



MONTRÉAL RESL REAL INSIGHTS

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For further details on these top trends please visit the Montréal RESL Forums Portal at realestateforums.com

1. MONTRÉAL'S ECONOMIC GROWTH 'ROBUST'

The City's continued growth trajectory aided by a burgeoning tech sector.

Of the 13 Canadian cities monitored by the Conference Board of Canada, Montréal was the top economic performer in 2018. With real GDP rising by 2.9%, it beat out Toronto by 60 basis points and was the first time Montréal topped the list since it began in 1987.

According to the CBoFC, the positive momentum in Montréal is being supported by strong non-residential investment, solid job creation, and healthy population growth.

Montréal is the sixth fastest-growing city in North America. Montréal grew by 66,116 people in the 12 months ending July 1, 2018.

Desjardins has forecasted that unemployment in GMA will continue to decline from an estimated 6.1% in 2018 to 5.5% in 2019. However, in May 2019, unemployment was at 5.4% for the second month in a row.

Montréal ranks among the top 20 Tech Talent Markets in North America in CBRE's 2019 Tech Talent report. It was also ranked as the most cost-effective of all 50 markets.

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Cash has been pouring into Montréal. In June 2019, Greater Montréal was named a top destination for foreign direct investment (FDI) in fDi Magazine's American Cities of the Future 2019–2020 rankings. In 2018, a record \$2.474 B was invested in the area, an increase of 22% compared to 2017 and 147% since 2015. High-tech sectors accounted for 62% of the total.

In July the Government of Québec announced an additional grant of \$23.4 M in funding for the Montréal Head-Quartered SCALE.AI. The AI supercluster received \$30 M from the provincial government alongside \$230 M from the federal government, at the end of 2018. With this new capital, SCALE.AI's total funding commitment is more than \$280 M.

SCALE.AI is Canada's Artificial Intelligence supercluster dedicated to building the next-generation supply chain and boosting industry performance by leveraging AI technologies.

Samasource, a company based in San Francisco that delivers secure, high-quality training data for AI technologies, announced the establishment of its new office in Montréal in June.

"Montréal is a major AI talent hub, and Canada has a fantastic ecosystem for social innovation and entrepreneurship, so it was a natural choice as the location of our R&D hub," said Samasource founder & CEO, Leila Janah.

The GMA is a major life sciences centre in North America. The sector directly and indirectly employs 56,000 people in 600 firms ranging from start-ups to research centres. It is a \$5.6 B industry which received \$305.5 M in VC funding, representing 28.7% of the Canadian total. More than \$10 B has recently been invested in leading-edge infrastructures, including research centres and new hospitals, such as McGill's MUHC, Université de Montréal's CHUM, and the CHU Sainte-Justine pediatric hospital.

Montréal's port continues to support the regional economy. Traffic at Canada's second-largest port rose 9% in 2018 to the equivalent of more than 1.6 M 20-foot containers for the fifth straight year of record volumes. As of June 2019, container traffic was up 5.4% year-to-date.

The Port of Montréal handles two-thirds of Canada's International trade. It estimates that port activities in Montréal create more than 19,000 direct and indirect jobs and generate approximately \$2.6 B in annual economic impact.

2. MONTRÉAL'S HOUSING MARKET FORECASTED TO KEEP GROWING

At the end of Q2 2019, Montréal celebrated its 20 consecutive quarter of home sales growth.

Residential sales in the second quarter of 2019, grew by 8% in the Montréal CMA. This was the 20th consecutive quarterly increase. Of the 15,834 residential sales that were concluded in Q2, the condo market was the most active segment with 5,741 transactions and a growth rate of 12%, according to figures from the Quebec Professional Association of Real Estate Brokers (QPAREB).

The average price for a single-family home grew by 5% to \$340,000 while the price of condos grew in Q2 by 3% to \$260,000.

On average, there were 19,683 residential properties for sale in the Montréal through the Centris system in the second quarter of the year. This represents an 18% drop compared to the Q2 2018 and the sixteenth consecutive quarterly decrease in active listings.

New condo apartment sales climbed in Montréal for the third year in a row, to the highest level ever recorded.

In the GMA, the median price of a home is forecast to increase by 3.0% at the end of 2019, rising to an aggregate price of \$421,306. With one of Canada's best-performing economies, low unemployment rate and renewed confidence in trade south of the border with the new Canada-United States-Mexico Agreement (USMCA), the Greater Montréal Area real estate market sits atop Canada's major cities for projected growth.

