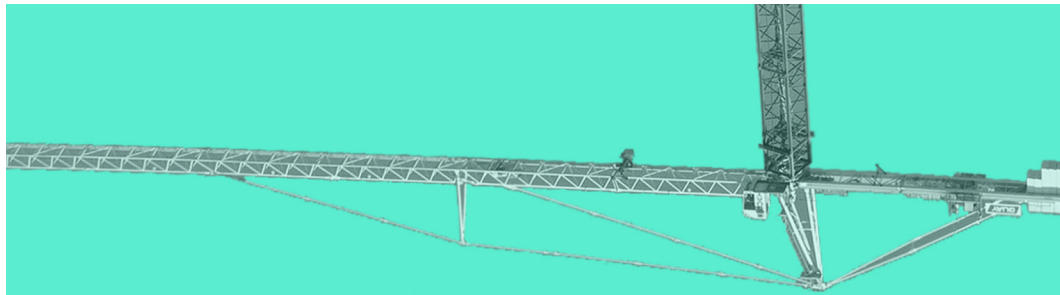


A DIVERSITY OF STORIES:



MAKING SENSE OF MONTRÉAL'S CONDO BOOM

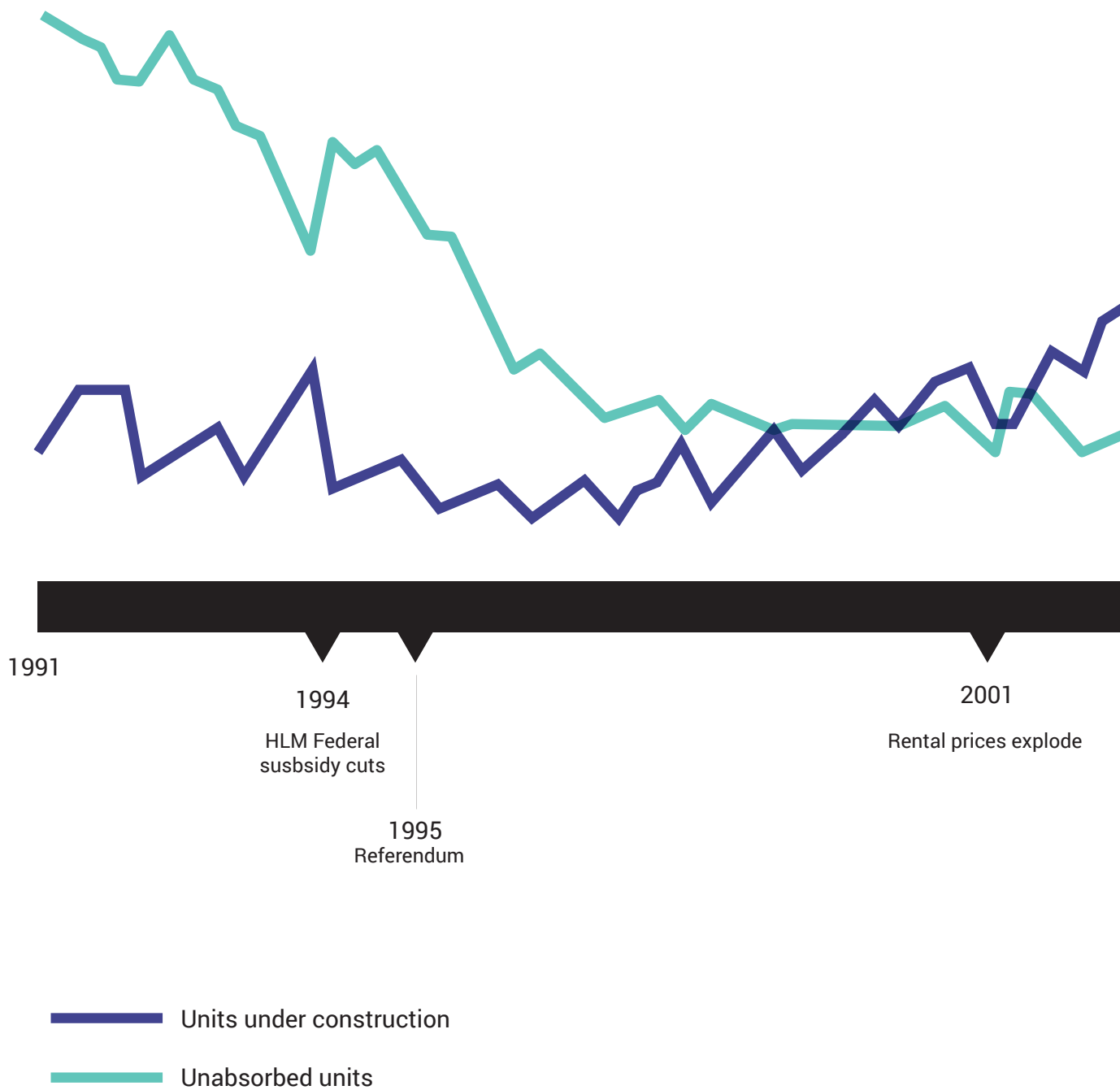
DANIELLA GUERRERO
SUPERVISED RESEARCH PROJECT
SUBMITTED TO
DR. RICHARD SHEARMUR
SCHOOL OF URBAN PLANNING
MCGILL UNIVERSITY | MAY 4, 2014

