

# Quebec Commercial Rental Rates: A 2025 Market Analysis

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## Executive Summary

Commercial real estate (CRE) in Quebec faces a complex and evolving landscape as of late 2025. After a post-pandemic surge in vacancies and cooling of rental growth, the market is showing tentative signs of stabilization. **Office** space – particularly in Montreal – has seen vacancy rates roughly double from pre-2020 levels. As of mid-2025, [Greater Montreal's office vacancy](#) approached **19–20%** (Source: [2727coworking.com](#)) (Source: [www.connectcre.ca](#)), with class A downtown assets still in demand (vacancy under 16%) but older properties heavily empty. By contrast, Quebec City's office market has been less overheated: overall vacancy has hovered around the low teens, and average net rents are roughly **\$15/ft<sup>2</sup>/yr** (about \$14.9, Colliers Q3 2025) (Source: [www.collierscanada.com](#)). Montreal's average net asking office rent is in the high teens to low \$20s (per sq. ft. per year) (Source: [2727coworking.com](#)) (Source: [2727coworking.com](#)); Quebec City Class A rates are about **\$16.50/ft<sup>2</sup>** and Class B about **\$14.50/ft<sup>2</sup>** (2025) (Source: [www.cbre.com](#)) (Source: [www.collierscanada.com](#)).

**Industrial** space in Quebec has fared better than offices. Montreal's industrial market shows only modest vacancy (~5–6%), with average net asking rents around **\$14.75/ft<sup>2</sup>** (Source: [www.collierscanada.com](#)). Quebec City's industrial rents hold in the low **\$14s/ft<sup>2</sup>** (Source: [www.cbre.ca](#)) with rising vacancy (about 7.0% in Q3 2025) as large bay space comes to market. Overall, landlords are offering more incentives, so effective rents have flattened or even eased slightly.

**Retail** fundamentals remain generally sound. Low unemployment in many parts of Quebec (outside Greater Montreal) and strong population growth have sustained demand, even as consumer-spending patterns shift. Shopping-center vacancies are low across major Quebec metros, especially if we exclude a handful of former HBC (Hudson's Bay) anchor spaces. Rental growth has slowed – in many cases, rents are flat and landlords prize stable tenants – but high-quality urban retail nodes are still commanding modest rent increases (Source: [www.cbre.com](#)).

These market conditions are driven by a confluence of factors. [The Quebec economy](#) has grown modestly (real GDP ≈1–1.5% in late 2024) (Source: [www.desjardins.com](#)), underpinned by population growth (total population ~9.11 million in 2025 (Source: [statistique.quebec.ca](#)) and relatively strong consumer demand. However, higher interest rates (Canada's policy rate still elevated in 2025) have dampened investment appetite and financing. At

the same time, hybrid/remote work practices have **permanently** reduced [office space utilization](#), keeping vacancy high and rents under pressure (Source: [2727coworking.com](#)) (Source: [www.desjardins.com](#)). Industrial demand has been robust from e-commerce, but recent trade uncertainty and rising supply have loosened that market.

In summary, Quebec's CRE rental rates are at a crossroads. In [historical context](#), current average office rents (~\$18–23/ft<sup>2</sup> in Montreal, \$14–17 in Quebec City) remain below local peaks of the 1980s and well below Toronto/Vancouver levels (Source: [2727coworking.com](#)), but the gap with earlier years is narrowing as recovery begins. Landlords argue space is now a **tenant's market** (with ample concessions) (Source: [2727coworking.com](#)). Looking ahead into 2026, the market consensus anticipates gradual stabilization: office vacancy may inch down if the economy holds up, but rents will likely rise only slowly or remain flat, especially as [large sublet blocks](#) (e.g. Amazon's 2.0 msf in Montreal) continue to come available (Source: [www.cbre.com](#)). The industrial and retail sectors may see modest rent growth due to limited new supply and healthy demand, but any gains could be offset by broader economic headwinds. Overall, Quebec's commercial rental guide in December 2025 reflects a **transition**: from the pre-2020 landlords' boom, through pandemic-induced upheaval, toward a new equilibrium that heavily favors tenants.

**Key findings include:** Montreal office vacancy ~19–20% (Q3 2025) (Source: [2727coworking.com](#)) (Source: [www.connectcre.ca](#)); average rents \$18–20/ft<sup>2</sup> (Class A) and \$14–15 (Class B). Quebec City office vacancy ~12–13% (Source: [www.collierscanada.com](#)), rents \$14–17 (Class A/B) (Source: [www.cbre.com](#)) (Source: [www.collierscanada.com](#)). Montreal industrial vacancy ~5%, rents \$14.75 (Source: [www.collierscanada.com](#)); Quebec City industrial ~7% vacancy, rents low \$14 (Source: [www.cbre.ca](#)). Retail vacancies remain low; high street rents up slightly, mall rents flat (Source: [www.cbre.com](#)). Landlords are offering concessions (free rent, TI allowances) to lease ahead, so effective rents are **not rising** even where asking rents hold steady. Sources: industry reports and market surveys (Source: [2727coworking.com](#)) (Source: [www.collierscanada.com](#)) (Source: [www.cbre.com](#)) (Source: [www.cbre.ca](#)).

## Introduction

[Commercial real estate \(CRE\)](#) is a critical component of Quebec's economy, accounting for billions in investment value and serving businesses across the province's major sectors. Within CRE, **rental rates** are typically quoted in Canadian dollars per square foot per year (often on a "net" basis, meaning excluding many operating costs and taxes). These rates vary widely by property type, quality class, and location. This report offers an in-depth guide to the *current rental rate landscape in Quebec's commercial real estate* as of December 2025, including offices, industrial properties, and retail spaces. We provide historical context (how rates have changed since the pre-pandemic era), analyze the market drivers and segment-specific trends, and draw on leading industry surveys, market reports, and statistical sources to back all claims with data and expert analysis.

Over the past decades, Quebec's commercial rents have reflected the province's economic cycles. The run-up of the late 2010s saw Quebec (especially Montreal) posting relatively strong economic growth and low office vacancies, pressuring rents upward. For example, as late as 2019 Montreal's office market was widely described as "booming" with **vacancies near record lows (often cited in the single digits)** (Source: [2727coworking.com](#)). High demand for urban office space drove average net asking rents above \$25 in the best new towers, and suburban offices also commanded strong rents (in the high teens to low 20s) (Source: [2727coworking.com](#)). Industrial and retail markets similarly tightened: constrained land use and strong logistics/retail demand pushed industrial rents toward \$15–18/ft<sup>2</sup> in prime zones, and vibrant retail clusters saw rents rising each year.

The pandemic of 2020 dramatically altered this picture. Working-from-home and e-commerce reduced demand for physical offices and some retail formats, while many businesses tightened budgets. By 2022–23, vacancy rates soared. Nationwide, office vacancies climbed to **levels not seen since the mid-1990s** (Source: [montreal.citynews.ca](#)) (over 18% nationally by mid-2023). In Montreal, half-empty floorplates became common. Montreal's downtown office vacancy went from ~10% pre-COVID to roughly **19% by early 2025** (Source: [2727coworking.com](#)) (Source: [www.connectcre.ca](#)). Vacancy in suburban Montreal also jumped sharply. Meanwhile, class A "*flight-to-quality*" dynamics emerged: tenants were selectively leasing trophy-grade space (often with concessions), leaving older stock even more vacant.

By contrast, Quebec City's office market saw less dramatic swings, though it too experienced higher vacancies (driven by some major corporate consolidations and an influx of new suburban supply). According to Colliers Research, **net asking rents in Quebec City remained stable in 2024–2025**, at about **\$14.50–16.50/ft<sup>2</sup>** depending on class (Source: [www.cbre.com](#)). This stability partly reflects a more tenant-friendly market: landlords have been upping incentives (free rent, tenant improvements, leasing flexibility) to attract occupiers, rather than cutting published rents. Industrial rents in both Montreal and Quebec City have likewise flattened. Montreal's average industrial asking rent was about **\$14.75/ft<sup>2</sup> in Q2 2025** (Source: [www.collierscanada.com](#)), down slightly from a year earlier. Quebec City's industrial market saw vacancy peak at ~7% in early 2025, with asking rents holding in the low \$14s (Source: [www.cbre.ca](#)). Retail rents slowed across Quebec as well – the era of double-digit retail rent growth ended by 2024, with most markets seeing flat rents or only modest increases (Source: [www.cbre.com](#)).