"With healthy price increases projected in 2019, we're forecasting the housing market in the Greater Montréal Area to outperform other Canadian urban centres," said Dominic St-Pierre, Vice President and General Manager, Royal LePage, for the Quebec region.

Housing Starts are also forecasted to grow in 2019 and 2020. "In the condominium segment, construction will increase thanks to a steady demand supported by employment growth and also to significantly lower inventories of new and existing condominiums for sale," CMHC reports.

Towards the end of last year, three new megaprojects launched downtown with 330 to over 400 units each, and according to Vincent Shirley of the Altus Group, some projects in the pipeline this year are expected to launch with as many as 600 units per phase.

VICTORIA SUR LE PARC

Construction began this spring on Broccolini's Victoria sur le Parc which, at 58 storeys, will be Montréal's tallest residential building. The building will contain 407 units, and prices start at \$439,000 for a one-bedroom unit and \$685,000 for a two-bedroom unit. Located in the Quartier International, the building will feature 10,000 sq. ft. of amenity space that will include rooftop terraces, an urban BBQ area, indoor and out pools, fitness centre, yoga and meditation rooms. The 10-floor podium will contain 300,000 sq. ft. of retail and office space.

A park that will link the future building to the new National Bank headquarters will border the project. The building is scheduled for delivery in 2023.

QUINZECENT

Developers Brivia Group and Tianqing Group began construction of the QuinzeCent condominium project in March. Located at 1500 René-Lévesque Blvd. West, the high-end, 36-storey condominium project will contain 428 condos ranging in size from 300 sq. ft. to just over 1,400 sq. ft. The average price of the units is \$841 per sq. ft.

The terrace on the third floor consists of a large urban garden measuring over 6,000 sq. ft. with an outdoor kitchen and individual firepits. The first two levels of the podium will be home to a commercial area. Units are slated for delivery in 2022.

SOLSTICE

Solstice Montréal is a new condo development by Investissement SM Immobilier and Les Entreprises QMD currently in preconstruction. The development has a total of 330 units ranging from 377 to 3,225 sq. ft. The 44-storey boutique-style condo development is located on De la Montagne Street, near the Lucien L'Allier métro and train station. The project launched in March and scheduled for delivery in 2021. Solstice will incorporate spa-like hot and cold pools, an owner's lounge reminiscent of a hotel bar, and a private wine cellar with access to a tasting room.

3. VACANCY IS DROPPING AND RENTS ARE RISING IN THE OFFICE SECTOR

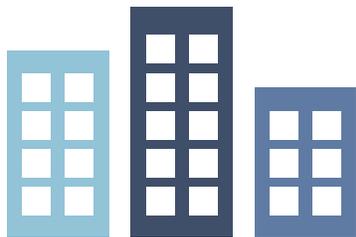
Vacancy dropped 60 basis points at the end of Q2 2019 reaching a five year low of 11.4% according to Altus Group

The GMA has now seen five consecutive quarters of positive absorption, with 941,123 sq. ft. of space absorbed in the second quarter of 2019, Altus Group reports.

This absorption has pushed the overall vacancy in the GMA down 60 basis points since the first quarter of 2019 to a five-year low of 11.4%. The market also saw the delivery of three new office buildings totalling just over 374,742 sq. ft.

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As space availability comes down, asking rental rates are starting to increase, particularly in some of the downtown area's most prestigious office towers, reports Devencore. The posted average gross rents in Class A buildings now exceed \$40 per sq. ft. and are rising along certain corridors such as René-Lévesque Boulevard and McGill College.

Leasing activity continued to be driven by technology firms. Loft-style offices in the Mile-End and Mile-Ex areas are in high demand.

Toulouse-based Institut de Recherche Technologique (IRT) Saint-Exupéry, recently announced the opening of a new lab in Mile-Ex.

In the fall, Microsoft Research Montréal will move into 6795 Marconi Street, also in the Mile-Ex district. Microsoft's new AI lab will encompass 31,610 of the 100,000 sq. ft. building that is currently under construction by developers Canderel and Claridge.

Google is expanding and taking 100,000 sq. ft. at Allied Properties' new development on 425 Viger West. The new project is expected to be completed in 2020. Coveo, an AI company, is expanding to 54,208 sq. ft. at 1100 avenue des Canadiens-de-Montréal.

