

**AVISON  
YOUNG**

**YEAR-END  
REVIEW  
2017**

**INDUSTRIAL  
MARKET REPORT  
GREATER MONTREAL AREA**

 **CANADA'S  
BEST  
MANAGED  
COMPANIES**

# YEAR-END REVIEW 2017

## INDUSTRIAL MARKET REPORT GREATER MONTREAL AREA

Trends are slowly shifting in the Montreal industrial market. With the strong absorption observed over the past year, reaching nearly 1.7 million square feet (msf) at the end of 2017, the local industrial market is becoming increasingly favourable to landlords. A historically healthy market, the Greater Montreal Area (GMA) industrial sector has nonetheless remained very active in the past years. Overall vacancy has been constantly dropping, reaching 4.9% at the end of 2017, its lowest value in the last five years.

Rental rates have remained relatively unchanged in the GMA in 2017, as gross rental rates consistently hovered around \$9.00 per square foot (psf). Average asking rates reached \$6.06 psf at the end of the fourth quarter, which represents a slight increase in comparison to the \$5.00 psf average typically observed in the GMA industrial market over the past five years. Additional rents remained relatively unchanged, varying between \$3.00 and \$3.50 psf.

The significant levels of activity recorded in the GMA in 2017 are recognizable through the major announcements that occurred over the past twelve months.

Local breweries seem to be looking to modernize their facilities, as **Molson Coors** recently announced the construction of a new brewery on the South-Shore. The company will be relocating its iconic brewing facility currently situated on Notre-Dame Street in the eastern portion of Downtown Montreal, which has been operating since 1786.

Molson Coors competitor **Sleeman Breweries** vacated its Lachine facility, relocating to new premises that are better suited to their operations. The third largest brewer in Canada signed a 15-year lease for 275,000 square feet (sf) of space at 9225 Henri Bourassa Boulevard East in Rivière-des-Prairies. Operating at full capacity at their Lachine facility, the company relocated to the East End of Montreal due to the proximity to highway A25 and to its centre of activity, which is mostly concentrated in Montreal-East and the North-Shore areas.



# NEW DISTRIBUTION CENTRE

XTL Transport announced the opening of a new distribution centre located at 9135 Henri-Bourassa Boulevard East. As the original building has been demolished, Broccolini Construction has begun the construction of the new 335,000-sf facility, which will sit on the 15-acre site.



A few steps west of the new Sleeman facility, **XTL Transport** announced the opening of a new distribution centre located at 9135 Henri-Bourassa Boulevard East. The trucking company will partner with **Storage Leaseholds**, the current owner of the site, to build the new industrial facility. As the original building has been demolished, **Broccolini Construction** has begun the construction of the new 335,000-sf facility, which will sit on a 15-acre site.

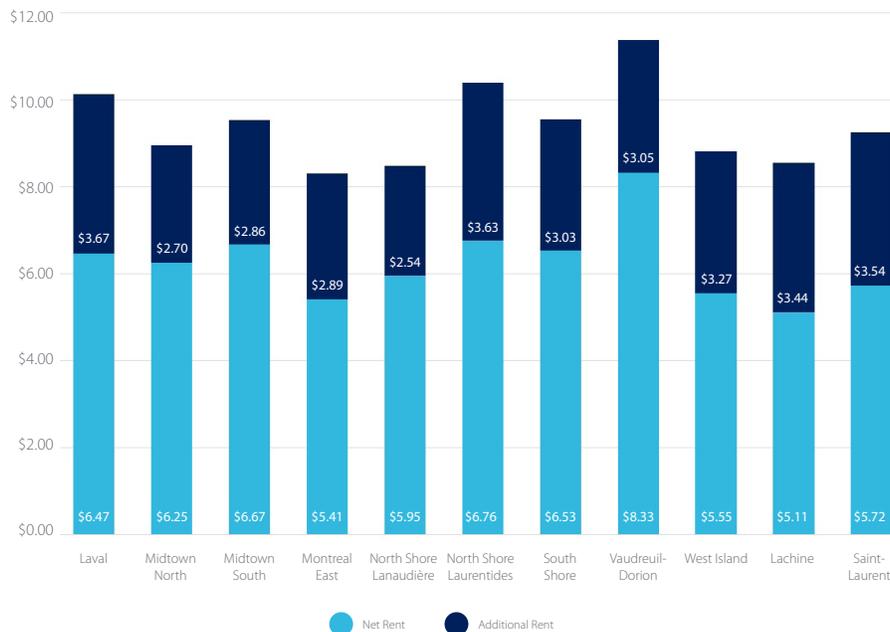
**Avison Young** proudly represented XTL Transport in the negotiation of this new lease, which represents one of the most significant transactions of 2017. With the limited number of options to purchase or lease existing buildings of more than 150,000 square feet in the GMA, it is no surprise that XTL Transport chose to locate its distribution centre in a brand new building.

