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De Maisonneuve leads the boom

BUILDING PREDICTIONS: Montrealers are generally quite pleased these days as they walk around town and notice all that construction activity.

In fact, in terms of office construction, Montreal is currently busier than any other city in Canada except Calgary.

For the past two years at this time, I've written columns about commercial construction developments based on conversations with Stephen Leopold, a specialist in office leasing, who has made some pretty accurate predictions.

Here's what I wrote in a March 14, 1979, *Montreal Star* column when the business community was still edgy about the political situation:

"(Leopold) says there is great opportunity at the moment in Montreal, and that the city is heading for a shortage of office space . . ."

He pointed out there was only one office building under construction at the time, a building largely leased to the CBC at Amherst St. and Dorchester Blvd., while 37 were abuilding in Toronto.

"Last year (1978)," I wrote at the time, "space in one of the prestige buildings on Dorchester Blvd. rented for \$10.50 a square foot. This year it's going for \$12.50. In a year, Leopold says, the price could be between \$16 and \$18 . . . He feels the Montreal market has bottomed out and anybody now willing to invest and build will inevitably get a handsome return."

Last year in this space, we reported that "despite the recurrent rumors, the (construction) 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."

Still, we added, Leopold "has done consulting work for office users in most Canadian cities in the past year and of all cities, Montreal has the tightest market for first class office space. And it's getting tighter . . ."

The building he predicted would rent for \$16 to \$18 a square foot was going at \$15.75 last year while good space in Place Ville Marie was at \$17.25 and rising.



TODAY: As we can all see, the boom is indeed finally here. The other day I had lunch with Leopold to hear his current observations.

"In the '60s we saw a shift in the business district from St. James St. to Dorchester," he said, "Now we're seeing another shift up to de Maisonneuve Blvd. That's the prestige address of the '80s."

There are six major office towers going up or just being completed in that area — with two of them, the Alcan development centred on the old Berkeley Hotel and the Mercantile Bank project having addresses on Sherbrooke St., but backing onto the new de Maisonneuve canyon.

There are also two office condominium projects a little to the east of University St.

"The new office space will all be eaten up by 1982," says Leopold. "Prices will continue to rise, but less dramatically."

For comparison, that Dorchester building referred to above is now going for around \$25 a square foot, while PVM is at \$28.

(By further comparison, space similar to PVM's \$28 space goes for roughly \$36 in Toronto and \$50 in New York.)

The big winners in this are businesses who leased early in the new projects. A year ago for example, those twin glass towers (actually every second panel is a fake glass insulating panel) of the Dreyfus project, opposite Eaton's, went for \$15 a foot. Still incomplete, it is now leasing for \$21.

One of the towers is 90-per-cent leased, the other 50.

"All new space is essentially taken up by company expansion, with some new firms coming in, plus growth in new service industries," Leopold said. "All the last two years has been catch-up."

"Some people are horrified by the rise in office rents. But if you average out PVM rents since 1962, it comes to only a 10-per-cent increase compounded annually."