Artificial Intelligence firms QuantumBlack, Winning Minds and BIOS all opened labs in Montréal in the last year.

The new National Bank head office broke ground in November. The building will cost over half a billion dollars, making it the largest real estate investment in Montréal in 25 years. Located at 800 rue Saint-Jacques Ouest, in the Quartier de l'innovation, the building will feature a conference centre, a two-level cafeteria, a daycare centre, a gym, 400 bicycle parking spaces, 80 charging stations for electric cars and an outside garden on the 40th floor. The building, which is being built by Broccolini, will be constructed to LEED v4 Gold and WELL standards and will be completed by the end of 2022.

Groupe Mach has partnered with Airbnb to construct a new regional office along Canal Lachine. The 6-storey complex is valued at \$30 M and will be approximately 158,000 sq. ft. It is slated for completion in October 2019.

Altus Group estimates that 3 M sq. ft. of the office space that will be delivered in the next three years, 1.8 M sq. ft. already been pre-leased.

WeWork announced recently that it planned to open its third and fourth offices since the company first entered the Montréal market in 2016.

Its next space will be located at 1010 Rue Sainte-Catherine Ouest and will house over 2,000 desks across four floors. It is expected to open in Q4 of this year.

In Q2 2020, WeWork plans to install an additional 1,000 workspaces in Humaniti which will contain a 5-storey, 64,000 sq. ft. office component.

WeWork said the two new locations will add over 3,000 members in Montréal, doubling its membership base.

4. RECORD ABSORPTION IN INDUSTRIAL SECTOR

Tight market conditions will get little relief as over 80% of product under construction has been preleased.

Montréal's current industrial real estate availability of 3.2% is currently less than half of what it was just two years ago, according to Q2 data from CBRE.

Avi Krispine, CBRE Quebec managing director, states that this is the first time the availability rate of industrial property in Montréal has dropped below 3.5%.

Krispine predicted that this is likely just the beginning. Near-zero industrial availability in Toronto and Vancouver will push tech, manufacturing, and online retail companies to go for other major metropolitan areas such as Montréal.

The shortage of available industrial property is spurring a wave of construction, with a record high of 2 M sq. ft. of new space currently in the pipeline. Much of this development is in Laval and the South Shore, due to the lack of available industrial land on the island of Montréal.

Significant recent changes in the industrial real estate market in the GMA:

- GoodFood added 72,000 sq. ft. to their existing 83,000 sq. ft.
- La Vie en Rose moved from 125,000 sq. ft. to 353,000 sq. ft.
- Dollarama added 250,000 sq. ft. to their existing 700,000+ sq. ft.
- Decathlon established 300,000 sq. ft. space
- Structube expanded by 218,000 sq. ft. to 650,000 sq. ft.

And while the industrial real estate market across Canada is benefiting from a low dollar, which encourages exports, Montréal has some of its own advantages, specifically low electricity costs which are attracting cannabis operations and bitcoin miners, according to Stuart Baron, National Director of Research at Cushman & Wakefield. He estimates that the number of lease deals in these sectors were in the double digits in 2018.

Growth is expected to continue. “I think what you’re going to see is the healthiest industrial market in Montréal in 25 years in 2019, barring a significant global shock,” he said.

About one million of the 1.2 M sq. ft. to be delivered in 2019 is already pre-leased or under contract. As a result, the industrial market is expected to tighten further over the course of 2019.

Montoni is building a 100,000 sq. ft. spec industrial building in Laval off Highway 13, which should be delivered next spring.

It is also constructing the two-phase, \$6.4 M CentrOparc development in Mascouche that will cover nearly 1.6 M sq. ft. The first phase in Mascouche is almost complete, “and the demand’s been enormous,” said Sam Tsoumas, the Director of Business Development at Montoni Group. “There’s never been a better time” to build on spec in the market.

5. DEMAND FOR RENTAL HOUSING OUTPACES SUPPLY

As apartment vacancy shrinks below 2% driving rents higher than ever, policies are being put into place to make sure housing remains affordable.

Apartment Vacancy in the Montréal CMA dropped significantly from 2.8% in 2017 to 1.9% in 2018.

The increased demand for rental units was in part due to an increase in net migration— both international and interprovincial. The rise of renting in newly formed younger households as well as from an aging population also supported this increased demand according to CMHC.

In 2018, 11,400 rental units were under construction in the city, a 30-year record, said Lukas Jasmin-Tucci, Senior Analyst, Economics, Market Insights at CMHC.