Also in 2017, **Structube** purchased one million square feet of land from Montoni in Laval. The furniture retailer has started building the largest warehouse in the city, which will also serve as the company headquarters upon completion. Representing an investment of \$80 million, the 650,000-sf facility will also include a vast showroom and retail component.

2017 kicked off with one of the most significant sale transactions of the year as the Sears distribution centre located at 3031-3207 Thimens Boulevard in Ville Saint-Laurent was purchased by **Montoni**.

The 1.5-msf industrial property was acquired by the developer for \$50 million. The property will be redeveloped into a mixed-used project that will be named the **VSL Logistics Hub**.

Another significant transaction was the sale-leaseback of 5500 Trans-Canada Highway in Pointe-Claire. The 470,210-sf property occupied by Avon Canada Inc. was purchased by **Summit Industrial Income REIT** for \$41.3 million, representing \$87.90 psf. Avon Canada signed a 10-year lease for the entire property sitting on 21 acres of land, evaluated by the City of Montreal at \$36.3 million.



## OCCUPANCY COSTS

INDUSTRIAL ASKING RENT  
BY SUBMARKET, Q4 2017  
GREATER MONTREAL AREA

**Pure Industrial Real Estate Trust (PIRET)** finalized the acquisition of 2355 22<sup>nd</sup> Avenue and 3333 Joseph-Dubreuil Street in Lachine, as part of a portfolio sale including four facilities in the Greater Toronto Area and two in Edmonton for a total purchase price of \$365 million.

The distribution and logistics centre located at 2355 32<sup>nd</sup> Avenue in Lachine was sold for \$18.6 million. Evaluated at \$13.3 million by the City of Montreal, the property consists of 120,631-square feet of industrial space on an 11-acre site.

The second industrial facility located at 3333 Joseph-Dubreuil Street was purchased for \$13.1 million; the 52,082-sf distribution centre also sits on 11 acres of land. The estimated going in capitalization rate for the portfolio sale reached nearly 5.2%.

In Montreal East, **Shapiro Group** purchased 5781 Notre-Dame Street East in a joint venture partnership for \$6.9 million. The former Mabe Home Appliances manufacturing facility totals 580,000-sf.

In the same area, the **Energizer** manufacturing facility located at 7101 Notre-Dame Street East, has been sold to **Vista Properties** for \$16 million. The 585,905-sf building is currently showing a 95.6% vacancy.

**Groupe C. Laganière**, a family company based in Montreal since 1962 specializing in contaminated site remediation and environmental assessments, purchased the former Shell refinery site in Montreal-East at the fourth quarter of 2017.

The 228-acre site was home to Shell's refinery between 1933 to 2010, and was sold for \$22 million (\$2.75 psf). Prior to the acquisition, Groupe C. Laganière has been thoroughly decontaminating the site over the past years, with only 10% of the process remaining to be completed to this day.