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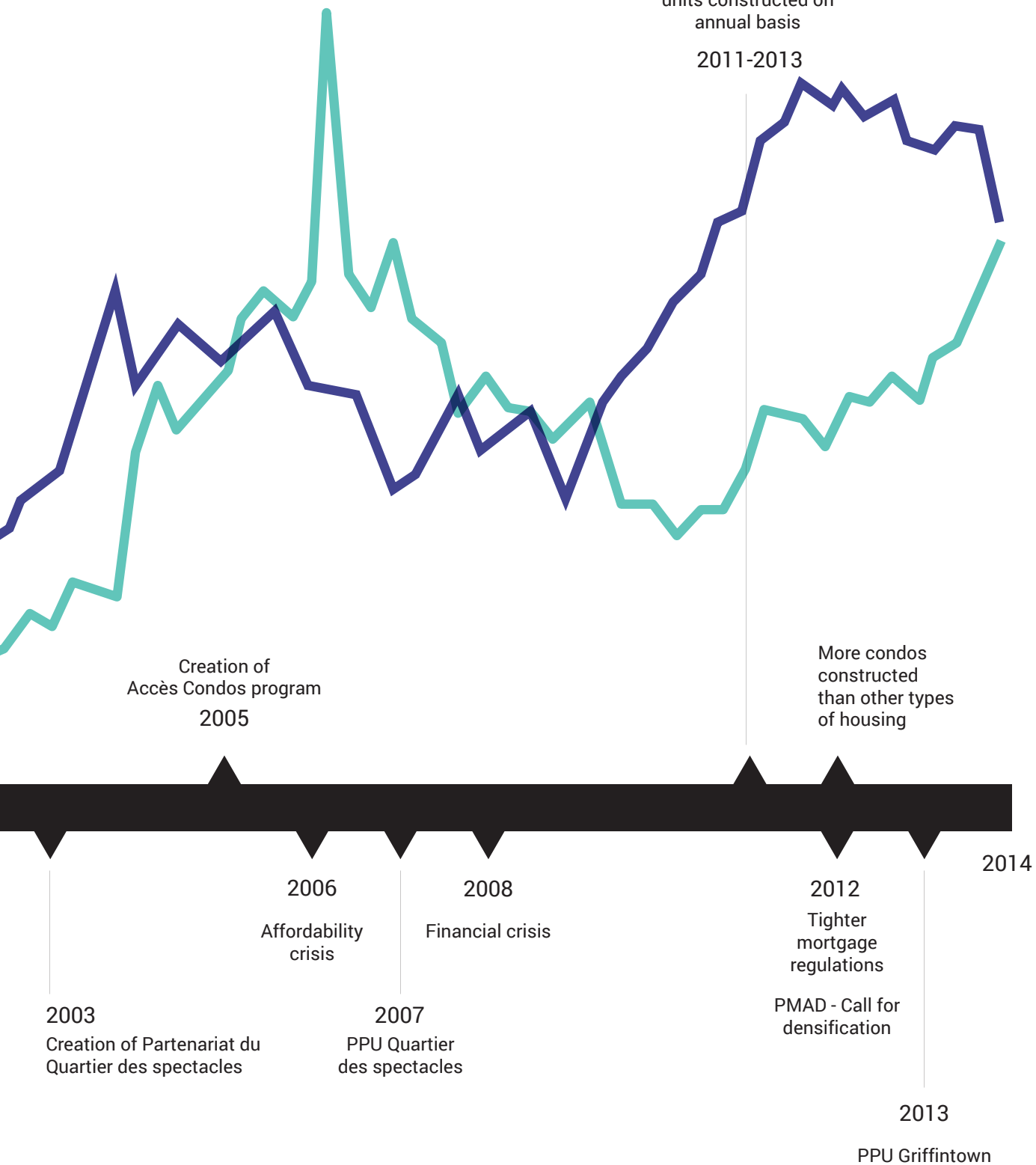
THE MONTREAL CONDO BOOM



13,000

Peak in # of condo
units constructed on
annual basis

2011-2013



ABSTRACT

Condominiums are increasingly playing a key role in the development of new housing, particularly in the central neighbourhoods of large North American cities. From the Canadian perspective, recent academic research on condominiums has focused on the emergence of high-rise condominium towers in Vancouver and Toronto, the largest condo market in Canada. Growing at a much more modest scale, Montreal, the third largest market in Canada, has also seen a significant rise in condominium development in the last decade, although little has been written about this recent condo boom. This report seeks to highlight the most influential policies and factors that led to the Montreal condo boom. Similar to other cities, the Montreal condo boom can be attributed to global urban trends and a local municipal context shaped by political, social, and economic factors. In addition, the resurgence of central neighbourhoods through place-marketing strategies and real estate redevelopment make condos appealing to diverse market segments. Based on in-depth interviews with a small number of owners and occupiers of new condos, and interviews with real estate brokers, this study takes a closer look at the different market segments that are attracted by this housing product, their motivations, their residential trajectory, their level of satisfaction with condo life, and their impressions of the current and future development of the Montreal condo market. Findings reveal that, contrary to the image of the condo projects and condo owners portrayed in the media and popular discourse, a diversity of condo owners and condo products exist. The report explores these trends and discusses their implications for improving housing strategies and providing better housing solutions for responding to the needs of the Montreal population.

RÉSUMÉ

Les copropriétés jouent de plus en plus un rôle clé dans le développement des nouveaux logements, en particulier dans les quartiers centraux des grandes villes nord-américaines. Du point de vue canadien, la recherche universitaire récente sur les copropriétés a mis l'accent sur l'émergence de hautes tours de condominiums à Vancouver et à Toronto, le plus grand marché de la copropriété au Canada. Grandissant à une échelle beaucoup plus modeste, Montréal, le troisième plus grand marché au Canada, a également connu une augmentation importante dans le développement de condominiums dans la dernière décennie. Néanmoins, peu a été écrit sur ce récent boom de la construction. Ce rapport vise donc à mettre en lumière les politiques et les facteurs les plus influents qui ont conduit à l'essor des condos à Montréal. Semblable à d'autres villes, le boom du condo à Montréal peut être attribué à l'évolution des tendances urbaines mondiales et à un contexte municipal local façonné par des facteurs politiques, économiques et sociaux. En outre, la résurgence des quartiers centraux grâce à des stratégies de marketing territorial et de développement immobilier rend les condos attrayants pour divers segments du marché. Basée sur des entretiens en profondeur avec un petit nombre de propriétaires ou occupants de condos neufs ainsi qu'avec des courtiers immobiliers, cette étude se penche sur les différents segments du marché qui sont attirés par ce produit de logement, leurs motivations, leur trajectoire résidentielle, leur niveau de satisfaction avec la vie en condo et leurs impressions sur le développement actuel et futur du marché de la copropriété à Montréal. Les résultats révèlent que, contrairement à l'image des projets de condos et des propriétaires de condos dépeints dans les médias et le discours populaire, une diversité de propriétaires de condos et de produits de condos existe bel et bien. Ce rapport explore ces tendances et discute leurs implications pour améliorer les stratégies de logement et pour fournir de meilleures solutions de logement qui répondent aux besoins de la population de Montréal.