The rental project Stanbrooke, a 19-storey building with 178 semi-furnished units, was completed last summer. Apartments range in size from 364 to 1,130 sq. ft. and rent ranges from \$1,220 to \$2,995 per month.

The Island of Montréal accounts for three quarters of the rental housing stock in the CMA.

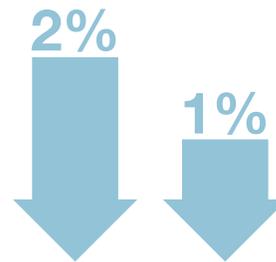
The number of rental condominiums rose by about 2,000 units, for an increase of 6%. The average rent for two-bedroom condominiums in the CMA, at \$1,200, was significantly higher than the average rent for conventional rental apartments with the same number of bedrooms (\$809).

One quarter of the condominiums in the Downtown-Île-des-Sœurs neighbourhood were rental units compared with an overall average in the Montréal CMA. This neighbourhood also had the lowest vacancy in all Montréal at 1%.

In July 2019, Padmapper reported that Montréal was the fifth most expensive city to rent in across Canada. One-bedroom rent grew 9.2% year-over-year to \$1,430, while the average two bedroom rents for \$1,780.

Short term rental companies are putting additional pressure on an already tight rental market.

City councillor Richard Ryan said Airbnb and other platforms are depriving Montrealers of places to live. “We are entering a housing crisis,” he said, noting that vacancy rates across the city are below 2% — and below 1% downtown and in the Plateau. He said about 70% of the Airbnb offerings in Montréal— 8,000 houses or apartments— are located in those two neighbourhoods.

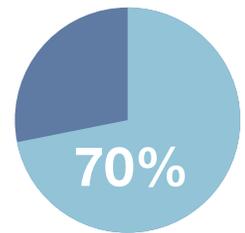


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If provincial inspectors crackdown on illegal rentals, Ryan thinks the Plateau and downtown can recoup up to 5,000 homes for Montrealers, Global News reports.

Almost 100,000 people are estimated to be renting beyond their means in the city, and Montréal has plans to address housing affordability before it becomes endemic.

In October 2018, Montréal City Hall announced a plan to create 12,000 social and affordable housing units on the island by 2021.

The City says it will create the homes through a variety of methods, including supporting already existing programs like AccèsLogis Québec/ Montréal and the rent supplement program.

They will also use funds to purchase land or support the viability of developing housing projects. As part of the plan, the City would also pass a bylaw approving a \$50 M loan over ten years to buy buildings or land that comes up for sale to develop community and social housing. The City is already in the process of acquiring 3,000 housing units and has started building 300 homes.

Mayor Valerie Plante’s 20-20-20 plan, unveiled in detail in June, would require 20% of units in new housing projects to be social housing, 20% to be affordable housing and 20% set aside for family housing.

6. MONTRÉAL ATTRACTING BILLIONS OF DOLLARS IN INVESTMENT

REITs continue to be the dominating purchaser group and Multi-Family the preferred sector.

Investment property sales volumes in the Montréal Market Area totalled \$6.5 B in 2018, up 18% from 2017, Altus reported.

And in 2019, Montréal continues to attract capital.

In June, Allied Properties REIT announced that it had acquired two Montréal office properties.

It bought 700 De La Gauchetière from Dream Office REIT for \$322.5 M. The building was originally built in 1983 for Bell Canada and is comprised of 935,866 sq. ft. of GLA and 693 underground parking spaces. It is 96% leased.

It also bought the Class I RCA Building for \$80 M, which is comprised of 220,535 sq. ft. of land, 343,579 sq. ft. of GLA over five storeys and a surface parking lot for 215 cars. The building is 82% leased.

Oxford Properties Group Inc. and Public Sector Pension Investment Board have sold 1250 René-Lévesque Boulevard West for \$605 M to Sun Life/Bentall Kennedy. The property is improved with one 47-storey office building constructed in 1992. The building contains an office portion of 1,028,727 sq. ft. and a retail portion of 33,098 sq. ft., for a total net rentable area of 1,061,825 sq. ft. At the time of sale, the building was 92% occupied.

In June, BTB REIT acquired two properties located on the South Shore of Montréal, Québec for \$62.6 M from Cominar REIT – the 310,000 sq. ft. Méga Centre Mont Saint-Bruno and Développements Mont Saint-Hilaire a mixed retail office property of 128,000 sq. ft.