## SIGNIFICANT SALES, INDUSTRIAL GREATER MONTREAL AREA



Address	3500 F.-X. Tessier Street, Vaudreuil-Dorion
Buyer	TARE Canada Investments ULC
Seller	Ericsson Canada Inc.
Price	\$121,922,934.00
Building Area	215,000 square feet
Price per sf	\$567.08



Address	3031-3207 Thimens Boulevard, Ville Saint-Laurent
Buyer	Montoni (VSL Logistics Hub Limited Partnership)
Seller	Sears Canada Inc.
Price	\$50,000,000.00
Building Area	1,546,379 square feet
Price per sf	\$32.33



Address	5500 Trans-Canada Highway, Pointe-Claire
Buyer	Summit (5500 Trans-Canada Highway) Ltd.
Seller	Avon Canada Inc.
Price	\$41,333,264.00
Building Area	470,210 square feet
Price per sf	\$87.90



Address	2355 32 <sup>nd</sup> Avenue, Montréal
Buyer	PIRET (2355 32 <sup>nd</sup> Avenue) Holdings Inc.
Seller	TFI Transport 2 L.P.
Price	\$18,600,000.00
Building Area	120,631 square feet
Price per sf	\$154.19



Address	3333 Joseph-Dubreuil Street, Montréal
Buyer	PIRET (3333 Joseph-Dubreuil) Holdings Inc.
Seller	Vitran Express Canada Inc.
Price	\$13,100,000.00
Building Area	52,082 square feet
Price per sf	\$251.53

## SIGNIFICANT LEASING TRANSACTIONS, INDUSTRIAL GREATER MONTREAL AREA



Address	9135 Henri-Bourassa Boulevard East, Montréal
Tenant	XTL Transport
Total Area	335,000 square feet
Type	New lease, build-to-suit property



Address	9225 Henri-Bourassa Boulevard East, Montréal
Tenant	Sleeman Canada
Total Area	274,908 square feet
Type	New lease



Address	22000-22200 Trans-Canada Highway, Baie-d'Urfé
Tenant	Cargologan
Total Area	187,266 square feet
Type	Renewal



Address	4600 Cousens Street, Ville Saint-Laurent
Tenant	Michael Kors Canada
Total Area	149,701 square feet
Type	New lease

