords, from the biggest REITs to small building owners, are learning to be more customer-centric than ever before.

## Comparing 2025 to the Pre-Pandemic Market

It's striking to see how Montreal's office market has transformed from the late 2010s to today. Here are some **key differences between the pre-pandemic office scene and the current 2025 environment:**

- **Vacancy Rates:** Perhaps the most dramatic shift is in vacancy. **In 2019, downtown Montreal's office vacancy was at or near historic lows** (variously reported around 7–10%). Many buildings were effectively full, and new construction was spurred by this tightness. Fast forward to 2025, and downtown vacancy is pushing 20% mktgdocs.cbre.com, while the overall market (downtown + suburbs) is roughly 2.5 times as vacant as it was pre-COVID. One analysis noted Montreal's office vacancy rate **"has doubled from 2019"** by early 2023, with over 7 million sq ft sitting empty bloomberg.com. That trend continued into 2024. So, from a landlord's perspective, it went from a shortage of space to a surplus **almost overnight (within 2–3 years)**.

- **Market Momentum:** In the late 2010s, Montreal had **positive absorption and rising rents**. Companies were expanding (especially in tech, gaming, finance), and 2019 saw some of the highest leasing volumes on record since the early 2000s. **2020-2022 reversed that sharply** – eight consecutive quarters of negative absorption were recorded at one point renx.ca. Companies contracted or halted expansion. Only in late 2022 or 2023 did the bleeding slow. By Q4 2024, Montreal finally saw a *small uptick* in occupied space and a slight dip in vacancy altusgroup.com. In fact, Q4 2024 marked the first quarter since the pandemic with a downtown vacancy decline nationally, thanks in part to stabilization in Montreal renx.ca. However, 2025 has not (yet) shown a robust rebound – it's more of a leveling off at a new normal. So the pre-pandemic growth trajectory has given way to a **volatile, mostly flat or negative trajectory** in recent years.

- **Rents and Concessions:** Pre-pandemic, rents were on a steady rise in Montreal (though from a lower base than other cities). Landlords had the upper hand and could offer minimal concessions. **Today, effective rents (what tenants actually pay after incentives) are considerably lower** than face rents. Free rent periods of 6–12+ months on a 5-year lease, generous tenant improvement allowances, moving allowances – these are now common in deal packages. This was *not* the case in 2019 when tenants often had to compete for space. Face rental rates in many prime buildings are roughly where they were a few years ago, but factoring in inflation, that means a real decline. In some segments (Class B downtown), even face rates have been reduced to attract interest. So the **economics of leasing favor tenants** much more now than before.

- **Suburban vs Downtown Dynamics:** Before the pandemic, downtown Montreal was strengthening relative to suburbs – companies were gravitating to the core to tap into urban talent and amenities. Suburban office parks had higher vacancy and slower growth. Now we see a bit of a flip: the **suburban office vacancy (21.1%) is comparable to downtown's (18-19%)** mktgdocs.cbre.com, whereas historically suburbs were lower vacancy. Some suburban markets like Laval actually saw vacancy *drop* in late 2023 as a few new tenants took space cbre.ca. This hints that the **"hub-and-spoke" or decentralization** trend (companies placing offices closer to where employees live) has gained some traction – an opposite of the 2010s recentralization. However, it's not a mass exodus; downtown still holds the majority of Class A space and corporate presence. But compared to pre-2020, **the downtown dominance has eroded slightly**, and suburban viability for offices has improved a bit.

- **Office Utilization:** A subtle but important difference is how offices are *used*. Pre-2020, an office being leased generally meant it was full of employees daily. Now, you could walk into many leased offices and find them half-empty on a given day due to hybrid schedules. So even the occupied space isn't utilized the same way – a concept known as the **"occupancy index"** (measuring actual usage vs. capacity) shows downtown offices often at only 50%–60% utilization mid-week, and much lower on Mondays/Fridays linkedin.com linkedin.com. Pre-pandemic that index would be ~100% on weekdays. Culturally, this is a sea change: "working from home" was a rarity in 2019, whereas now it's common and accepted. That means the *vibe* of office buildings is different – lobbies are less busy, elevators less packed, the underground city and food courts get a lunch rush mostly Tuesday to Thursday. Residents and city officials notice this – e.g. downtown retail has rebounded thanks to tourists and students, but the loss of daily office workers affects some businesses (like those that catered to 9-to-5 crowds).