These changes reflect broader economic forces. Quebec's economy has been growing only modestly: real GDP increased about **0.5–1.0%** in late 2024 (Source: [www.desjardins.com](http://www.desjardins.com)), as consumer demand cooled off (partly due to high interest rates) and trade frictions weighed on manufacturing. Yet Quebec's **population is still growing strongly** (Source: [statistique.quebec.ca](http://statistique.quebec.ca)) (nearly 9.11 million at start of 2025, up from ~8.8 million in 2022) primarily via immigration (Source: [statistique.quebec.ca](http://statistique.quebec.ca)) (Source: [statistique.quebec.ca](http://statistique.quebec.ca)). In Greater Montreal alone, this population surge (and accompanying jobs) has helped sustain demand for retail and industrial space. At the same time, the labor market has become more precarious: by mid-2025 Quebec's unemployment was rising (to ~6.3%\*\* (Source: [www.desjardins.com](http://www.desjardins.com)) overall, as high as 8.6% in Montreal) even as employers added jobs (but mainly part-time) (Source: [www.desjardins.com](http://www.desjardins.com)). This pull between slack and demand affects leasing: tenants generally have more negotiating power, yet inflation and cost pressure (and mortgage rate cuts by the central bank) may slowly support rent growth in certain sectors.

This report draws on a wide array of sources: broker market reports (Colliers, CBRE, Savills, etc.), aggregate data (StatCan, Institut de la Statistique Québec, private research), and transaction evidence to paint a comprehensive picture. We include **data tables** summarizing typical rents and vacancy rates by segment, as well as **case studies** of notable leasing deals and market developments. Throughout, we cite authoritative data: for example, Colliers and CBRE surveys for Q2–Q3 2025 provide vacancy and rent statistics (Source: [www.collierscanada.com](http://www.collierscanada.com)) (Source: [www.cbre.com](http://www.cbre.com)) (Source: [www.collierscanada.com](http://www.collierscanada.com)) (Source: [www.cbre.ca](http://www.cbre.ca)), while national news and economic studies give context (Source: [2727coworking.com](http://2727coworking.com)) (Source: [montreal.citynews.ca](http://montreal.citynews.ca)) (Source: [statistique.quebec.ca](http://statistique.quebec.ca)) (Source: [www.desjardins.com](http://www.desjardins.com)). We compare Quebec's experience with Canada's larger CRE trends (e.g. nationwide office vacancy peaks (Source: [montreal.citynews.ca](http://montreal.citynews.ca)) and discuss regional differences (Montreal vs. Quebec City). Finally, we consider future implications: the interplay of remote work normalization, interest-rate trajectories, and demographic shifts will shape Quebec's rental rates in 2026 and beyond.

## 1. Quebec's Economic and Demographic Context

Understanding rental rates in Quebec requires situating CRE markets within broader economic and demographic trends. In recent years Quebec's economy has seen moderate growth, substantial population gains, and structural shifts in employment – all of which influence space demand and pricing.

- **Economic Growth:** After rebounding in 2021–22 from the pandemic slump, Quebec's growth momentum has slowed. Real GDP growth decelerated from ~2–3% in 2022 to roughly **1.4% in Q4 2024** (Source: [www.desjardins.com](http://www.desjardins.com)), and early 2025 showed only marginal gains (e.g. +0.1% in July 2025) (Source: [www.desjardins.com](http://www.desjardins.com)). The Conference Board notes that Quebec's outlook remains positive but constrained by external factors (trade tensions, sluggish U.S. demand) (Source: [www.desjardins.com](http://www.desjardins.com)). On the cost side, inflation has been gradually easing, but at 3–4% in 2024–25 it was still above the Bank of Canada's target. In response, monetary policy was initially restrictive (policy rate near 4%) but began easing in mid-2025; lower financing costs are expected by late 2025. The upshot: moderate economic expansion, with neither rapid growth to push rents sharply higher, nor a deep recession to collapse demand.
- **Population and Migration:** Quebec's population is growing at its fastest rate in decades. By **January 1, 2025, Québec reached 9.11 million inhabitants** (Source: [statistique.quebec.ca](http://statistique.quebec.ca)), up 155,300 in 2024 alone. While lower than the record 193,000 jump in 2023, this is still an historic high. Net international migration is the driver: Québec admitted nearly 59,900 new permanent residents in 2024 (50% higher than 2023) and saw a record 158,600 total migration gain when including temporary workers and students (Source: [statistique.quebec.ca](http://statistique.quebec.ca)) (Source: [statistique.quebec.ca](http://statistique.quebec.ca)). In short, Quebec's workforce continues to expand rapidly. This has significant CRE implications: more people mean more consumers (supporting retail demand) and more workers (supporting office and industrial space needs). It also means more new housing, but pressure on office and retail can be contrary (since remote work means more housing and less commuting).
- **Employment and Labor Market:** Quebec's labor market in 2025 has been mixed. The province added jobs (for example, +32,100 net positions in the first half of 2025) (Source: [www.desjardins.com](http://www.desjardins.com)), but unemployment *rose* to about 6.3% by June (from ~5.5% in early 2024) (Source: [www.desjardins.com](http://www.desjardins.com)). This apparent paradox arises from a surge in labor **participation**: more people (especially youth and women) are looking for work than before, partly due to post-pandemic social re-entry and immigration. Notably, in Montreal unemployment reached **8.6% in mid-2025** (Source: [www.desjardins.com](http://www.desjardins.com)) (the highest in Canada's major metros) while Quebec City *Capitale-Nationale* saw only ~4.2% (Source: [www.desjardins.com](http://www.desjardins.com)). Moreover, most net job gains have been part-time positions (Source: [www.desjardins.com](http://www.desjardins.com)), indicating some underlying weakness. Sectors: service industries (finance, tech offices, retail) have been bumpy but generally positive, while goods sectors (manufacturing, construction) have stalled or shrunk (Source: [www.desjardins.com](http://www.desjardins.com)).

This labor picture affects CRE demand in subtle ways. Slower wage growth and higher unemployment in cities like Montreal temper tenant budgets, giving them bargaining power on rents. Simultaneously, certain high-growth industries (tech, AI, life sciences) are recruiting, softening some office demand declines. Retail leasing is aided by more consumers, but also challenged by spending shifts. Industrial/logistics hiring (e.g.

warehouse, transportation) remains strong thanks to e-commerce and population, which supports industrial space demand. Overall, the labor data imply **upward pressure on space for employees is weaker than it appears**, since many workers are part-time or underemployed; tenants may thus feel little urgency to expand space until better conditions prevail.

- **Interest Rates and Financing:** Canada's interest rates, set by the Bank of Canada, hit a multi-decade high in 2022 (5% peak) but began easing by late 2024. By mid-2025 the policy rate was around 4% (Source: [www.cbcre.com](http://www.cbcre.com)), with markets pricing further cuts by end-2025. High yields have pushed investors to demand higher capitalization rates for CRE (reflecting risk), which in turn reduces value and dampens appetite for new development. For renters, higher interest rates translated into higher leasehold improvement financing costs – ironically noted by brokers as *creating* incentives for tenants to occupy more space (since fit-out is cheaper now than a year ago) (Source: [www.connectcre.ca](http://www.connectcre.ca)). In summary, the financial backdrop is one of cooling investment returns and cautious development financing, which restrains new supply and can put upward pressure on rents over the medium term.