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0

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“ Je suis très heureux d’être parmi vous ce matin pour vous parler de Griffintown, au-delà du boom immobilier. En effet, nous ne pouvons ignorer ce boom ... ça se voit, ça s’entend, ça se parle, ça irrite parfois, ça réjouit, mais une chose est certaine, ça ne laisse personne indifférent ! ”

Benoit Dorais, Mayor Sud-Ouest borough, 15 March 2012

CHAPTER 1

INTRODUCTION

1.1 PROBLEM DEFINITION

Condominiums are increasingly playing a key role in the development of new housing, particularly in the central neighbourhoods of large North American cities. Condos are not only modifying the urban landscape, they also are a reflection of changing demographics, economic and urban trends, and the evolving spatial geographies of cities.

Over the last decades, cities have adopted policies geared towards the resurgence of downtowns and the revitalization of central, post-industrial neighbourhoods by using economic development strategies aimed at fostering local economic growth and municipal competitiveness (Rose, 2010). Many North American cities have turned to real estate development as part of this strategy to make central neighbourhoods more desirable for investment, which, among other consequences, has resulted in a rise in condominium development. This development can take many forms, ranging from townhouses and low-rise apartment buildings to mixed-use, mid-rise buildings, and high-rise towers. In addition to new-build housing projects, current trends in the housing market include the transformation of industrial buildings into private market-rate housing units, and the conversion of rental housing to divided condominium ownership. While new-build condos are mostly built in already dense central areas, they also are used as infill development in inner suburbs, and are gaining acceptance in suburban and small town settings.

Demographic changes and changes in lifestyle and consumer values—reconfigurations in family composition, aging baby boomers, diverse waves of immigration, new financial and planning regulations, traffic congestion resulting from urban sprawl, rising fuel costs and changing household tastes—have brought about a shift in the demand for single-family homes in suburban areas, which has created an interest for higher-density housing options in more urban, central parts of the city.

The resurgence of central neighbourhoods as desirable places to live is said to be appealing to diverse market segments, particularly to young professionals, young families and empty nesters. Moreover, central neighbourhoods are increasingly becoming attractive *milieux de vie* for their diversity and accessibility linked to proximity to places of work, accessible and frequent public transit, and the variety of services offered at the neighbourhood scale. These advantages include a diverse set of commercial arteries, access to parks, libraries, recreational facilities and cultural venues. Many condo buildings also offer exclusive facilities like swimming pools, terraces, gyms, and common spaces for leisure and recreation, and in some buildings, cleaning, maintenance, management and surveillance services are part of the package. Within this logic, condo living represents (at least for some) a disinvested or simplified form of living. This is a particularly important factor for an aging population, where having a more compact space could imply less maintenance responsibilities and gaining a greater sense of security (Rosen and Walks, 2013). What's more, the condominium offers a possibility for middle-class households to latch on to homeownership in highly accessible locations within or in proximity to the central core (Gaudreau and Nguyen, 2013), where many of the financial services, insurance, real estate and "cultural-cognitive" occupations (culture, education, and recreation) are located (Rosen and Walks, 2014).

Just as there are diverse types of rental apartment buildings accommodating diverse market segments, the same diversity exists in condominium buildings and within condo owners. Yet, particularly new-build condo owners tend to be encapsulated as one type of category; a well-off professional, disinvested from neighbourhood history and community life, ultimately guilty of gentrification. While they are not the sole factor, new-build condos are associated in changing central neighbourhoods; new populations moving in are said to attract a renewed set of local businesses, debatably accentuating polarization in socio-economic status and indirectly excluding poorer residents, what is often associated with the collateral effects of gentrification.

Although condominiums have been a major component in the development of new housing in the central areas of large North American cities, from the Canadian perspective, research has mainly focused on the emergence of high-rise, high-end condominium towers in the downtowns of Toronto and Vancouver (Harris, 2011; Kelly, 2013; Kern, 2007; Lehrer, Keil and Kipfer, 2010; Mager, 2013; Rosen and Walks, 2013, 2014). Growing at a much more modest scale, Montreal is the third largest market in Canada, where condominiums have become the largest segment of the new home market, yet little has been written

about this recent condo boom. written about this recent condo boom.

This study has two main objectives. First, to get a better sense of what conditions (urban trends and policies) led to the recent condo boom in Montreal, and second, to find out who is moving into Montreal 'central area' condos, and why they are moving in. Based on in-depth interviews with a small number of owners and occupiers of new condos, and interviews with real estate brokers, this study takes a closer look at the different market segments that are attracted by this housing product, their motivations, their residential trajectory, their level of satisfaction with condo life, and their impressions of the current and future development of the Montreal condo market.

Due to these considerations, the condo characterizes a new reconfiguration of property ownership, physical design, social governance, security, and social status, articulated as an economic and cultural force of urban change (Rosen and Walks, 2013). Montreal has seen a significant rise in condominium construction since the early 2000s. In this context, new major luxury projects in the downtown area, speculation, foreign investment, along with concerns for over construction, market saturation, high vacancy rates and alarm about creating a housing bubble, dominate the popular discourse and media headlines. At the same time, in a climate of fear and threats of gentrification, tensions emerge between housing rights advocacy groups and neighbourhood residents towards developers and new condo owners moving in to central neighbourhoods undergoing change.

While for some the current condo boom in Montreal is seen as a threat in the loss of rental and social housing, for others, the construction of condos provides a more affordable entry point to homeownership while remaining in accessible urban areas. Beyond 'market logic', federal, provincial and municipal policies have encouraged condo construction (Ibid.). Like in other cities, the Montreal condo boom can be attributed to global urban trends, and a local municipal context shaped by political, social and economic factors. In addition, the resurgence of central neighbourhoods due to shifts in economic and urban development patterns in favour of densification, place-marketing strategies, and real estate redevelopment make condos appealing to diverse market segments.