- **Public Policy and Urban Planning:** Pre-pandemic, few would have imagined the city and province discussing office-to-residential conversions or offering incentives to fill offices. Now those are active discussions. The City of Montreal has convened task forces to tackle downtown revitalization, aware that *"rising office vacancy … [poses] risks for the city's finances"* linkedin.com (vacant offices can devalue and reduce property tax revenue). There's a stronger public sector involvement in the office market health now, whereas before it was mostly left to market forces. Downtown's future is being re-imagined with more mixed-use in mind (e.g. maybe turning some business district blocks into 24/7 neighborhoods with housing, arts, etc., not just 9-5 offices). This holistic thinking was less of a focus in 2019 when the office market was considered robust on its own.

- **Psychological Shift:** On a more human note, pre-2020 the office was the default place of work for most. Now there's been a **psychological shift**: many workers see the office as optional or at least just one of several places they can work. Employers too have shifted mindsets – managing distributed teams and remote collaboration is a normal part of operations. This means the *role* of the office is being redefined (more collaboration, less daily individual work). It's a change in philosophy from "everyone has their own desk" to "the office is a team clubhouse." Not every company has fully adjusted, but the trend is clear. This will influence future office design and demand in ways we are just beginning to see.

In comparison to other cities: Montreal's experience mirrors that of many North American cities – though it hasn't been as extreme as San Francisco (with a tech exodus) or Calgary (which was already high-vacancy due to oil downturn). Montreal's ~20% downtown vacancy is **better than Calgary's ~30%** but **worse than Vancouver's ~13%** altusgroup.com and a bit behind Toronto (which began 2025 around 15–16% downtown vacancy after some recovery) renx.ca. One bright spot is that **Montreal's office market benefited from interprovincial migration** during the pandemic – a number of people (and some companies) moved from more expensive Ontario to comparatively affordable Quebec altusgroup.com. This influx provided *"a tailwind"* that helped Montreal see some new office leasing that might not have happened otherwise altusgroup.com altusgroup.com. For example, a Toronto-based company might open a Montreal satellite office to tap talent that moved to Quebec. This wasn't a factor pre-2020. So Montreal's relative affordability, once a secondary selling point, became more salient in the past couple years.

In conclusion, **the Montreal office market of 2025 is a very different world from 2019's market**. Higher vacancies, smaller footprints, flexible workstyles, and adaptive reuses characterize the new era. While challenges abound – and the city is still contending with a potential "worst-case" scenario where vacancy could reach the mid-20s% if trends don't improve renx.ca montreal.citynews.ca –

there are also opportunities to reinvent downtown for the better. In the span of five years, Montreal went from worrying about not having enough office space to wondering what to do with *too much* of it. How the city's stakeholders respond will determine if these empty offices become problems or possibilities in the years ahead.

## Conclusion: A Market in Flux, a City in Transition

For Montreal residents and those familiar with the city, the current state of the office market is a visible and significant shift. The gleaming office towers of downtown, once symbols of a booming economy, now **have dark windows at night**. The skyline hasn't changed much physically since 2019, but how those buildings are used (or not used) has changed profoundly.

Yet, Montreal is nothing if not resilient and creative. The same spirit that made Mile End's lofts a hub for innovation is now being applied to downtown's predicament. Landlords are reinventing spaces, policymakers are thinking outside the box (literally converting boxes of offices into apartments), and companies are reimagining the workplace. In the short term, **high vacancy and soft rents** are a concern – they affect everything from city revenues to the vitality of downtown streets. But in the long term, this is also an *opportunity* to **diversify and revitalize Montreal's urban core**. Fewer traditional offices could mean more housing, more cultural spaces, more mixed-use development that makes downtown more liveable beyond 9-to-5.

Montreal's office market in May 2025 can be summed up as **"in flux."** The balance of power has shifted to tenants, remote work has reset expectations, and every neighborhood from the Plateau to Old Montreal is feeling the effects in different ways. Comparisons to the pre-pandemic days remind us how quickly and unpredictably markets can change. For locals, headlines about rising vacancy and conversion projects might replace the crane-counting news of the late 2010s.

If there's a silver lining, it's that Montreal has managed to avoid the most dire outcomes so far. *Downtown has not hollowed out completely* – many companies are still committed to the city, just in a modified way. And importantly, other sectors (like **retail and hospitality**) are recovering downtown, helping to compensate for fewer office workers multibriefs.com. The city's attractiveness for students, tourists, and new residents can help fill the gap left by daily commuters. In time, as the economy adjusts, Montreal might find a new equilibrium where offices play a different but still important role in city life.

For now, anyone looking to rent an office in Montreal will find **plenty of options and deals galore**, especially in downtown high-rises. And those seeking to understand the city's evolution will keep an eye on those vacancy stats as a barometer of how successfully Montreal adapts to the age of hybrid work. One thing is certain: the concept of "office" will never be quite the same again – in Montreal, as elsewhere – and the city is actively writing the next chapter of what its downtown will look like in this new era.

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Tags: montreals, office, rental, market, 2025

# 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.

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