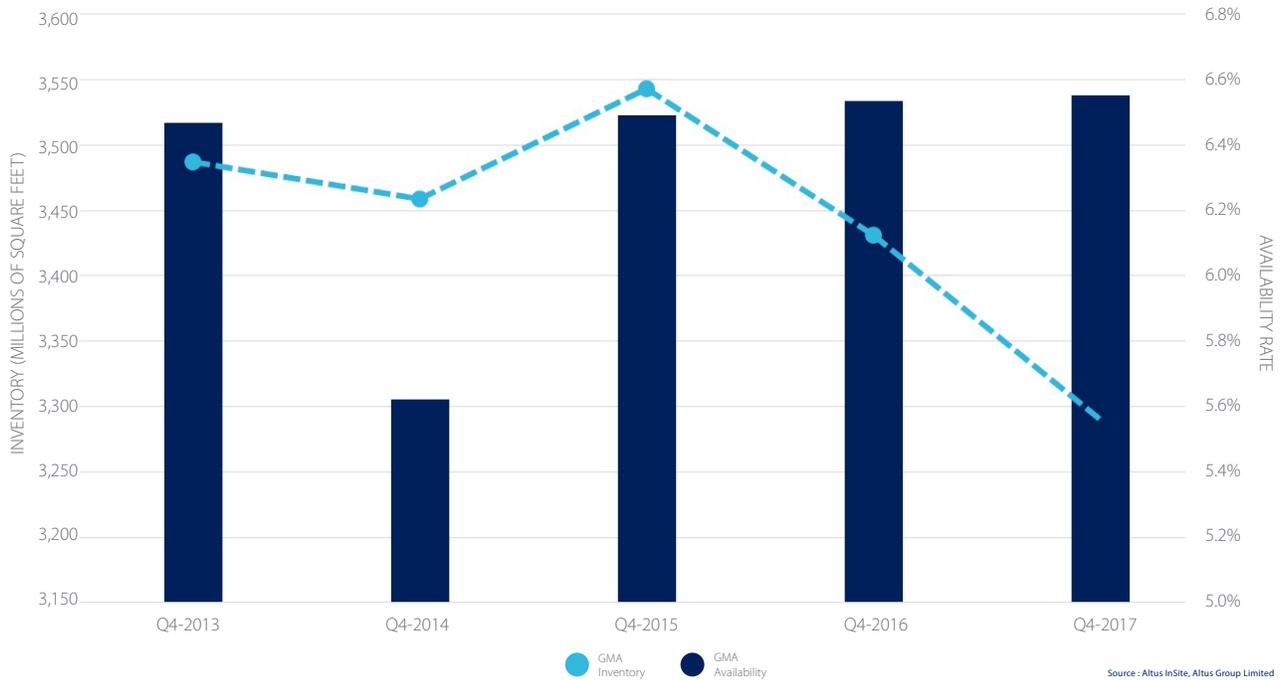


Address	3055 Anderson Street, Terrebonne
Tenant	Syncreon Canada Inc.
Total Area	136,982 square feet
Type	New lease

# GREATER MONTREAL AREA INVENTORY AND AVAILABILITY

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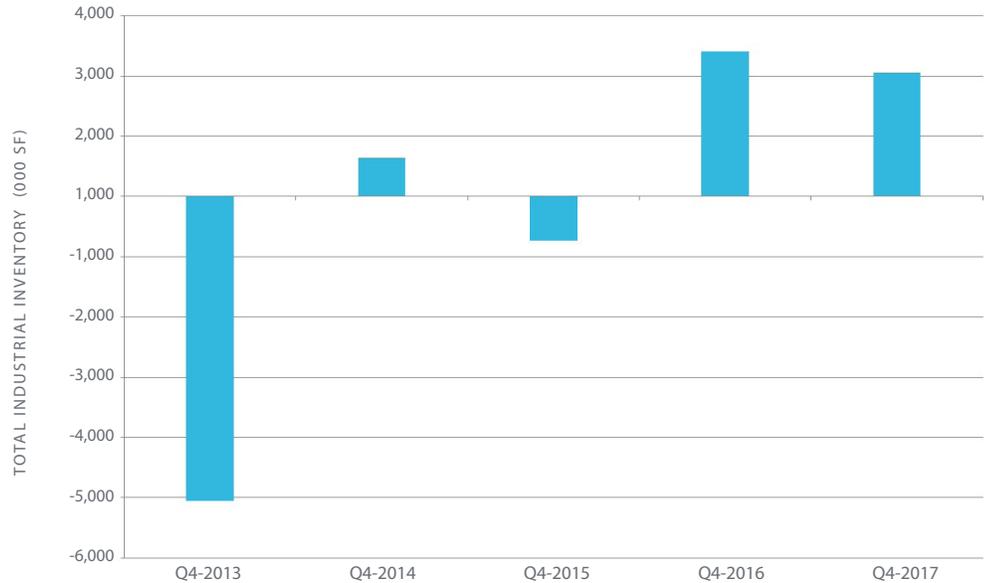
## GREATER MONTREAL AREA MARKET TRENDS BY SUBMARKET