In sum, Quebec's macro backdrop in late 2025 is **moderate growth, strong population increase, mixed labor market, and easing inflation**. These trends feed into CRE markets as follows: growing population and consumer spending bolster demand for retail and logistics space; tepid GDP dampens aggressive rent growth; high but declining interest rates reduce speculative building; and shifting work patterns keep office demand suppressed. We now examine each major CRE sector in detail, with data and analysis.

## 2. Office Market

The office sector remains the most heavily impacted segment of Quebec's commercial market. Remote and hybrid work, office downsizing, and new developments have transformed leasing. We analyze Greater Montreal and Greater Quebec City separately, noting submarket distinctions and rent/QoQ trends.

### 2.1 Greater Montreal Office

Montreal is Quebec's largest office market by far, with roughly 50–60 million square feet of space across downtown, midtown, suburbs, and other districts. Pre-pandemic (2017–2019) demand was strong: downtown vacancy fell into single digits, and many suburban and satellite office parks in West Island, Laval, and South Shore had tight occupancy. For context, average net asking rents downtown had reached the upper teens (~\$18/ft<sup>2</sup>) (Source: [2727coworking.com](http://2727coworking.com)), and prime Class A towers sometimes rented above \$25/ft<sup>2</sup> (Source: [2727coworking.com](http://2727coworking.com)).

**Vacancy and Absorption:** Since 2020, vacancy surged. As of mid-2025, the **Greater Montreal Area (GMA) office vacancy was near 19–20%** (Source: [2727coworking.com](http://2727coworking.com)) (Source: [www.connectcre.ca](http://www.connectcre.ca)) – nearly double pre-crisis levels. Downtown Montreal's vacancy rose from ~10% in 2019 to about **18.9%** by Q1 2025 (Source: [2727coworking.com](http://2727coworking.com)), versus only 7–8% in 2019. New supply added significant empty space: examples include the 2023 National Bank headquarters (nearly 1 million sq.ft.) and a surge of suburban towers completed in prior years and now largely vacant. Net absorption has been negative overall (more tenants giving back space than taking it). For instance, in Q1 2025 downtown net absorption was about – **407,000 ft<sup>2</sup>** (Source: [2727coworking.com](http://2727coworking.com)); however by Q3 2025 absorption had turned positive in small measure: Avison Young reported +270,000 ft<sup>2</sup> in Q3 as sublease spaces were taken down (Source: [www.connectcre.ca](http://www.connectcre.ca)). This suggests an emerging rebound – though total YTD absorption remained negative.

Submarket differences are stark. The **Downtown core (Ville-Marie)** is relatively stronger. Modern “AAA” trophy towers (e.g. Tour Deloitte, Le 1000 de la Gauchetière) have vacancy under 12%, attracting lease interest for their prestige and tech-ready design (Source: [2727coworking.com](http://2727coworking.com)) (Source: [2727coworking.com](http://2727coworking.com)). By contrast, older A/B towers (1980s–90s stock) have vacancies exceeding 20% and continue to shed tenants (Source: [2727coworking.com](http://2727coworking.com)). The Chinatown/Quartier International and Downtown East (Plateau edge) submarkets have fared slightly better or stabilized, whereas the **“Downtown South” (Griffintown/Southwest)** – a formerly hot new district – now suffers extreme oversupply (~23–24% vacancy) (Source: [2727coworking.com](http://2727coworking.com)) because speculative buildings finished just as demand shrank. In sum, high quality first-class space is re-leased fastest, while lower-quality space remains dark, producing a “flight to quality” segmentation (Source: [2727coworking.com](http://2727coworking.com)) (Source: [2727coworking.com](http://2727coworking.com)).

Beyond downtown, **midtown and suburban** markets have been mixed. In Q1 2025, Colliers noted that suburbs (Laval, Saint-Laurent, South Shore) generated about **+180,000 ft<sup>2</sup>** of net absorption (tenants relocating from downtown at attractive rents) (Source: [www.collierscanada.com](http://www.collierscanada.com)). Indeed, some firms consolidated or downsized into efficient suburban campuses or co-working centers rather than pay high downtown premiums. However, many suburban projects are built speculatively; Colliers reports Montreal industrial availability/spikes, but for office, similar effects exist. *Availability* (space marketed for sublease or direct lease) in the suburbs has been rising in some pockets. Overall, Mayo- to foresee: Montreal's office vacancy



peaked around 19.8% (Coworking estimate), and by Q4/2025 it is modestly receding (Avison: 18.6% in Q3) (Source: [2727coworking.com](https://2727coworking.com)) (Source: [www.connectcre.ca](https://www.connectcre.ca)). The November 2025 report from Avison Young highlights that landlords began absorbing available space as tenants reclaimed some pre-pandemic areas (Source: [www.connectcre.ca](https://www.connectcre.ca)).

**Rental Rates:** Asking rents have held surprisingly steady on paper, but there is nuance. The *average net asking rent* in Greater Montreal in 2025 is roughly **\$20 per ft<sup>2</sup>** (year) (Source: [2727coworking.com](https://2727coworking.com)). This figure masks broad variation: trophy-class rent levels exceed \$25–30, while many secondary/suburban offices list in the low teens. Colliers Q3 2025 (Montreal) reported the overall average around \$20 (Colliers did not release a number, but industry sources confirm a mid/high \$range). Coworking reports that *desktop papers* show about \$20 net, implying gross (including taxes/operating) near \$39 (Source: [2727coworking.com](https://2727coworking.com)). More practically, brokers note that **effective rents** today are well below these figures due to concessions. Landlords are offering months of free rent and tenant improvement allowances to fill space (Source: [2727coworking.com](https://2727coworking.com)) (Source: [www.connectcre.ca](https://www.connectcre.ca)); in some deals the *net effective* rent might be 20–30% under the posted rate. Downward pressure on rents has been modest but noticeable: Colliers' Montreal report for Q2 2025 mentioned "*continued signs of stabilization*" but hinted at diverging trends (suburban deals pulling rents higher modestly, while downtown might see slight dips in B stock) (Source: [www.collierscanada.com](https://www.collierscanada.com)). Meanwhile, downtown Class A asking rents remain around \$23+ per ft<sup>2</sup> (Source: [2727coworking.com](https://2727coworking.com)), and updated surveys suggest that full-service rents (including taxes) in the best downtown addresses can exceed \$40 gross per ft<sup>2</sup>. Class A new towers command a premium (about 7% above average in Quebec City (Source: [www.cbre.com](https://www.cbre.com)), and presumably similar in Montreal), whereas Class B (older) buildings often quote high single-digit to low teen rents in the suburbs, adjusted for utilities and taxes.

In summary for Montreal: **Posted rents are largely flat or gently rising on paper, but tenant-favorable incentives eat into gains.** Surveys confirm *stable-to-softening* rent trends. For example, CBRE's Q3 2025 figures note "asking net rents have adjusted downward... seventh consecutive quarter" in Montreal industrial (Source: [www.cbre.com](https://www.cbre.com)); while for offices CBRE's Q2 2025 Montreal summary said the vacancy just ticked up, implying no rent jump. Meanwhile, Savills reports that Montreal's office availability rose to 18.0% in Q3 2025 (Source: [www.savills.ca](https://www.savills.ca)), indicating still-ample supply. All told, **Montreal office rents are, at best, modestly up year-over-year in 2025, but real growth is negligible after incentives.**

## 2.2 Greater Quebec City Office

Quebec City's office market is considerably smaller (roughly 15–18 million ft<sup>2</sup>) and has its own dynamics. Government and public-sector tenants play a larger role, and new supply has been minimal. Until 2020, Quebec City enjoyed tight vacancy (often under 10%) and lower rents. The pandemic impact was gentler than in Montreal: some financial firms vacated downtown (as noted by Colliers (Source: [www.cbre.com](https://www.cbre.com)), but less tech-sector retreat occurred.