The findings from these interviews reinforce the picture presented in academic writings and real estate reports that on one hand, new-build condos are being bought primarily by young professionals, couples and young families who want access to a first property and seek out the benefits of a central neighbourhood, and on the other, by retired or semi-retired

empty nesters who have traded their home in an inner Montreal suburb for a more central and maintenance free lifestyle. However, there seems to be an incomplete representation and disregard for low to mid-rise, and medium to high-end buildings in central neighbourhoods and their residents, outside of the downtown core and Griffintown area. Contrary to the image of the condo projects and condo owners portrayed in the media and popular discourse, in fact there is a diversity of condo owners and a diversity of condo products.

This report is divided into 6 chapters. Chapter 2 will give an overview of the resurgence of downtown and central area living, making a link with general demographic and economic trends that explain the demand for smaller and more central housing units, as well as an overview of neighbourhood change and gentrification. Chapter 3 reviews the housing and economic development policies that have created the conditions for condo construction and the academic and practice-based research based on population trends for Montreal central neighbourhoods, and an outlook on the new condo market. Chapter 4 discusses the methodology that was used in conducting interviews with real estate brokers and condo owners or occupiers. Chapter 5 presents an analysis of the information gathered through the interviews and how it compares and contrasts with the press review, based on various themes. Chapter 6 summarizes the findings and proposes recommendations and policy implications for the future development of new housing in Montreal.

1.2 AN OVERVIEW OF CONDOMINIUM TENURE

Condos are mainly found in large urban areas where land value is usually high and higher density apartment buildings are common. The term condominium or condo is a type of tenure that consists of principles of private and shared ownership. Condo owners purchase a private unit and share the ownership of common spaces and facilities with other dwellers. In a condominium tenure form, the costs of maintenance and operations of common areas are shared among owners through monthly or yearly condominium fees. In addition to day-to-day upkeep, a part of these fees is usually placed into the building's reserve fund to cover the cost of major repairs and other maintenance needs over the life of a building (Canada Mortgage and Housing Corporation, 2013b).

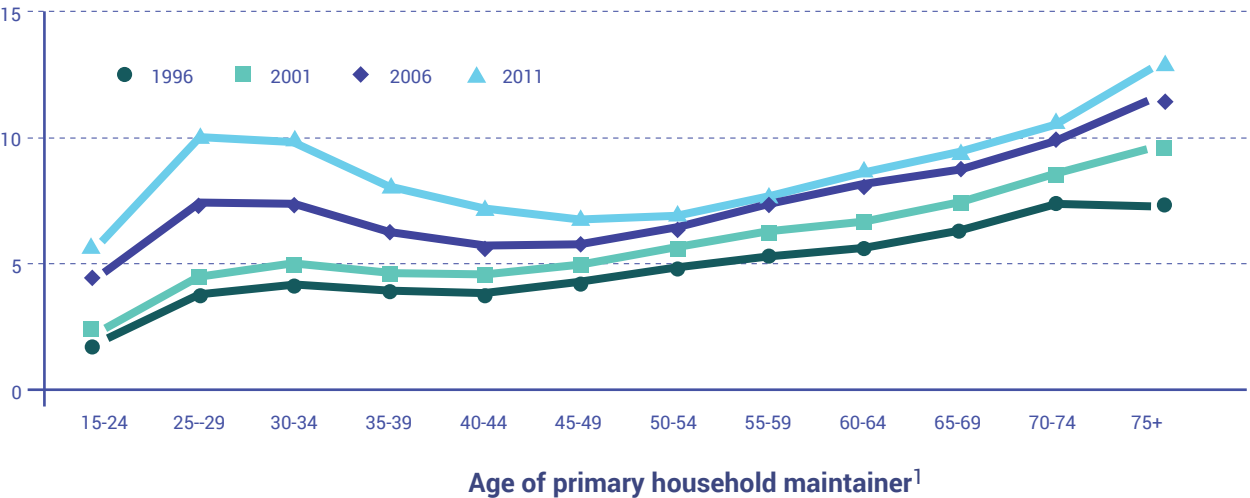
The term condo is often used to describe a building form made up of apartments, although the condominium is a type of tenure and can take many building forms. Low-rise

apartments tend to be the most common condo form in Canada, representing 36% of all types, while high-rise apartments represent 36%, and row houses make up 23%. Canada Mortgage and Housing Corporation (CMHC) uses the following categories for this type of dwelling:

- Low-rise apartments are in buildings with fewer than five stories.
- High-rise apartments are in buildings with five or more stories.
- Other dwellings comprise duplexes, single-attached houses (a single dwelling attached to another building), semi-detached houses, and movable dwellings.

Toronto has a higher concentration of high-rise condos, whereas low-rise condos predominate in Quebec CMAs (Census Metropolitan Areas), accounting for 60% of all types. In Vancouver, condos make up 35% of the owner-occupied housing stock, making it the highest market share in all Canadian cities. In 2012, condos accounted for 40% of housing starts in urban areas in Canada. While condo ownership rates rose in different age groups between 1996 and 2011 (see Figure 1), the predominant markets in Canada are composed of seniors and young adults. In 2011, 19% of condo owners in Canada were under 35, and 29% were 65 or older (Canada Mortgage and Housing Corporation, 2013a).

