

Nick Auf der Maur



Hydro inspires guessing game

THE SITE GAME: One of the big questions in Montreal development and real estate circles these days concerns the location of the proposed Hydro-Quebec office complex. When Hydro chairman Lucien Saulnier announced plans for a new complex larger than Place Ville Marie, he said the utility was studying five sites.

The most probable choice is just north of Place des Arts, on the block bordered by Jeanne Mance, St. Urbain, President Kennedy and Sherbrooke Sts. The site is now occupied by the old Montreal Institute of Technology, damaged by fire, and an Anglican Church. It's partially fenced in by that curious metal fence with cut-out keyhole patterns.

Saulnier, the former chairman of the Montreal executive committee, said at the time the complex would fit in with city development plans. A huge complex at that site would add to the line of major developments in place and abuilding.

In one line, we would have the new Hydro Complex, Place des Arts, Complexe Desjardins, the ephemeral Place Guy Favreau, and the new convention centre straddling the expressway in front of the former *Montreal Star* building, soon to be *The Gazette* building.

As I hear it, Hydro-Quebec approached the federal government to explore the possibility of taking over the Guy Favreau hole in the ground. But the federal government reiterated its intention, for the twelfth time, of going ahead with construction of the Canadian government office complex.



CONSTRUCTION BOOM? In the same circles, there's been repeated talk of an anticipated construction boom in town.

But somehow, despite the recurrent rumors, the boom never appears to materialize. Speaking to developers, they always mutter something about mortgage rates and the imponderables of the spring referendum on sovereignty-association.

A year ago, a local commercial office broker predicted there would soon be an acute shortage of first class office space in town. Stephen Leopold claimed that despite stories of head office movements, space renting for \$12 a square foot would rise to \$18 within eight months.

The other day, I called him up to see how his prediction was faring.

He explained that his firm, Leopold Properties Ltd., has done consulting work for office users in most major Canadian cities in the past year and of all cities, Montreal has the tightest market for first class space. And it's getting tighter.

Two years ago, one major Dorchester Blvd. address was renting for \$10.50 a square foot, with improvement allowances. That is, the landlord would share costs for remodelling with the new tenant. Now it's going for \$15.75, as is. Good space in Place Ville Marie is now at \$17.25 and rising.

Leopold cited the case of one office building, Westmount Square. About two years ago, there was about 300,000 sq. ft. of space available in that prestige building. Brinco left, leaving six floors vacant, as did Johnson Wire Works and Redpath Sugar.

The building was left half empty. But today it's virtually fully occupied. Spur Oil took a couple of floors, and several clients expanded, including an accounting firm which went from 18,000 ft. to 31,000. Cast Containers expanded from 10,000 feet in Westmount Square, to 25,000 feet across the street in Westmount Premier.

The same is true at Place Ville Marie. Wood Gundy expanded, forcing the law firm of Chait, Salomon off the floor. The law firm took space in another part of the building, and increased its rental space.

And a lot of major international companies are setting up regional offices here. For example, Confederation Life has Canadian head offices in Toronto. Last year, they decided to move their Quebec vice-president here, resulting in rental of 6,000 feet of head office-type space.

"The natural growth of companies, plus new arrivals, has more than made up for the companies that have left," says Leopold.



SOME SLOW DOWN: As announced in yesterday's *Gazette*, a new office building will go up on de Maisonneuve Blvd. opposite Les Terrasses. Also proposed on de Maisonneuve was a new office building for the City & District Savings Bank. But the bank's past year has not been all that good, so these plans have been shelved.

Construction is proceeding — albeit at a snail's pace — on the Bell Canada-National Bank project on Beaver Hall Hill. Demolition is finished, and although the development is going ahead, the word is its developers are waiting until after the referendum to decide whether the scheme will be as large as originally announced.