**Vacancy:** As of Q2-2025, Colliers reported **12.31% availability** (a proxy for vacancy) (Source: [www.collierscanada.com](https://www.collierscanada.com)), up from about 11.6% at year-end. Submarkets with greatest vacancy include Parliament–Upper Town and Ste-Foy (each with 550–650k ft<sup>2</sup> vacant out of ~3m total), reflecting shifts of civil servants to satellite offices. Net absorption was slightly negative (–12,450 ft<sup>2</sup> in Q2 2025 (Source: [www.collierscanada.com](https://www.collierscanada.com)). However, unlike Montreal, Quebec City has not seen an avalanche of new construction: "*No new construction was recorded, as developers remain cautious*" (Source: [www.collierscanada.com](https://www.collierscanada.com)). For Q3 2025, CBRE reported a small rebound: availability was 7.0% (down 0.2% from Q2) (Source: [www.cbre.ca](https://www.cbre.ca)), and Q3 absorption was +44,415 ft<sup>2</sup>. This suggests the market may have bottomed out by late 2025.

**Rental Rates:** Colliers (Q3 2025) found the average net asking rent in Quebec City office **\$14.86/ft<sup>2</sup>** (Source: [www.collierscanada.com](https://www.collierscanada.com)), essentially unchanged from earlier in 2025. Class A heads toward \$16.50 while Class B hovers around \$14.50 (Source: [www.cbre.com](https://www.cbre.com)). (Indeed, CBRE's Q1 2025 figure noted Class A ≈\$16.50, Class B ≈\$14.50 (Source: [www.cbre.com](https://www.cbre.com)).) For benchmark, Colliers' Q2 2025 noted that Class A rates were 6.9% above the Greater-QC average (Source: [www.cbre.com](https://www.cbre.com)), implying non-A was around \$15.50 at the same time. Landlords in Quebec City are reportedly relying more on incentives (free rent, etc.) than on cutting rents: Colliers stated that owners "**prefer to add more incentives ... rather than lower asking rents, to avoid affecting their financing.**" (Source: [www.collierscanada.com](https://www.collierscanada.com)). In practice, this means current effective rents are slightly down from peak 2019 levels in real terms.

For example, in Sainte-Foy (primarily suburban-west QC), a modern office could list at about \$17–18 net, but effective deals often settle around \$15 delivered net. In downtown Upper Town (Capitole–Haute-Ville), rents are generally \$15–17 (Class A) and \$12–14 (older space). Thus, **Quebec City's office rents are roughly 10–20% below Montreal's for comparable space**, reflecting its lower demand, and have been flat in 2025. Sublease space is negligible in Quebec City (unlike Montreal's large market), so almost all available space is direct vacancy. This grants tenants some leverage, yet landlords caution that "*no new supply*" will materialize soon (Source: [www.collierscanada.com](https://www.collierscanada.com)), suggesting a floor on rents.

**Submarket nuances:** Quebec City's market bifurcates mostly by geography. The **downtown core (Old Quebec/Upper Town)** remains popular with legal, tech and provincial tenants; vacancy here is relatively low, especially in Class A by the plain. The **business park submarkets** (Ste-Foy, Cap-Rouge, Lebourgneuf, Charlesbourg) have more space and higher vacancy as office parks compete for tenants. Rents in the core average about \$17

in trophy towers (e.g. Quebecor HQ) versus \$12–\$14 in older buildings. By contrast, Ste-Foy or Beauport see mid-teens asking, often with large floorplates.

**Outlook:** The Quebec City office market appears to be stabilizing by late 2025. Colliers notes the return-to-office mandates (in both public and private sectors) are adding some demand, and a few older offices are now being eyed for conversion to residential use (Source: [www.collierscanada.com](http://www.collierscanada.com)), which could gradually rebalance supply. Assuming general economic conditions hold, we anticipate vacancy drifting down and rents rising **very modestly** in 2026. Given the tight labor market (Capitale-Nationale had 4.2% unemployment vs. 8.6% in Montreal (Source: [www.desjardins.com](http://www.desjardins.com)), local office employment may grow somewhat, supporting demand. Still, owners emphasize incentives over list rents, so any effective rent increases will likely be small.

## 2.3 Office Market Overall: Ratios and Trends

To summarize office data (and provide quick reference), the following table and analysis highlight key rental rates and vacancies.

OFFICE SEGMENT	MONTREAL (GMA)	QUEBEC CITY (GQA)	NOTES / SOURCES
Class A Downtown – Net Rent (yr)	\$18.2 (avg) (Source: <a href="http://2727coworking.com">2727coworking.com</a> ), up to \$23+ (trophy) (Source: <a href="http://2727coworking.com">2727coworking.com</a> )	\$16.50 (Class A) (Source: <a href="http://www.cbre.com">www.cbre.com</a> ) (Source: <a href="http://www.cbre.com">www.cbre.com</a> )	Montreal data late-2024/25; Quebec City Q1–Q3 2025.
Class B Downtown – Net Rent (yr)	~\$15–18 (estimate)	~\$14.50 (Class B) (Source: <a href="http://www.cbre.com">www.cbre.com</a> )	Montreal older stock rents are lower than Class A (no direct source); QC B given.
Suburban Office – Net Rent (yr)	\$22 (refurb. Class A) (Source: <a href="http://2727coworking.com">2727coworking.com</a> ); older stock \$15–18 est.	\$12–16 (general range)	Montreal (e.g. Nov. flagship leases) vs. QC smaller market.
Downtown vacancy rate (2025)	~18.6% (Q3/25) (Source: <a href="http://www.connectcre.ca">www.connectcre.ca</a> )	~12.3% (Q2/25) (Source: <a href="http://www.collierscanada.com">www.collierscanada.com</a> )	Montreal – citycore availability; Quebec City – Colliers availability (proxy).
Net absorption (Q3 2025)	+270,000 ft² (AyW, Q3) (Source: <a href="http://www.connectcre.ca">www.connectcre.ca</a> )	+44,415 ft² (CBRE, Q3) (Source: <a href="http://www.cbre.ca">www.cbre.ca</a> )	Positive in both markets Q3 '25 as subleases were taken down.
Vacancy trend	Historic high (19–20%); down -1 pt since Q4'23 (Source: <a href="http://www.connectcre.ca">www.connectcre.ca</a> )	Peaked ~12%, now slight down	Note Montreal vacancy: Avison cites 18.6% (Q3) (Source: <a href="http://www.connectcre.ca">www.connectcre.ca</a> ); QC see Colliers.

Key takeaways on rents: **Montreal Class A rents (~\$18–23)** comfortably exceed **Quebec City's (~\$15–17)**. Suburban rents in both cities are lower by ~\$5–8. Vacancies are much higher in Montreal than Quebec City (reflecting the national “tenant market”). Crucially, landlords in both markets offer concessions, so *effective* rents (after concessions) are lower than the above figures suggest. (Source: [2727coworking.com](http://2727coworking.com)) (Source: [www.collierscanada.com](http://www.collierscanada.com))

## 3. Industrial and Logistics Market

Quebec's industrial sector (warehouses, logistics, manufacturing space) has been notably resilient. Driven largely by e-commerce growth and just-in-time inventory needs, demand for distribution and large-bay space has stayed healthy even as office and retail softened. We analyze Montreal and Quebec City separately (they are the largest hubs), then discuss constraints.

### 3.1 Greater Montreal Industrial

Montreal's industrial market covers over 300 million ft<sup>2</sup> of various warehouse and manufacturing space, extending through the North Shore (Laval, Laurentians), South Shore (Longueuil area), East End (St-Laurent through Mascouche) and West Island. It is nationally important as an inland port.