InterRent REIT picked up the Hamstead Towers, a 121-unit apartment complex in Côte-des-Neiges-Notre-Dame-de-Grâce for \$38,360,000. The deal closed at the end of June.

Realstar Group bought La Voile Boisbriand, a seven-storey apartment building located at 1900 des Francs-Bourgeois Street for \$57,218,000. The property contains 149 units.

Summit Industrial REIT acquired a portfolio of five industrial buildings in the GMA from Vista Properties for \$140 M, two of which were located in the Montréal area. The distribution facilities had a total gross leasable area of approximately 1.2 M sq. ft. representing an aggregate price per square foot of \$117, according to Altus Data Solutions.

Another nine distribution centres transacted at the end of 2018 as part of the sale lease-back deal between Congebec and Skyline Commercial REIT. The 1.3 M sq. ft. portfolio was acquired for \$190 M and included three properties in the GMA:

- 7801 Henri-Bourassa Boulevard East, Rivière-des-Prairies-Pointe-aux-Trembles
- 2050 Bombardier Street, Sainte-Julie
- 130 J.A. Bombardier Street, Boucherville

Akelius dominated the GMA multi-res sector in 2018. It acquired six apartment buildings in the last year. The foreign investor bought over 1,000 units for \$322 M. Four of the buildings were in Ville-Marie.

Minto REIT partnered with IG Investment Management, Ltd. (via the Investors Real Property Fund) to acquire Rockhill from Ivanhoé Cambridge for \$268 M. The price represents a 4% cap rate on forecasted year-one NOI.

Rockhill comprises six buildings on approximately 7.6 acres at 4850-4874 Côte-des-Neiges Road in Montréal. The 1,004 suites average approximately 777 sq. ft. per suite, with an average sitting monthly rent of \$1,352.

“The acquisition of Rockhill represents the REIT’s entry into the strong Montréal rental market and provides it with immediate scale in the city,” stated Michael Waters, the CEO of Minto Apartment REIT.

7. MIXED USED DEVELOPMENTS BREATHING NEW LIFE INTO UNDER DEVELOPED AREAS.

Montréal is home to a number of exciting multi-billion mixed-use development projects, many being built around TOD hubs.

In 2012, the Communauté métropolitaine de Montréal (CMM), which represents 82 municipalities in the GMA, adopted a land-use planning and development program (PMAD).

PMAD’s goal is to ensure that by 2031, 40% of new housing is located in 155 TOD hubs. To date, there are 11 TOD pilot projects, says Nicolas Froger, an urban planning expert at the CMM.



“So far, we’re on target in terms of what we’ve already planned for. The REM [the Greater Montréal light-rail system being built] will no doubt allow us to increase the number of targeted areas,” he said. Having light-rail transit running through suburban communities should help accelerate and encourage the establishment of TOD hubs, Froger continued.

Solar Uniquartier

Construction is well underway on Devimco Immobilier’s Solar Uniquartier in Brossard.

When complete, Solar Uniquartier will feature 2,600 housing units; the tallest residential tower on the South Shore, featuring 245 rental units and 125 condo units; over 130,000 sq. ft. of green space; 1.2 M sq. ft. of commercial and office space; two hotels, a conference centre and a European-inspired sports, health and recreation complex; and a public square facing the future Du Quartier light rail station.

Solar Uniquartier will be the first TOD project revolving around Montréal’s future light-rail transit network, Réseau électrique métropolitain. It will also be the only residential project that is linked indoors to a light-rail station (Du Quartier station). Residents of Solar Uniquartier will be able to reach downtown Montréal in 10 minutes.

Griffintown

Devimco Immobilier is planning a \$3 B project in the Griffintown area of Montréal, which would be the company’s biggest-ever development.

The REM, will run through Griffintown and the area will receive a Bassin Peel station.

The TOD project was originally slated to include 525 condos and rental units, a hotel, and office space as well as co-working spaces that could serve as incubators for start-ups and SMEs. The plans are anticipated to evolve.

Part of this development is the \$170 M, 500 unit MaryRobert condo project which broke a year ago. Located at the corner of Peel and Wellington Streets, it consists of two, 21-storey towers to be built atop a 23,460 sq. ft. commercial centre. Units sold at about \$480 per sq. ft.

Quartier des Lumieres

Groupe Mach plans to build a 4.5 M sq. ft. development called Quartier des Lumières next to the existing CBC building in Montréal.