Condominium owners as % of all households



¹A household maintainer is the person or one of the people in the household responsible for major household payments such as the rent or mortgage. Where more than one person in a household claims responsibility for such payments, the primary maintainer is the first person listed on the census form as a maintainer. Data from the 2011 National Household Survey may not be comparable to those from earlier censuses.
Source: CMCH, adapted from Statistics Canada (Census of Canada, *National Household Survey*)

Figure 1: Condominium ownership rates by age of primary household maintainer, Canada, 1996, 2001, 2006, 2011

Figure 2 illustrates how condo sale prices tend to be less expensive than other owner-occupied dwellings in all Canadian CMAs, and in general, monthly costs are lower than other types of properties, although in Montreal, the difference is not as great. However, new condo units usually have higher than average rents than purpose built rental apartments, which makes them attractive as investment properties. Investors make up a significant proportion of the condo apartment markets in Toronto and Vancouver where in 2012, 23% and 26%, respectively, were used as rental units, a trend that has been increasing progressively since 2007 (Canada Mortgage and Housing Corporation, 2013a). With respect to Montreal, available information is sparse on the share of investors, but according to CMHC data, in 2013, 21.8% of all condos in Downtown Montreal and Nun's Island were rented out. The proportion of condo rentals in Greater Montreal was 11% of the total number of units (Bergeron, 2013).

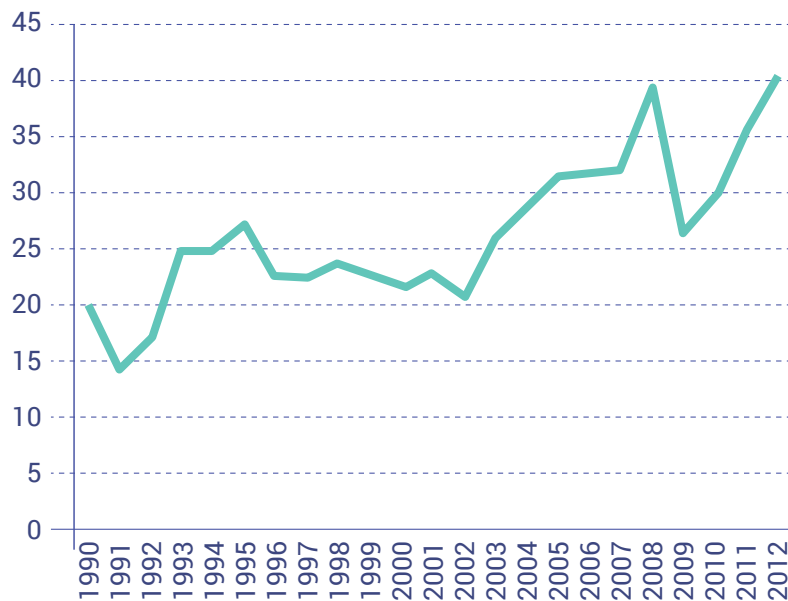


Source: CMHC; adapted from Real Estate Board of Greater Vancouver, Fraser Valley Real Estate Board, Toronto Real Estate Board, Greater Montréal Real Estate Board, Calgary Real Estate Board, Ottawa Real Estate Board

Figure 2: Condominium apartments are less expensive than single-detached homes

In a survey from 2012 (see Figure 3), the condominium share of total housing starts in Canadian urban centres increased by 26%, resulting in a total of 77,693 units, whereas single-family homeownership starts only increased by 2.5%. Vancouver lead the share of condominium starts at 64%, followed by Toronto at 59%, and Montréal at 58% (Canada Mortgage and Housing Corporation, 2013).

**Units intended for the condominium market
as a % of total housing starts**



¹ Figure displays data for centers with populations of 10,000 or more

Source: CMHC; adapted from Real Estate Board of Greater Vancouver , Fraser Valley Real Estate Board, Toronto Real Estate Board, Greater Montréal Real Estate Board, Calgary Real Estate Board , Ottawa Real Estate Board

Figure 3: Condominium share of total housing starts, Urban Canada, ¹ 1990-2012

1.2.1 CONDO BOARDS AND LEGISLATION

In Canada, condominiums are considered corporations under provincial and territorial legislation, sharing the same principle of privately owned units with shared ownership of common areas, with other regulations differing from province to province. In Quebec, condominiums are governed by the Civil Code of Quebec, S.Q., 1991, c. 64. All condominiums elect a board of directors whose obligation is to manage day-to-day concerns and administrative and financial matters. The corporation is governed by bylaws that frame the duties and responsibilities of the board of directors and unit owners. In some cases, particularly for larger buildings, the corporation tend to hire a property management company that works hand in hand with the board of directors, handling the maintenance of common areas, snow and garbage removal, and the collection of monthly fees (Canada Mortgage and Housing Corporation, 2013).

Just as condos can take different shapes and forms, condo buildings have three main types. In addition, there also are divided and undivided forms of co-ownership.

- **New condos or new-build condos** are units that are still in the planning or construction phase, or have been built but not previously occupied, and usually are purchased directly from a developer.
- **Resale condos** are any units that are not brand new and have been previously occupied by the owner or tenants. Sales transactions are conducted between the owner or a broker and the potential buyer.
- **Conversion condos** are units in buildings that have been used for commercial or industrial use and then reconverted into residential use. For example, many lofts are built in this style. Residential buildings that have been transformed from rental units to private condo ownership also fit in this category (Canada Mortgage and Housing Corporation, 2013b).
- **Divided condos:** the buyer is the sole owner of a unit and can sell or use the property with more freedom
- **Undivided condos:** the whole of a building belongs to all owners and no part of the building belongs exclusively to one owner or the other. In this case, the owner is subject to more restrictions on use and can have common mortgage, rights, and obligations with the corporation (Morin, 2013).

In sum, the condominium can take many building forms, although the most common types in urban areas tend to be mid- and high-rise buildings. Shifts in demographic trends, such as an aging population and the rise in single-person households, are some of the factors driving a demand for smaller units. In Canada, young adults and seniors are the predominant markets in condominium ownership. The condo tends to be the most affordable housing product in all Canadian CMAs, although this trend is less significant in the Montreal markets. Since new condos have higher than average rents than purpose built rental apartments, they are more interesting as investment properties. Currently, the condominium has the highest share of new housing starts in Canadian urban centers. The condominium tenure form is also subject to specific rules and legislation, governed by bylaws that frame the duties and responsibilities enacted by a board of directors and or property management companies, and to which owners and occupiers must comply. Due to these considerations, the condo is characteristic of a new reconfiguration of property ownership, physical design, social governance, security, and social status, which is articulated as an economic and cultural force of urban change.