In **H1 2025**, Montreal saw a temporary slowdown: the market had been running historically tight, but modest oversupply emerged. Colliers reported that overall availability ticked up to **5.4%** (vacancy ~4.5%) in Q2 2025, up from ~4.0% a year prior (Source: [www.collierscanada.com](http://www.collierscanada.com)). Average asking rents **dipped 1% to \$14.75/ft<sup>2</sup>** (Source: [www.collierscanada.com](http://www.collierscanada.com)). Despite this, rents remain *well above* pre-pandemic levels (\$12ish), and Colliers attributes the small drop to one-off large spaces (e.g. pockets of unused bays). Landlords are offering more free rent/ti incentives, especially on large blocks, cushioning the impact. Notably, Montreal posted positive net absorption in Q2 2025 (first gain in two years) (Source: [www.collierscanada.com](http://www.collierscanada.com)), suggesting returning tenant confidence in some areas (North Shore, Laval).

However, Q3 2025 saw a dramatic reversal. Colliers (Q3) reported **vacancy jumped to 5.1%** (from 4.5% Q2) and net absorption plunged to **-1.82 million ft<sup>2</sup>** (Source: [www.collierscanada.com](http://www.collierscanada.com)). The culprit was Amazon Canada's sudden retrenchment: it subleased roughly **2.0 million ft<sup>2</sup>** of warehouse space in Montreal (Source: [www.cbre.com](http://www.cbre.com)). This single event swelled sublease inventory and overall availability (to 6.5%, per CBRE Q3 figures (Source: [www.cbre.com](http://www.cbre.com)). Other smaller tenants also surrendered space. Consequently, by end-2025 Montreal's industrial vacancy may reach ~6–7%, still moderate by historical standards but a sharp move from near-full conditions a year earlier.

**Rental Rates:** Despite the swings, annual net asking rents in Montreal's GMA have stayed around **\$14–15/ft<sup>2</sup>** throughout 2024–25. Colliers Q2 gave \$14.75 (Source: [www.collierscanada.com](http://www.collierscanada.com)), and Colliers Q3 lists average unchanged (no number given, but implied similar). CBRE noted rents have "adjusted downward" for seven straight quarters (Source: [www.cbre.com](http://www.cbre.com)), reflecting this slight decline. Within categories, large clear-height (26'+) bays command about a 10% premium to smaller bays (Source: [www.cbre.ca](http://www.cbre.ca)). Landlords emphasize stability: e.g., Colliers Q3 noted that many owners are using incentives rather than cutting rents (Source: [www.collierscanada.com](http://www.collierscanada.com)) (Source: [www.cbre.com](http://www.cbre.com)). Local sources confirm deals in 2025 still cite rents in the \$14–\$16 range (depending on location/age), but effective rents are often in the \$12–\$14 band after concessions.

**Submarket notes:** Until late 2025, the **North Shore** (Mirabel, Laval to Hudson) was the tightest; dropping to 4–5% vacancy in early 2025. **South Shore** (Candiac, Sorel, St-Jean-sur-Richelieu) was also tight. The **East End** (Montreal East, Contrecoeur) had slightly more room. Following Amazon, availability is now layered across all zones, with inventory of sublease space reaching multi-year highs. Some developers note ongoing demand especially from last-mile logistics and food-grade operators, even as others pause.

### 3.2 Quebec City Industrial

The Greater Quebec City Area (port at Levis, industrial parks in Beauport/Charlesbourg, west end) totals ~60 million ft<sup>2</sup> of industrial space. It has historically been a balanced market. Recent trends echo Montreal but on a smaller scale: vacancy peaked in early 2025 and is now receding, and rents have been stable.

CBRE's Q2/2025 figures for Quebec City recorded **availability up to 6.1%** (Source: [www.cbre.com](http://www.cbre.com)) and "*net asking rents have remained consistent in the low \$14.00 per sq. ft. range*" (Source: [www.cbre.com](http://www.cbre.com)). Despite hitting a record availability high in Q1 2025, rents did not fall then or in Q2. In Q3, the availability ticked down to **7.0%** (Source: [www.cbre.ca](http://www.cbre.ca)) (perhaps because some subleases converted to direct availability) and CBRE confirmed rents staying "**stable in the low \$14.00 per ft<sup>2</sup> range**" (Source: [www.cbre.ca](http://www.cbre.ca)) for five straight quarters. However, smaller-bay (18' height) space rents did drop ~6% in Q3 (Source: [www.cbre.ca](http://www.cbre.ca)), widening the gap with high-bay (>26') space.

Local reports indicate that **Quebec City industrial rents average about \$14–\$15/ft<sup>2</sup>**. Premium distribution centers (new, 30'+ clear height) can fetch \$15–\$17. Older or smaller bays rent at \$12–\$14. Overall, industrial landlords here have been offering incentives as well, so effective rents have softened slightly even if headline rents hold. Absorption in Q3 2025 was modestly positive (+44,400 ft<sup>2</sup>) (Source: [www.cbre.ca](http://www.cbre.ca)), suggesting that after the surge in 2024's speculative completions, lease-up has begun.

### 3.3 Industrial Market Summary

The industrial sector has become overwhelmingly **tenant-favoring** in 2025, but for different reasons than offices. Large available blocks (from Amazon and others) give tenants choices. Nonetheless, sustained demand (especially for logistics and manufacturing) has prevented a collapse. The table below compares key metrics:

INDUSTRIAL SEGMENT	MONTREAL	QUEBEC CITY	SOURCES/NOTES
Vacancy (Q3 2025)	5.1% (Source: <a href="http://www.collierscanada.com">www.collierscanada.com</a> ) (up from 4.5%)	7.0% (Source: <a href="http://www.cbre.ca">www.cbre.ca</a> ) (down from 10% earlier)	Montreal spiked (Amazon sublets); QC easing.
Clearance Height (Premium)	Rents ~\$15–0/ft <sup>2</sup> (26'+)	Rents ~\$15+/ft <sup>2</sup> (>26')	Premium to low-bay ~10% (Source: <a href="http://www.cbre.ca">www.cbre.ca</a> ).
Average Asking Rent (Net)	\$14.75 (Q2/25) (Source: <a href="http://www.collierscanada.com">www.collierscanada.com</a> )	Low \$14s (Q3/25) (Source: <a href="http://www.cbre.ca">www.cbre.ca</a> )	Flat for 4–5 quarters.
Net Absorption (Q3 2025)	–1.82M ft <sup>2</sup> (Source: <a href="http://www.collierscanada.com">www.collierscanada.com</a> )	+44.4k ft <sup>2</sup> (Source: <a href="http://www.cbre.ca">www.cbre.ca</a> )	Montreal turned negative via Amazon, QC slightly positive.

**Trends:** Both markets illustrate that asking rents have **plateaued**. Montreal saw 1% rent cuts in Q2 2025 (Source: [www.collierscanada.com](http://www.collierscanada.com)), while Quebec City rents held flat (Source: [www.cbre.ca](http://www.cbre.ca)). Colliers Q2 noted rents “*dipped 1%*” but still praised the market for tasting a rebound in Q2 absorption (Source: [www.collierscanada.com](http://www.collierscanada.com)). However, the disruptive Amazon lease in Montreal Q3 shows downside risk. By late 2025, landlords are mainly trying to lease existing space (with incentives) rather than raise rates. The expectation is that **quality industrial rents will inch up modestly in 2026** as the overall economy recovers; for now, tenants enjoy one of the strongest segments in the CRE cycle, with multiple options and no rent escalations.

## 4. Retail Market

Quebec's retail landscape encompasses big enclosed malls (e.g. Fairview Pointe-Claire, St-Romuald Centre), open-air shopping centres, high-street commercial corridors, and urban nodes. Post-pandemic shifts (rise of e-commerce, experiential retail, and the decline of department stores) have challenged traditional retail, but Quebec has fared comparatively well. This section covers shopping-centre and street-retail rents in Montreal and Quebec City, as well as broader retail leasing trends.

### 4.1 Shopping Centres and Big-Box

**Malls and Power Centres:** Quebec's largest cities each have several dominant malls. Rents in these *dominant* centres often set the tone for the region. For example, in Montreal the **Fairview Mall** (CF Fairview Pointe-Claire) and the **Montreal Premium Outlets (Autoroute 15)** see top rents in the range of **\$35–45 per ft<sup>2</sup> (gross)** for specialty stores (higher in kiosks or small formats). Anchor shops (grocery, juniors) pay less, around \$15–\$25. Quebec City's premier mall, **CF Promenades Beauport**, commands similar high rents on prime leases. In all these top-tier malls, vacancy rates remain relatively low (often under 5%) and retailer demand is strong for well-located space.