The project includes a transformation of the CBC's 24-storey Maison de Radio-Canada into office space, a hotel with up to 200 rooms on the upper floors and a conference centre. Surrounding it will be a number of buildings with more than 3,000 residential units comprised of condos and apartment units, 600,000 sq. ft. of retail and one million sq. ft. of office space, a school and entertainment facilities.

Groupe Mach bought the CBC building and the west part of the lot for \$42 M at the end of 2016.

Old Port Area

The Canada Lands Corporation is collecting RFPs to revitalize the Old Port area and will see it become a mixed-use area and tourist attraction. Canada lands will sell the 750,000 sq. ft. Pointe du Moulin site and Silo No. 5 to the winning proposal, said Pierre-Marc Mongeau, VP of the Old Port of Montréal and Canada Lands Company (Quebec).

A decision is expected to be made this fall on which group will be permitted to purchase and develop the site. Construction could begin as early as 2021.

Quartier des faubourgs

The former site of the Molson brewery could soon be transformed into a mixed-use neighbourhood that would consist of as many as 4,000 homes including 200 social housing units, a school community centre, public park and waterfront promenade. The site is 26.735 acres.

The Molson District located at 1555 Notre-Dame Street East in Montréal, Quebec was sold to a consortium of Groupe Sélection, Groupe Montoni and Fonds immobilier de solidarité FTQ for \$126 M, Altus reports.

The Quartier des faubourgs would also include the new Maison Radio-Canada building going up just north of the Molson site and the existing tower, which is to be transformed into new offices and housing. The estimated date of completion date is 2035.

8. PULSE OF RETAIL STRONG IN MONTRÉAL

Expansion characterizes the Montréal retail sector as a result of innovation and a strong economy.

Statistics Canada showed that while retail sales declined nationally by a slight 0.1% in May (the most current data at the time of writing), year-over-year retail sales rose by 5.2 % in Montréal.

As the retail sector continues to face disruption on several fronts, landlords are looking to data analytics to develop new rental models, deliver new insights about tenants and improve operations, according to PWC's Emerging Trends report.

One such tool is the Ravel by CF which launched in February 2019. It is an innovative digital platform that is focused on helping Canadian retailers and the fashion industry at large remove friction from today's retail environment to create greater connections between consumers, and bricks and mortar investments.

Ravel's enhanced in-mall experiences include tailored services and offerings, product and retailer suggestions, better wayfinding in shopping centres, improvements to access such as parking and transportation, food delivery, easier payments, and anything else that might otherwise be a 'friction point' that could use improvement, according to an article in Retail Insider.

The developers Carbonleo and L Catterton Real Estate (LCRE) have been working with the city to get approval for their \$1.7 B mega-mall in Royalmount.

The mall will consist of a variety of services, including hotels, offices,

commercial establishments, restaurants, cinemas, concert halls and other types of entertainment venues, according to Carbonleo. The centre will cover 2.5 M sq. ft., however, it has not received approval yet.

Cadillac Fairview is making significant investments into its Montréal Shopping Centres.

CF Fairview Pointe-Claire is undergoing a \$30 M renovation. The interior will be modernized with new lighting, floors, balustrades and exterior entrances. A flagship Simons store will take over two floors of what was once the three-storey, 180,000 sq. ft. Sears store. The remaining floor will become a new food hall with food kiosks and restaurants. The current food court will be demolished and retail outlets installed. The renovations should be completed by summer 2020.

A new Quebec-based start-up called Berso is combining e-commerce and bricks and mortar retail to become a one-stop shop for maternity and baby-related merchandise.

Berso plans to open five stores in Quebec over the next three years, before expanding to other provinces and countries. The first location is poised to open in Montréal's South Shore in March or April 2019, coinciding with the launch of Berso's e-commerce website. Stores will be in the 10,000 to 15,000 sq. ft. range and have ample parking.

Over the past seven years, La Maison Simons has been expanding its store operations nationally. In October of 2012 the retailer opened its first store outside of Quebec at West Edmonton Mall. Simons now operates stores in the metro regions of Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montréal and Quebec City.

Its first standalone home furnishings retail space has recently opened. The 4,800 sq. ft. 'Simons Maison' is contained on the lower level of the 200,000 sq. ft. Carrefour Industrielle Alliance complex at 977 Ste-Catherine Street West which houses a multi-level La Maison Simons fashion flagship store upstairs from the new standalone home store.