An understanding of condominium tenure “provides the framework” for how this form of housing has emerged. Chapter 2 discusses the various urban trends that have led to the rise of condominiums.

CHAPTER 2

URBAN TRENDS

2.1 THE RESURGENCE OF DOWNTOWN AND CENTRAL AREA LIVING

From a dense urban core to lower density suburbs, and back to infill development in central areas, the urbanization patterns in North American cities have been constantly evolving and effecting the social configuration of cities. After an accelerated suburbanization process that followed the Second World War, many North American cities continued to develop under the assumption that land and resources were interminable, and that super highways would be able to connect all destinations without any drawbacks (Swaby, 2000).

Although no single definition of sprawl is universally acceptable due to its multiple dimensions, sprawl can be defined as a pattern of low-density, automobile-oriented development that has been a common form of growth outside of urban areas, particularly following the postwar era³. In Canada, urban sprawl is increasingly being integrated in the urban environment agenda as municipal, metropolitan, and regional plans develop measures, policies, and programs to counter the negative effects of sprawl. Today, concern and awareness are growing that sprawl does not generate lively nor sustainable communities⁴; on the contrary, it instigates inefficient land use and is greatly responsible for car-dependent urban development. In addition, housing development on the periphery of urban areas can contribute to unnecessary economic and environmental costs, natural resources depletion, and social costs (Swaby, 2000).

³ Community and Regional Development Institute, Cornell University. Retrieved from <https://cardi.cals.cornell.edu/focal-areas/land-use/sprawl/definition>

⁴ Miron, J. R. (2003). *Urban Sprawl in Canada and America: Just how dissimilar?* Toronto, ON: University of Toronto at Scarborough.

2.1.1 A SPATIAL SHIFT IN URBANIZATION PATTERNS

According to Guillot (2008), the consideration of the sustainability of existing urbanization processes and settlement patterns, as developed during the 20th century, has moved to the forefront of the planner's agenda. To counter negative urban processes such as sprawl, alternative housing models have emerged in the last two decades that seek to offer a more environmentally friendly solution than the "single-family home and car package." The ecological potential of the traditional form of dwelling is re-considered through alternatives that optimize local services and reduce automobile transport, often anchored on the concept of density (Guillot, 2008). As explained by Miron (2003):

... in the 1970s, 1980s, and 1990s, new development in the form of clustered housing, in-fill, redevelopment, and conversions helped raise densities in parts of some urban regions. Oftentimes with the approval and encouragement of local governments, cooperation was promoted by land-use planners who saw such development as the cure for sprawl. In Canada, where land-use regulation is thought to have been more extensive, it might be argued that population density should therefore now be correspondingly higher. (p. i)

While highway infrastructure and single-family detached homes created a type of urban dynamism concentrated at the urban edge, some authors such as Florida (2008), Scott (2011), and Rosen and Walks (2013) claim that urban dynamism has shifted back to the central cores of urban areas with more intensity in the downtowns, but differing from the rental city that characterized the beginning of the 20th century. Allen Scott (2011) discusses the concept of "third-wave" urbanization where city-building based on industrial production processes took a turn to a "cognitive-cultural" economy dominated by flows (of information, ideas, finance, trade, and people) and the globalization of interdependence (Scott, 2011 cited in Rosen and Walks, 2014). With this perception, Scott (2011) argues that we're seeing a spatial shift from suburbanization and urban dispersion toward concentration, gentrification, and intensification, which is deeply affecting urban social life. However, while it is true that many urban cores have been revitalized, the above-mentioned observations should not be taken as foregone conclusions, since these outcomes vary, depending on the particular context of each city. Some suburbs are still dynamic as sprawl continues, whereas others are experiencing a decline as is reflected in dispersed patterns of poverty and income inequalities (Walks, 2011).

2.1.2 DENSITY AND INTENSIFICATION POLICY

Provincial and municipal legislation has had an influence in stimulating intensification and promoting urban living. Increasingly, regional planning has been fostering the containment and intensification of land use and residential densification, directing growth towards the creation of more dense central urban neighbourhoods in an effort to prevent or counter sprawl. This vision of development is defined by Quastel, Moos, and Lynch (2012) as the sustainability-as-density model, which valorizes density as the means to create sustainable residential development. However, when discussing the case of Toronto, these researchers suggest that a possibility exists that provincial and municipal government policy may not have had such a large influence on the condo boom as has been suggested by some. For example, some have claimed that successful suburban developers saw the financial potential of condos, and then shifted or adjusted their business model to suit the current market demands, motivated by financial profit, without necessarily considering government policy intentions. Rosen and Walks (2014) conclude that in any case, whether it's planning directives or profit motives, both encourage the proliferation of condos.

In the North American context, Montréal is a relatively dense and concentrated city: 60% of the population of the metropolitan area lives within a radius of 15 km from the city center; however, its rate of population growth remains modest compared to other North American cities (Ville de Montréal, 2013). In 2012, Montreal launched a preliminary version of its new Development Plan entitled *Demain Montréal*, which presented a vision for the future development of the city and for integrating the main policies adopted by the City of Montreal during the last decade (Fischler, 2013).

According to regional demographic projections from the Institut de la statistique du Québec (ISQ), the Montréal metropolitan region is expected to see 320,000 housing starts from 2013 until 2031, which represents 123,000 starts for the territory covered by the City of Montreal. The plan calls for these housing starts to be mainly located in areas to be redeveloped—in the heart of the island, and in still-to-be-developed sectors at the edges of the island. Through this plan, the City of Montréal aims to stimulate the residential supply and encourage the construction of housing with the objective to consolidate the metropolitan region and maintain its demographic weight (Ville de Montréal, 2013).

Among other points, *Demain Montréal* lists a set of housing priorities for the City of Montréal, highlighting as a main concern the reduced access to affordable housing due to the

rise of real estate values. According to this document, the main market segments affected by these issues are young families with the desire to stay in the city. Another issue identified is that rental households are experiencing a rise in rent prices much faster than their revenues.