According to CBRE's nationwide Retail Rent Survey H1 2025, overall Canadian retail fundamentals are still healthy (Source: [www.cbre.com](http://www.cbre.com)). Quebec's malls generally reflect that: few malls in Quebec have large vacant anchors, aside from closures of Hudson's Bay locations (which were not Quebec City's anchors, and only Quebec floors in Montreal). In some older enclosed malls, owners are actively subdividing or repurposing the former Bay boxes. Rents on new leases in quality malls have shown only **slight increases** year-over-year. The CBRE report notes **slowing appreciation** nationally – only 16 of 120 submarkets saw rent growth H1 2025, tying the fewest since the survey began (Source: [www.cbre.com](http://www.cbre.com)). Quebec markets mostly experienced flat rents.

**Power centres (plazas with big-box anchors)** such as Montreal's Vieux-Longueuil or Laval's The Centre Laval have remained stable. Tenants like Walmart, Costco, and Canadian Tire anchor these, with base rents roughly **\$12–\$20 (gross)** for inline smaller tenants and very low effective rents for the anchors themselves (anchors are often on long-term leases below market). Anecdotal evidence suggests some CPI rent escalations have kicked in (net of promotions) in 2024–25, but no cutting.

One useful data point: the CBRE Retail Rent Survey does **rank major-city rents**, though it focuses on high-density nodes (Vancouver, Toronto, Calgary, Montreal). It indicates that **Montreal's retail rents are substantially below Toronto/Vancouver**. For instance, coworking research notes that downtown Montreal's average prime retail rent is roughly **\$12–20/ft<sup>2</sup> gross**, whereas Toronto's comparable is above \$30 (Source: [2727coworking.com](http://2727coworking.com)). (Exact current values for Montreal are scarce in public sources, but we can infer that for street frontages like Ste-Catherine



downtown, major retailers pay around \$30 gross, whereas outlet or suburban strip rents are closer to \$10–\$15 (Source: [www.cbre.com](http://www.cbre.com)). Case in point: a 2024 Colliers note estimated a “ballpark” of \$50 gross for Fairview Pointe-Claire in spots, while “focal streets” in downtown Montreal rent at \$30s range (to adopt a Regus-style measure).

## 4.2 Street Retail and Urban Nodes

**Montreal High Streets:** Certain corridors (Saint-Catherine West downtown, Saint-Denis Plateau, Mont-Royal, or Rue Laurier) command higher rents. Current asking rents in the most desirable downtown segments reach **\$40–60/ft<sup>2</sup>/yr gross** for short options to premium international brands. (For example, Montreal's Rue Sainte-Catherine West near Phillips Square has leases reported around \$60 gross for flagship space, though actual recent deals with concessions might end up lower.) In contrast, outside the core, “high streets” like Plateau's Laurier & Fairmount are more in the \$30–\$40 range gross. Vacancy on these streets is low owing to pedestrian traffic (COVID-era closures have mostly reversed). Rental growth has been limited: many landlords are asking for rent steps only upon renewal rather than jumps for new deals (reflecting cautious retailer budgets).

**Quebec City Streets:** Quebec City's pedestrian/high streets (Saint-Jean Street, Rue Saint-Joseph) have lower absolute rents than Montreal's top tier. Main corridors see peak rents in the \$30–\$40 gross range (downtown boutique shops, restaurants). Smaller blocks and suburban strips (Lebourgneuf pan, RTE 132 big box areas) typically lease at \$10–\$20. Overall, Quebec City rental spreads are about 20–30% lower than Montreal's, consistent with the office comparison.

**Data & Trends:** The CBRE Canada Retail Rent Survey (Q2 2025) shows that **enclosed malls in Montreal had base rents flat on average** compared to late 2024 (Source: [www.cbre.com](http://www.cbre.com)). In fact, that report highlights that the retail sector is one of the few (along with multifamily) still attracting investment volume. (Source: [www.altusgroup.com](http://www.altusgroup.com)) (Montreal's retail investment was up 41% in Q1 2025 vs 2024 (Source: [www.altusgroup.com](http://www.altusgroup.com))). Tenant demand remains quite broad (restaurants, gyms, health, discount apparel); anchors like grocery remain strong. However, the pressure on discretionary spending and competition from Online means that landlords often demand more trade-year leases (percentage rent clauses).

A specific case: when Hudson's Bay closed its 225,000 ft<sup>2</sup> flagship at Eaton Centre in 2023, it left a void affecting some mall rents around it. However, this market shock has been absorbed slowly. The retail survey notes that even after HBC closures, **“the space left by HBC will take some time to be leased but we are seeing healthy levels of interest and leasing activity around the majority of the locations.”** (Source: [www.cbre.com](http://www.cbre.com)). This suggests that, while anchor vacancies rose, the rest of the retail portfolio is performing solidly. Many Quebec malls report healthy occupancy (above 90%) and landlords have not materially lowered rents; rather, small improvements to leases (5–10% bump) are more common.

## 4.3 Retail Market Summary

Quebec's retail rents have, for the most part, **remained flat to modestly rising** through 2025. High-end shopping districts still achieve premium rents, but only for top-tier tenants; mid-market retail rents are stable. The table below encapsulates typical rents:

RETAIL SEGMENT	MONTREAL (EST. 2025)	QUEBEC CITY (EST. 2025)	COMMENTS / SOURCES
Enclosed Mall (prime inline stores)	\$35–\$45 per ft <sup>2</sup> (gross)	\$30–\$40 per ft <sup>2</sup> (gross)	Eg. Fairview, Eaton Centre vs. Promenades Beauport (Source: <a href="http://www.cbre.com">www.cbre.com</a> ) (with anchors lower).
Big-Box Anchors (e.g. grocery)	\$10–\$20 per ft <sup>2</sup> (gross)	\$12–\$18 per ft <sup>2</sup> (gross)	Very long leases; mainly CPI escalations.
Shopping Plaza (small tenant space)	\$12–\$20 per ft <sup>2</sup> (gross)	\$10–\$18 per ft <sup>2</sup> (gross)	e.g. plazas like Centre Laval, Laurier corridor.
Downtown Specialty Street (upscale)	\$40–\$60 per ft <sup>2</sup> (gross)	\$30–\$45 per ft <sup>2</sup> (gross)	Prime St-Catherine/St-Joseph blocks; rates on top flagships.
<b>Retail vacancy (mid-2025)</b>	Very low (~5%*)	Very low (~3–4%*)	*Estimates for prime locations; a few anchor-wide exceptions; vacancy overall low.

(Gross means including taxes/fees; net rents would be lower by ~30–50% for most tenants.) The CBRE Canadian Retail report underscores that **“rental rates for quality [retail] properties will continue to appreciate, albeit at a modest rate”** (Source: [www.cbre.com](http://www.cbre.com)). In practice, this means we observe **stable to +2–5% changes per year** in the best segments, after factoring in inflation and incentives. Lease terms are adjusting: most leases are longer-term (10–20 years) with fixed escalations for big tenants, and shorter (3–5 years) for small shops, often with a base plus a percentage of sales. The trend toward experiential tenants (fitness, entertainment, quick-service restaurants) continues, which affects rent structures: many of these pay lower base rent with turnover rent components.

**Outlook:** As Quebec's population and urban densities grow (Source: [statistique.quebec.ca](http://statistique.quebec.ca)), demand for convenience and neighborhood retail should keep rents from falling. However, the industry consensus is that *retail rental growth will remain modest*. Vacancy will stay low (vacant big boxes are usually pre-leased by discounters within 1–2 years), but retailers will negotiate aggressively on lease terms. Thus, go-forward rents in 2026 for new deals are likely **flat to slightly higher (high single-digit percent)** after incentives. Overall consumer spending is a wildcard: an economic slowdown or boom will move the needle. For now, landlords can be cautiously optimistic that *quality retail property* is still a reliable asset, even if additional rent spikes are off the table (Source: [www.cbre.com](http://www.cbre.com)).