Market	Inventory	Availability Rate (Q4-2016)	Availability Rate (Q4-2017)	Trend	Net Rent (Q4-2016)	Additional Rent (Q4-2016)	Gross Rent (Q4-2016)	Net Rent (Q4-2017)	Additional Rent (Q4-2017)	Gross Rent (Q4-2017)	Trend
Laval	19,340,733	9.7%	6.3%	▼	\$6.36	\$3.57	\$9.93	\$6.47	\$3.67	\$10.14	▲
Midtown North	52,445,602	4.4%	5.0%	▲	\$7.23	\$2.97	\$10.20	\$6.25	\$2.70	\$8.95	▼
Midtown South	33,603,337	2.8%	2.1%	▼	\$5.34	\$2.78	\$8.12	\$6.67	\$2.86	\$9.53	▲
Montreal-East	77,696,145	5.1%	4.1%	▼	\$5.26	\$2.71	\$7.97	\$5.41	\$2.89	\$8.30	▲
Lanaudière	3,812,493	13.2%	8.4%	▼	\$6.25	\$2.53	\$8.78	\$5.95	\$2.54	\$8.49	▼
Laurentides	5,673,401	8.4%	9.0%	▲	\$6.31	\$2.98	\$9.29	\$6.76	\$3.63	\$10.39	▲
South--Shore	19,067,282	8.2%	8.2%	▬	\$6.28	\$3.28	\$9.56	\$6.53	\$3.03	\$9.56	▬
Vaudreuil-Dorion	1,329,150	34.1%	38.7%	▲	\$6.92	\$1.68	\$8.60	\$8.33	\$3.05	\$11.38	▲
West Island	46,004,465	6.9%	5.8%	▼	\$4.94	\$3.31	\$8.25	\$5.55	\$3.27	\$8.82	▲
Lachine	25,045,900	7.7%	7.4%	▼	\$5.34	\$3.57	\$8.91	\$5.11	\$3.44	\$8.55	▼
St-Laurent	69,722,180	5.9%	6.2%	▲	\$5.10	\$3.43	\$8.53	\$5.72	\$3.54	\$9.26	▲

Source: Altus InSite, Altus Group Limited

**GENERAL  
ABSORPTION**

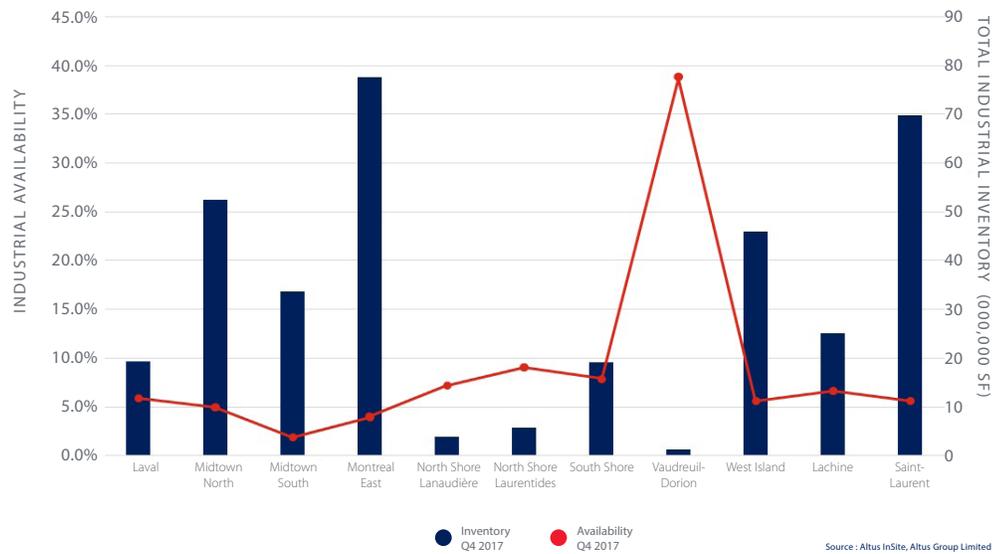
INDUSTRIAL PROPERTIES  
GREATER MONTREAL  
AREA



Source : Altus InSite, Altus Group Limited

**INVENTORY &  
AVAILABILITY**

INDUSTRIAL PROPERTIES  
BY SUBMARKET  
GREATER MONTREAL AREA



Source : Altus InSite, Altus Group Limited



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YOU HAVE QUESTIONS OR COMMENTS?  
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