2.1.3 REVITALIZATION STRATEGIES: PLACE-MARKETING AND REAL ESTATE REDEVELOPMENT

After undergoing economic and social decline with, among other consequences, the scars left behind by the urban renewal of the 1960s, central areas are experiencing a resurgence and repositioning in which new developments in branded districts are a popular revitalization strategy. As a result, economic forces have been driving a sustained escalation in real estate prices in Canada's largest cities (Bernier, 2011). For almost 3 decades, the predominance of neoliberalism has given way to new forms of real estate investments, both in the commercial and residential sectors, that have contributed to the upturn of city centers (Brenner and Theodore, 2002). Downtown Montréal and adjacent central neighbourhoods have not been exceptions to this trend. Some examples include the revitalisation and expansion of Quartier des spectacles, Quartier international, La Cité du multimédia, Griffintown, and most recently Quartier de l'innovation. Through the implementation of place marketing strategies and the formulation of public-private partnership schemes, these sectors have experienced major transformations and a significant increase in real estate development in the last decade, with the emergence of new-build and redeveloped commercial, institutional, and mixed-use residential buildings. Many condo projects in the downtown area have capitalized on their proximity to such branded districts in their promotional campaigns.

A fine example of this type of redevelopment arrangement is Quartier des spectacles, Montréal's cultural and entertainment district. With the creation of the *Partenariat du Quartier des spectacles* in 2003, a non-profit with 60 plus members and funded by the City of Montréal, the organization has led the development vision for the area by considering the social, economic, and urban spheres. Many major redevelopment projects have been realized over the last few years with many more underway. Most notable are the revitalization of plazas and public spaces, the improvement of the public realm, and creation of prestigious venues such as *La Maison symphonique de Montréal* in 2011, and the 2-22 building at the crossing of the two important arteries of Saint-Laurent and Ste-Catherine. These projects have spurred the development of various condo and mix-use buildings such as *Louis Bohème*, a 28-story condo tower, and the "V" 40 story Marriot Courtyard condo apart-

ments. The 35-story “Peterson” building, a luxurious condo project characterized by its daring architecture, has entered the construction phase and is expected to be completed in 2016. Other ambitious projects underway for 2017 include *Le Wilder*, a complex regrouping several important dance institutions such as the *Grands Ballets Canadiens*, and the relocation of the National Film Board’s headquarters that will overlook *la Place des Festivals*. According to a study released in January 2015 by the *Partenariat du Quartier des spectacles*, the Metropolitan Montréal Chamber of Commerce, and the City of Montréal, the cultural district has generated 1.5 billion dollars in real estate economic benefits since the project was announced in 2007, which is a major catalyst in the real estate boom of downtown⁵.

To a much less voracious extent, other central neighbourhoods such as Rosemont-Petite-Patrie, Le Plateau Mont-Royal, Mile-End, Point Saint-Charles, and Verdun are undergoing change with the construction of new-build infill condos and the reconversion of warehouses and formerly industrial buildings into condominium units. Another trend raising concern for some is the ongoing renovation of plexes and their conversion into condominium ownership. While the conversion of plexes to condos represents another homeownership option, it may also signify a loss in rental housing in central neighbourhoods.

In a time of land shortage and rising land values in central areas, condo development has been supported by policies that try to counter population loss and automobile dependence by promoting residential intensification, and consequently, in many cases, the gentrification of urban cores and central neighbourhoods.

2.2 GENERAL DEMOGRAPHIC AND ECONOMIC TRENDS

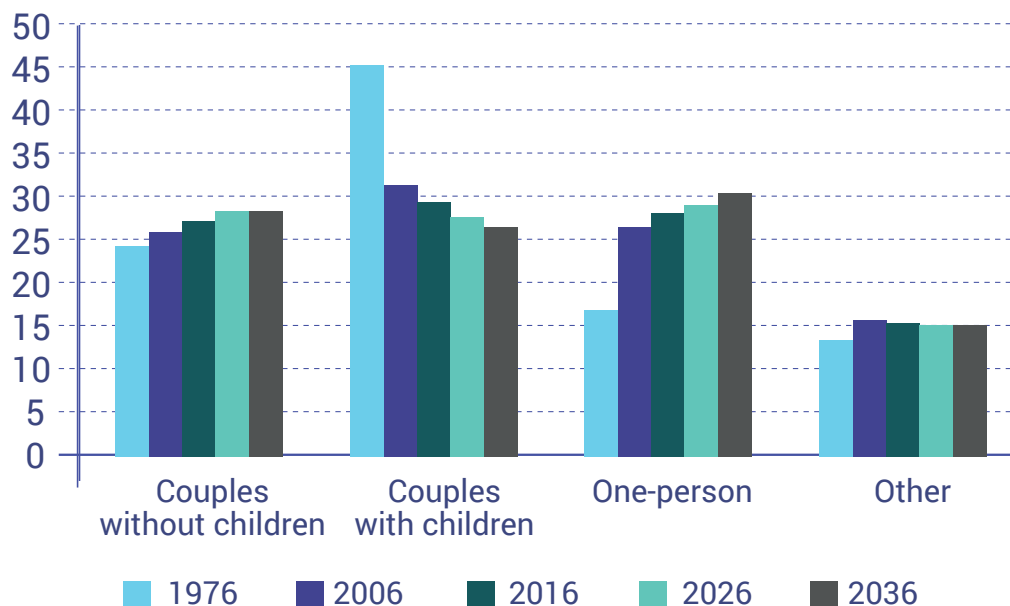
The following sections will discuss the main demographic and economic changes that have given way to a rise in condominium housing.

³ Groupe Altus. *Résumé de l'étude sur les retombées économiques immobilières, pôle Place des arts du Quartier des spectacles*. (Partenariat du Quartier des spectacles, January 2015).