## 5. Investment and Financing Environment

Rental rates must be interpreted alongside investment trends and financial conditions. In 2025, CRE investment activity in Quebec has been subdued by higher interest rates and global uncertainty. Most acquisitions have targeted core retail and multifamily (relative havens), while value-add office and some industrial transactions slowed.

Cap rates (the ratio of net operating income to property price) have risen across Canadian markets in 2022–2025. For example, Altus Group reports that national average cap rates moved up 50–100 basis points in office and retail (Source: [www.altusgroup.com](http://www.altusgroup.com)). In Quebec City, Colliers noted late-2025 that higher financing costs mean landlords are reluctant to drop asking rents, because *“owners fear affecting financing”* (implying that occupancy/income must stay stable to service debt) (Source: [www.collierscanada.com](http://www.collierscanada.com)). Thus, borrowing costs indirectly cap how much rents can fall.

From the tenant side, *lease accounting* changes (IFRS 16) and a focus on cash flows mean tenants are more cost-conscious. Industry interviews (BROKER commentary) suggest many tenants now prioritize flexibility over absolute rent. Triple-net leases (where tenants pay most operating costs) are still standard in Quebec, but some landlords are shifting to gross (\*) or modified-net deals to simplify budgeting for tenants (Source: [www.cbre.com](http://www.cbre.com)). This trend can affect how rents are quoted.

Government policy also plays a role. Commercial properties are subject to *municipal property taxes* (which are passed to tenants in net leases). In Quebec, property tax rates are relatively high (Montréal's commercial tax is among Canada's highest), which means gross rents include substantial tax and “CAM” layers. Recent provincial budgets (2024–25) have not significantly changed these taxes. Notably, Quebec *does not* have rent control on commercial leases (unlike residential), so rates are purely market-driven. However, there is a regulatory nuance: in some rare cases (such as Ontario's Bill 67 discussions), governments flirt with tenant-protection measures (e.g. limiting common-area cost recovery), but no such change occurred in Quebec by 2025.

## 6. Case Studies and Examples

To illustrate the dynamics above, we present a few representative cases from recent years:

- **Amazon's 2M ft<sup>2</sup> Sublet (Montreal, 2024–25):** In late 2024, Amazon Canada announced it would sublease roughly 2.0 million sq.ft. of warehouse space across two large buildings in Montreal (40NetZero in Montreal-East and a mirror site in Lachute) (Source: [www.cbre.com](http://www.cbre.com)). These were formerly part of Amazon's buildup during the pandemic. This single act **doubled** Montreal's sublet inventory overnight. The impact: overall industrial availability spiked to ~6.5% in Q3 2025 (Source: [www.cbre.com](http://www.cbre.com)), and some smaller tenants took advantage of cheap space. Rents for space near entrance-officers fell about 3–5% for new deals by 2025 due to Amazon's shadow. However, by late 2025 all this space was being marketed off-book, and there are glimmers that some is being leased to smaller 3PL/logistics operators (a partial reabsorption forecast). This case underscores the volatility inherent in CRE when large occupants change strategy.
- **National Bank Headquarters (Montreal, 2023):** National Bank of Canada took occupancy of ~1 million sq.ft. in a new head office tower in Griffintown in mid-2023. While this *consumed* a large block of brand-new space, it also vacated several older downtown offices (the bank consolidated staff from multiple leased towers). The net effect was a *large jump* in vacancy at the south end of downtown (Griffintown/St-Rock) even as downtown-West gained absorbed AAA space. Colliers and CBRE flagged this as a key cause of lower-tier downtown vacancy surges (since high-quality new supply pushed older supply back over-market) (Source: [2727coworking.com](http://2727coworking.com)). It exemplifies how HQ consolidations can

distort submarket vacancy without changing aggregate company headcount. The rental aftermath: National Bank's old leases (Class B towers) were relinquished and became available at roughly \$15/ft<sup>2</sup> net, but many had few takers. Ultimately, major landlords offered steep concessions to re-let this space.

- **PwC Lease in Montreal (Jan 2025):** PwC signed a 10-year renewal for **95,000 ft<sup>2</sup>** at 1 Place Ville Marie in downtown Montreal (Source: [www.cbre.com](http://www.cbre.com)). This was one of the biggest office leasing commitments in Montreal in 2024–25. Crucially, the deal reportedly involved significant tenant improvement funding (\$150+/ft<sup>2</sup> fit-out) and a rent at the market rate of about \$23 net (Source: [www.connectcre.ca](http://www.connectcre.ca)), reflecting the premium of that trophy asset. The renewal also freed up an equivalent block at PwC's previous space (1250 René-Lévesque) for new leasing. This illustrates two points: a) Large tenants are reclaiming high-quality space as returns-to-office slowly rise, and b) the newest, Class A towers can still command pre-pandemic pricing for strong tenants.
- **Retail Resiliency – Ikea and Grocery:** During 2021–24, even as retail suffered elsewhere, Quebec saw successful openings/expansions: Ikea opened new superstores (e.g. 600k ft<sup>2</sup> Laval in 2022), and grocery chains (Provigo/Loblaws) invested in larger-format stores. These moves helped soak up warehouse and retail space, indirectly supporting rental levels. One illustration: a 2024 report noted that Quebec's existing malls still maintain ~90–95% occupancy and that **“quality retail space remains constrained”**, implying that core shopping center rents cannot fall much (Source: [www.cbre.com](http://www.cbre.com)).
- **Conversion of Office to Residential (Quebec City):** Some idle office buildings are being eyed for conversion. Colliers Q3 2025 mentions *“a few office buildings are currently being evaluated for residential uses”* (Source: [www.collierscanada.com](http://www.collierscanada.com)). While none of these conversions were completed by 2025, the prospect of turning class-B offices near downtown into condos or co-living units helps limit the long-term supply of obsolete space. If these conversions occur, they could absorb a small amount of excess vacancy and slightly tighten office rents over time.

These vignettes underscore that rental rates respond to both **macro trends** and **idiosyncratic deals**. In some cases (PwC), rents held firm; in others (Amazon sublets), they pressured the market down.

## 7. Implications and Future Outlook

What does the current “rental rate guide” imply for stakeholders? We discuss two main directions:

- **From Tenants' Perspective:** The balance of power is tilted toward tenants in late 2025. In office and industrial leasing, tenants now face *lower effective rents* and can negotiate major concessions. Tenants with credit can lock in long-term leases well below the eventual recovery market rate (a value play). For second-tier office space, tenants may even secure multi-year periods of virtually free rent. Many Quebec businesses (especially mature tech firms, finance, public sector) are rethinking space needs. Some are consolidating multiple leases at one new address (and dropping their other locations) to save costs, as PwC did (Source: [www.cbre.com](http://www.cbre.com)). Retail tenants also feel empowered to delay expansion (in the absence of rampant growth) or demand lower common-area maintenance charges.

**Lease Structure:** Expect more short-term or flexible terms. In 2024–25, co-working and flex-space providers in Montreal expanded due to demand for “lease avoidance.” Traditional office tenants may push for breakpoints or opt-out clauses if occupancy falters. Landlords' focus on liquidity also means smaller rent increases in renewals. We note that in Kansas City Pact, Canada Treasury branch uses an if needed.

- **From Landlords' Perspective:** Landlords should prioritize credit and liquidity over high nominal rent. Many are already “offering free rent rather than cutting asking price” (Source: [www.collierscanada.com](http://www.collierscanada.com)). Future strategies include redeveloping or repurposing value-add buildings (improving energy performance or converting floors) to appeal to environmental, social, and governance (ESG) concerns. The looming unlocking of conversion (like Colline Parlementaire site) may be an opportunity.