Canada's largest Michael Kors store will be opening soon in downtown Montréal at 1133 Ste-Catherine Street West at the corner of Stanley Street. The three-level store will feature a restaurant. Its current flagship store in Yorkdale in Toronto is only 5,700 sq. ft. on one level.

Montréal-based Maison Birks has been updating its operations in Canada and last summer, it unveiled a renovated historic downtown Montréal flagship that also includes an adjacent restaurant and boutique hotel in the same building.

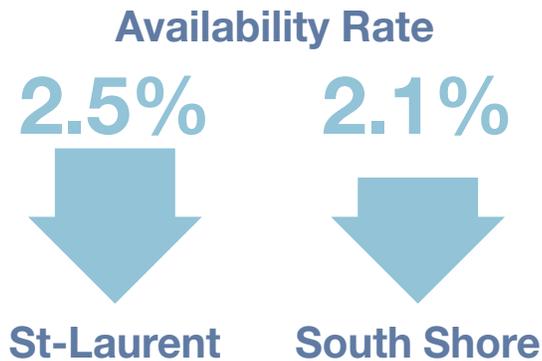
9. SUBURBS FLOURISHING IN GMA

North Shore and South Shore communities are benefitting from affordable land prices and strong GMA Economy.

Montréal's suburban areas are becoming increasingly popular with tenants given the upward pressure on rents on the Island, the scarcity of available space, and the major infrastructure work currently underway, Cushman & Wakefield reports.

Laval's downtown core has \$2 B of public and private investment currently underway or imminent. It is the home to incubators such as the Quebec Biotechnology Innovation Centre, the Laval Smart Mobility Incubator and Accelerator and the Centre Québécois d'innovation en commerce. The City also has a satellite campus of the University of Montréal.

Laval's location in proximity to the Ville St-Laurent Technoparc has made it a popular spot for distribution centres, but with an extremely low availability rate of 2.5%, businesses are finding it increasingly challenging to find suitable space, Avi Krispine of CBRE said. On the South Shore, the availability rate is even lower at 2.1%.



At the end of Q1 2019, on the South Shore, there was 457,500 sq. ft. of office space and 1.1 M sq. ft. of industrial space under construction, according to Cushman & Wakefield.

Cadillac Fairview will develop a new suburban downtown area around its CF Fairview Pointe-Claire mall in Pointe-Claire, on Montréal's West Island.

In Pointe-Claire, Cadillac Fairview has partnered with Ivanhoe Cambridge for the \$60 M development of the 50 acres of vacant land Cadillac Fairview purchased in 2013 which is next to CF Fairview Pointe-Claire. Although details are still being worked out, a REM light-rail station will be located along Fairview Avenue and with a bus terminal already in place at the mall, the project will become a good example of a transit-oriented development.

Also in Pointe-Claire, Capcium, a manufacturer of softgel products has partnered with Aurora Cannabis and will be constructing a new state-of-the-art facility at 7300 TransCanada Highway.

Cogir has begun construction on Jazz Brossard. The company is investing \$400 M to build 400 seniors' apartments. The residents will have access to electric car sharing, a package delivery room to accommodate online shoppers, a professional kitchen space and a sports bar. The complex is set to open in summer 2020.

Molson Coors has already broken ground in Longueuil investing \$500 M in a new facility while numerous other projects begin to take shape. More than 1.9 M sq. ft. of space is projected for 2019 and users are likely to continue flooding this market, reports JLL.

In Lachine, Dollarama is expanding its distribution operations with a new 270,000 sq. ft. facility that will include 27 loading docks. Costco built a 650,000 sq. ft. wholesale distribution centre in off-island Varennes. IKEA developed a 1.1 sq. ft. warehouse site in Beauharnois.

Harden's mega retail project Les Avenues Vaudreuil in Vaudreuil-Dorion is set to expand its footprint. By the end of 2019, over 750,000 sq. ft. of shops and restaurants will be up and running or under construction in three of the shopping areas: Avenues Marche, Mode and Loisirs, said Bill Harden, president and CEO.

Le Quartier-Forestia is being proposed for the City of Boisbriand.

The concept will create a dense, multi-use neighbourhood which will contain 5,000 housing units, with several green spaces around two main hubs:

- A "civic" hub, to the south, will provide an entrance to the development and access to a core of local services such as retail, public markets, parks and mass transit;

- A second hub in the centre of the development will be devoted to sports and leisure, interpretive facilities and natural spaces.

