

THE MONTREAL Downtownner

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Major real estate consultant claims:

Downtown office boom a myth

by
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Despite all appearances, downtown is not experiencing a boom in office construction. And, with the vacancy rate for office space promising to become even lower than it is now in the very near future, Montreal could conceivably soon have the lowest vacancy rate in North America.

This warning came yesterday from Stephen Leopold, president of Leopold Property Consultants, the largest firm of its kind on the continent, and the largest real estate consulting firm in the city with head offices in Place Ville Marie.

Speaking to the Rotary Club, Leopold stated that the recent widespread expansion of the downtown retail sector, along with the closing of numerous streets and disruption of traffic, has effectively deceived people into thinking that a great deal of new office space is coming onto the market.

"In actual fact, very little

such space is being built," he said. "And it seems quite extraordinary that no major building projects are at the commencement stage in the core of the city."

Leopold Property Consultants is a firm of analysts and negotiators whose expertise is geared exclusively to the representation of corporate space users.

Leopold said there is an illusion of massive office space construction because of the closing of six downtown streets (Peel, Metcalfe, Mansfield, McGill College, Union and University) to construct four underground supermalls.

"You don't need to close streets to build offices," he said.

Leopold added while there is presently over 3.3 million sq. ft. in underground retail construction, which will eventually link the three major downtown shopping centres (Eaton, Simpsons and The Bay), there is only 1.6 million sq. ft. of office space.

This comprises Le Cours Mont Royal (300,000 sq. ft.), Place Montreal Trust (500,000 sq. ft.) and the recently completed Maison des Cooperants (500,000 sq. ft.) plus Place Felix Martin (300,000 sq. ft.)

"We have substantially less office space arriving to-

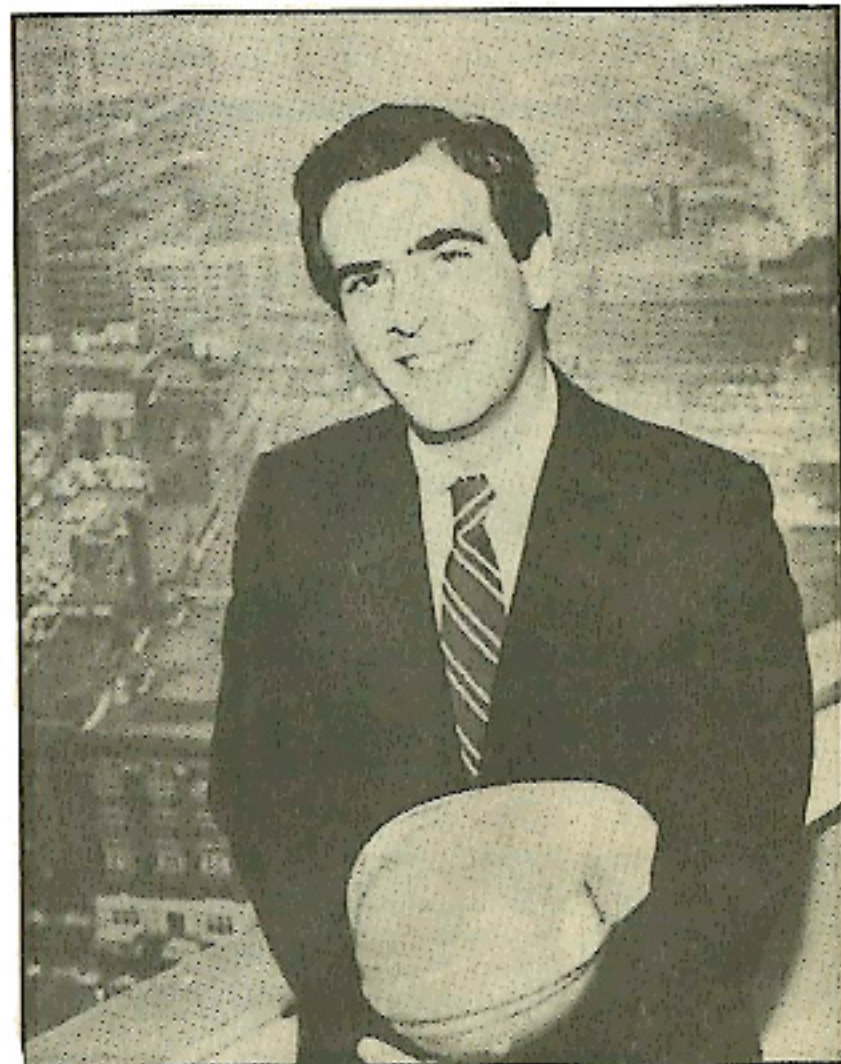
day in Montreal than at any point in our recent history," he explained.

Leopold said much of the 11.6 million sq. ft. that will be interconnected in the downtown core, in the shape of an imaginary T, is pre-existing and will contribute to a dearth in downtown office development.

In 1962, Montreal saw construction of The Esso Building, CIL House and The Bank of Commerce Building totalling over 3 million sq. ft.

In 1967, Place Bonaventure, and Place Victoria helped push total office

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Stephen Leopold high above the city.

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No office construction boom

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space construction to over 2 million sq. ft.

In 1976, Complexe Desjardins, Crown Trust, La Cité, Les Terrasses and the CNCP Building contributed over 4.5 million sq. ft.

Even in 1982-83, when the Canadian economy was mired in recession, office space construction topped

over 6 million sq. ft. with Complexe Guy Favreau, Place Air Canada, Loto Quebec and Place Mercantile.

"So where is all this incredible construction of office space that everyone keeps talking about?" he asked.

Leopold said this means

the vacancy rate for office buildings, already one of the lowest in North America at 10%, will decline even further.

This could contribute to a doubling in the cost of office space rentals from the cur-

rent \$20 per sq. ft. average in the near future," he stressed.

"And this could spell an exodus of companies to the suburbs and the loss of tax dollars to the city if more office space is not built."