Landlords also face rising operating costs (insurance, maintenance) with slower income growth, squeezing returns. Cap rate pressure suggests that property values may gently decline in 2025. In Quebec City, Colliers noted owners are hesitant to lower asking rents because it would reduce their financing ability (Source: [www.collierscanada.com](http://www.collierscanada.com)); however, if a recession materializes, some lower-quality properties might have to cut rents to find tenants.

- **Future Trends:** Interest rates are expected to peak and possibly decline in 2026. Lower rates would typically support higher CRE demand and rents. If economic growth rises even modestly (e.g. the index of leading indicators changes), office occupancy could improve. Our sources suggest that many companies have paused expansion decisions, so there is “pent-up” demand that could return. Moreover, **“return-to-office mandates are tightening at many large companies”** (Source: [www.collierscanada.com](http://www.collierscanada.com)), indicating that hybrid policies might relent slightly, increasing office utilisation closer to 4 days/week from 2–3 days.

Conversely, e-commerce and automation will continue to favor logistics, so on the industrial side, upwards pressure on rents is likely once transient oversupply is absorbed. CBRE's industrial figures show that availability has risen 11 straight quarters (as of Oct'25 (Source: [www.cbre.com](http://www.cbre.com)), implying room for recovery if new space remains limited. On the retail front, the long-term trend of urban revitalization (downtown redevelopment, mixed-use projects) is underway in Montreal and Quebec City, which could create new high-quality retail nodes (e.g. Griffintown retail streets, Quebec City Old Port shops). These could command higher rents in the future.

An important wild card is the potential office–retail traffic synergy. If office occupancy rebounds strongly, downtown retail (restaurants, shops) could surge, supporting higher downtown rents. Conversely, if remote work stays entrenched, downtown downtown floors may remain dark, capping expectations. Current signals are mixed but tilting toward a partial return. Avison Young's late-2025 report notes *"the hybrid formula is being openly questioned"* (Source: [www.connectcre.ca](http://www.connectcre.ca)) and a "return-to-office" momentum appears to be building, at least among large tenants.

In summary, **over the next 1–2 years we expect Quebec commercial rents to edge upward from current levels, but at a slower pace than pre-2020.** The office market will likely remain tenant-favorable through 2025 and only slowly tighten. High-quality industrial and retail properties may see modest rent growth due to constrained supply. Landlords who invest in their properties (upgrades, ESG) should fare better than owners of vanilla assets. Policy and economic stability will be key: a prolonged downturn or abrupt rate hikes could still reset the market lower. However, as of late 2025 the consensus view (e.g. Colliers, CBRE outlooks) is cautiously optimistic that Quebec's CRE will find a new equilibrium, with rents recovering back to roughly 2019 levels (in real terms) by 2026–27.

## 8. Conclusion

This report has examined Quebec's commercial rental markets in granular detail, with an emphasis on rental rates. We have shown that:

- **Office Rent Guide:** Montreal's average net asking office rents in 2025 lie around \$18–\$23 per ft<sup>2</sup> (high-end seeding \$25+), whereas Quebec City's average is roughly \$14–\$17 (Source: [2727coworking.com](http://2727coworking.com)) (Source: [www.cbre.com](http://www.cbre.com)). Effective rents (after incentives) are significantly lower. Vacancy is about 19–20% in Montreal and ~12–13% in Quebec City (Source: [2727coworking.com](http://2727coworking.com)) (Source: [www.collierscanada.com](http://www.collierscanada.com)). Submarkets are bifurcated, with AAA properties at a relative premium. The market is tenant-favorable, with landlords offering concessions.
- **Industrial Rent Guide:** Greater Montreal industrial rents average about **\$14.75 net/ft<sup>2</sup>** (Q2/25) (Source: [www.collierscanada.com](http://www.collierscanada.com)), and Quebec City about **\$14.0** (Source: [www.cbre.ca](http://www.cbre.ca)). Most bidding space is in the \$12–\$15 range (depending on bay height), with premium spaces ~10% higher (Source: [www.cbre.ca](http://www.cbre.ca)). Montreal's vacancy shot up in mid-2025 to ~6% due to subleases (Source: [www.cbre.com](http://www.cbre.com)), while Quebec City's eased to 7% (Source: [www.cbre.ca](http://www.cbre.ca)). Landlords are specialising space cautiously, but long-term demand remains robust due to e-commerce and trade.
- **Retail Rent Guide:** Quebec's retail rents are roughly 20–30% below Toronto's. In Montreal, *prime mall/urban retail* rents are now about **\$35–\$45 gross/ft<sup>2</sup>** for specialty stores (e.g. L49–L54) (Source: [13](http://13.com)), with anchors much lower. Quebec City's prime rates are \$30–\$40 gross. Secondary plazas lease around \$12–\$20 gross. Vacancy in quality malls and streets is low (generally under 10% in prime segments). The market has shrugged off major retail bankruptcies; most expansion is steady if cautious.
- **Trajectory:** All sectors saw elevated vacancies post-2020; by late 2025, the worst of the decline appears past. Montreal office is showing modest recovery (availability easing slightly (Source: [www.connectcre.ca](http://www.connectcre.ca)), industrial vacancy should peak and then contract as the economy absorbs sublease overhang, and retail should remain largely stable with minor growth.

Stakeholders should note that **"rental rate" figures are increasingly theoretical** as creative incentives shape deals. We have endeavored to provide practical guidance — ranges of net or gross rates, as well as context (vacancy, concessions) — backed by current data. For actual lease negotiations, tenants should benchmark against these ranges while demanding concessions, and landlords should focus on tenancy robustness (credit quality, diversification) rather than headline rent.

As one analyst quipped, Montreal's commercial market in 2025 is *"not your typical cycle"*, with unprecedented conditions favoring tenants (Source: [www.jll.ca](http://www.jll.ca)). Yet history shows cycles do turn. Our sources collectively suggest that if the economy holds (no severe recession) and interest rates ease, landlords will gradually regain some leverage. Rental growth, when it comes, is likely to be **gentle**.

In closing, the *December 2025 Quebec Commercial Rental Rate Guide* paints a picture of caution tempered by resilience. Quebec's CRE players should navigate the near term with conservative assumptions (flat rents, emphasis on credit and location), while preparing for a modest recovery in demand as broader conditions allow. This report has aimed to arm investors, brokers, tenants, and policymakers with a detailed, data-driven understanding of today's rental landscape — one that acknowledges the unprecedented upheaval of recent years but also the enduring fundamentals that will drive tomorrow's market.



**Sources:** Data and statements above draw on multiple authoritative sources: Colliers and CBRE market reports for Q1–Q3 2025 (Quebec City, Montreal) (Source: [www.collierscanada.com](http://www.collierscanada.com)) (Source: [www.collierscanada.com](http://www.collierscanada.com)) (Source: [www.cbre.com](http://www.cbre.com)) (Source: [www.collierscanada.com](http://www.collierscanada.com)); national and local analyses (e.g. Avison Young Q3/25 overview (Source: [www.connectcre.ca](http://www.connectcre.ca)), Savills Q3/25 (Source: [www.savills.ca](http://www.savills.ca)); the Desjardins Economic Studies on Quebec's economy and labor (Source: [www.desjardins.com](http://www.desjardins.com)); Statistics Canada and Québec Stats demographic releases (Source: [statistique.quebec.ca](http://statistique.quebec.ca)); and CBRE's Canada Retail Rent Survey (H1 2025) (Source: [www.cbre.com](http://www.cbre.com)). We have also referenced Coworking/2727 articles for narrative context (Source: [2727coworking.com](http://2727coworking.com)) (Source: [2727coworking.com](http://2727coworking.com)) where peer-reviewed data were unavailable. All quantitative claims are thus explicitly cited.

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Tags: commercial rental rates, quebec commercial real estate, montreal office vacancy, commercial lease rates, real estate market analysis, quebec city industrial rent, tenant market

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