The development will cover about 130 acres at the intersection of Highways 13 and 640. About 37% of the surface area will consist of parks, walking trails, bike lanes and vehicular infrastructure, designed with sustainable principles and access to urban agriculture in mind.

The \$1.2 B project once approved could commence in 2021. The build-out is estimated to extend over seven years.

10. QUARTIER DES SPECTACLES— THE HEARTBEAT OF MONTRÉAL

The Quartier des spectacles is a cultural destination that has become a driver of economic growth in Montréal.

Over a square kilometer in size, Quartier des spectacles is Montréal's Entertainment District.

Quartier des spectacles hosts over 40 annual festivals and houses over 80 performance spaces. Over 30 independent galleries operate from the Belgo Building at 372 Ste-Catherine Street West, with many others dotting the area.

It is served by three Métro stations and 10 bus lines and is also connected to the City's RÉSO. It is anchored by the Place-des-Arts, a multi-purpose complex home to the Musée d'art contemporain de Montréal, Les Grands Ballets Canadiens, Opéra de Montréal, and the Montréal Symphony Orchestra.

The City's master plan for the district includes a strong emphasis on encouraging downtown repopulation. The idea is to avoid becoming an entertainment district only, transformed into a ghost town once the crowds have left and the bars and restaurants shut down.

The Quartier des spectacles is in close proximity to three universities— McGill, Concordia and Université du Québec à Montréal.

"The idea is to create a place to live, to learn and have fun," says Marie Lamoureux, spokeswoman for the Quartier des spectacles Partnership.

In spring 2017, the Quartier des Spectacles Partnership and the Ville de Montréal announced the results of an update on a study conducted by Altus Group on the real estate related economic benefits of the Quartier. The study, which covers 2007 to 2019, showed that the real benefits associated with the completion of 60 property development projects total \$2.2 B.

Since 2007, the Ville de Montréal and its various government partners have invested more than \$200 M in redeveloping public spaces in the Place de Arts sector, with the aim of making the Quartier des spectacles an essential cultural destination. This public investment helped attract 60 development projects representing \$1.5 B in construction investments and generating a property tax and school tax which could reach \$449 M over the total lifespan of the projects.

"Culture is not only a fantastic driver of social development, it also makes an undeniable economic contribution to Montréal, as proven by the study of economic benefits generated by real estate development in the Quartier des spectacles," said Robert Beaudry, member of the Ville de Montréal executive committee responsible for economic and commercial development and government relations.

Devimco Immobilier, the Fonds immobilier de solidarité FTQ and Fiera Properties will spearhead the \$700 M MAESTRIA mixed-use development in Montréal's Quartier des spectacles district on the site of the old Spectrum concert venue.

MAESTRIA will comprise two towers, 51 and 53 storeys high, containing about 1,000 condominium units, 500 rental apartments, plus retail and commercial space in a 51,000-square-foot, lower-level extension.

The development will include a walkway between the two buildings on the 25th floor which will give the residents a view of the events held in the Place des Festivals below. It will also include music rehearsal space and art studios.

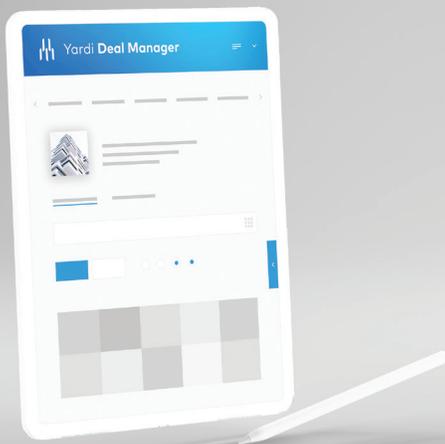
Construction is expected to begin at the end of 2019.

Domtar recently sold the green space next to its building between President Kennedy Ave. and de Maisonneuve Blvd in the Quartier des spectacles for \$14 M to Groupe Canvar. The developer plans to construct a hotel/condo project on the site.

Developer Rachel Juilien's Laurent & Clark project is slated for completion this year. Construction on the second tower, which began last year will be completed in winter 2020 or 2021. Phase I consists of 159 units in 21 storeys. Phase II will contain 175 condos in a 25-storey tower.

Prices in Phase II range from \$173,000 for a 287 sq. ft. studio to \$834,000 for a 1,363 sq. ft. three-bedroom unit.

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