

City core shifting northwest: office leasing expert

By **KATHERINE MACKLEM**
of **The Gazette**

The location of Montreal's most sought-after office space is shifting northward and westward, and is pulling the downtown core along with it, an office leasing expert said yesterday.

Stephen Leopold, president of Leopold Properties Ltd., told a luncheon meeting of the Montreal Society of Financial Analysts that although office vacancy rates for the city as a whole are close to the North American average, the downtown core — the area bounded by McGill College Ave., de Maison-

neuve Blvd., Sherbrooke St. and Stanley St. — is among the tightest leasing markets on the continent.

"It is presently practically impossible to rent a mere 25,000 square feet of contiguous office space for delivery tomorrow morning (in that area)," Leopold said.

The Industrial Life Tower, a 23-storey office tower being constructed on the north side of de Maison-neuve between McGill College Ave. and Mansfield St., is already 85 per cent leased, even though 12 more floors of concrete have yet to be poured, Leopold said.

He chastised institutional real-estate investors who overlook a prop-

erty's location when considering an investment and said he was astounded that many major institutions and developers choose investments on an unresearched basis.

"I have thought that the institutional real-estate investor, by way of either debt or equity, often resembles the unsophisticated stock-market speculator who queued up to buy gold when it \$850 an ounce," he said.

"Institutional investment in real estate has become too scientific and the investor seems to be losing sight of one very important element," Leopold said. "That is not 'what are the leases and who are the tenants,

today?' but 'where will those tenants be tomorrow?'"

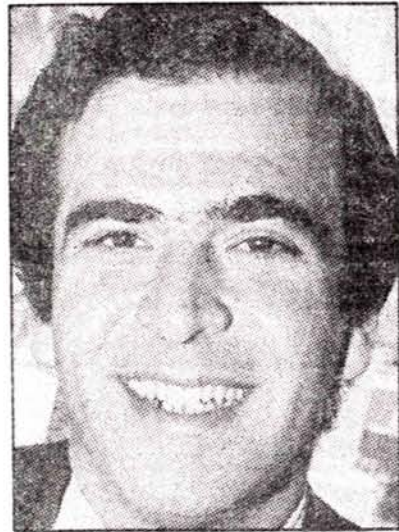
"Montreal business prefers to move north and/or to move west," he said.

The Métro is one reason for the northwesterly shift, Leopold said. Another reason is Maison Alcan, the highly praised project on Sherbrooke St. that combined restored buildings with a new structure.

"Maison Alcan . . . has probably caused the greatest impact on commercial real estate in downtown Montreal since the building of Place Ville Marie, and it has sharply redefined the limits of Montreal's downtown," Leopold said.

Even though the Alcan building is on the edge of the downtown core, it is considered more central than Place Victoria, an office tower also on the downtown edge, Leopold said. "This is not to denigrate one building against the other, but merely to point out that people's desires to be in certain areas have been fortified by the construction of Maison Alcan," he said.

Sherbrooke St. is a third factor pulling prime office space north and westward. Because commercial development north of Sherbrooke St. is blocked by McGill University and Mount Royal, tenants are drawn to the unobstructed view, he said.



STEPHEN LEOPOLD
Cites Maison Alcan