2.2.1 GENERAL DEMOGRAPHIC TRENDS

Changing demographics characterized by declining birthrates, deferral of marriage, people having children later, divorce rates, and an increase in the elderly population have an influence on household composition and housing demand (Swaby, 2000). Declining household size and reconfigurations in household composition, paired with the increasing concentration of population in urban sectors where land costs tend to be high, explains, in part, why multiple-unit structures such as condos accounted for more than 50% of total housing starts in Canada from 2008 to 2012. In Canada, single-person households continue to be the fastest-growing type of household, comprising 28% of total households in 2011, which is a doubling from a 13% share in 1971. Furthermore, couples with children made up 29% of households in 2011, down from 50% in 1971 (Canada Mortgage and Housing Corporation, 2013a). Whereas baby boomers contributed greatly to the formation of new households from the 1970s to the 1990s, the “echo generation” (children of the baby boomers, complemented by new immigrants) has overtaken the baby boomer generation and is currently leading the household and homeownership growth rate. The echo generation is expected to continue to drive household growth until 2021 and homeownership growth into the 2030s (Canada Mortgage and Housing Corporation, 2013a).

Share of each household type in total households (%)



Source: CMHC (projections) and adapted from Statistics Canada

Figure 4: One-person households expected to become the most prevalent type of household

As the population continues to age and an increasing tendency to live alone continues (see Figure 4), one-person households will represent the largest share of household type by the 2020s. If this trend continues, condo household types will continue to grow at a rapid pace, although single-detached houses are expected to continue to be the most common type of dwelling across Canada (Canada Mortgage and Housing Corporation, 2013a).

The more spacious suburban single-family home that was once a popular housing choice is losing its relevance as households get smaller. Many empty nesters choose to downsize and move to a denser and possibly better-served urban environment, whereas young professionals are willing to compromise on space (at least temporarily) and prefer to locate in central neighbourhoods because of their proximity to places of work and access to public transportation. However, the space-price equation still lures many urban families to make a move to the suburbs as their kids get older and the desire for more space arises. While ideologically it may not make as much sense as in the post-war era (as has been discussed due to changing sustainability and cultural values), for some, the single-family suburban home still represents an attractive option when weighing affordability and space.

2.2.2 GENERAL ECONOMIC TRENDS

Rosen and Walks (2014) suggest that condo development in urban cores is closely linked to the economic restructuring of urban regions resulting from deindustrialization and the rise of service industries with financial services, insurance, and real estate (FIRE) being the most prominent. Jobs in these sectors plus “cultural-cognitive” occupations (culture, education, and recreation) tend to be located in the downtown or in adjacent central neighbourhoods, which helps to explain the growing demand for housing in these areas. In addition, industrial decline has played an important role in negatively impacting some of the inner suburbs.

Rosen and Walks (2013, 2014) explain that the emergence of condos was favoured through a development approach in which the economic interests of the state and the private sector development industry converged with urban lifestyles and the preferences of consumers. This approach resulted in a new structured regime of political and economic interest (Harvey, 1989 cited in Rosen and Walks, 2013), which was fuelled by a form of development centered on intensification through real estate, driven by mortgage credit, and displacing industrial expansion. The authors use the term *condo-ism* to explain the driving force that has reconfigured the economic trends in urban areas linked to real estate and redevelopment projects. This concept is discussed in more detail in section 2.5.

2.3 NEIGHBOURHOOD CHANGE AND GENTRIFICATION

As has been discussed in previous sections, cities are constantly being reconfigured spatially, and conditioned by shifting social, cultural, and environmental values. Therefore the structure of cities and neighbourhoods determines people's housing choices and creates corresponding market segments that are shaped by sociocultural values and economic conditions. The insertion of new-build condos through infill development and the reconversion of former industrial buildings into residential units in older central neighbourhoods, particularly those that were former working class, raises questions about gentrification and neighbourhood change. Contrary to what some scholars may argue, not all neighbourhood change is gentrification, and not all neighbourhood change should be demonized. In fact, gentrification is a complex issue that has been analyzed from a wide range of perspectives, but which is still difficult to define due to its ambiguous nature and potential effects. As Richard Florida (2015) has acknowledged, "gentrification remains one of the most hotly debated and most poorly understood urban issues." While not seeking to solve the question, this section will provide an overview of the issues that are raised when discussing gentrification and neighbourhood change, and how condos fit in this debate.

The simplified and classic definition of *gentrification* denotes the displacement of lower income residents by wealthier ones in central and working-class neighbourhoods, accompanied by the physical upgrading of these areas (Glass, 1964). More recently, authors refer to *new-build gentrification* as the construction of high-status housing and the role it plays in the reinvigoration of central areas that are believed to benefit the middle and upper classes (Davidson & Lees, 2005, 2010; Kern, 2010; Rérat, 2012; Rose, 2010). Some authors describe this process in three steps, beginning with "an influx of new residents with low financial resources but with high cultural capital (artists, bohemians, etc.); then, they are followed by a middle-class who is drawn to the 'trendy' atmosphere and low prices; finally, the neighbourhood is transformed to the point where it becomes attractive to developers and upper middle-class professionals" (Kohn, 2013).

2.3.1 IS IT ALL BAD AND WAS IT ALL BETTER BEFORE? A DISTORTED PICTURE OF GENTRIFICATION

From a critical perspective, there may be a rather romanticized view of cohesive communities being disrupted by "change." Much of the literature is tainted with a certain nostalgia of an ideal moment in time when "things were better," a somewhat romanticized view of when a city or a certain neighbourhood had a soul, without considering the harsh realities

that some of the working classes experienced in an industrial setting during the Depression, postwar decline, and fiscal crisis (Schwarz, 2010). Benjamin Schwarz, a former literary and national editor for *The Atlantic*, points out that there may not have been as much “intermingling” of classes or even ethnicities as is evoked in the nostalgic ideas of old city neighbourhoods that are now said to have become gentrified. Schwarz suggests that this “ideal balance” of what has become the ultimate planning principle for planners and city lovers—“keep the scale small and preserve the physical fabric of the neighbourhood”—is ephemeral and impermanent in nature within large-scale economic processes in which tensions between the corporate city and the urban village arise. Schwarz concludes that one of the reasons why gentrification has been given so much attention is the acceleration in the speed of neighbourhood change, triggered by the ways consumption has become the dominant means of self-expression conditioned by the acceleration of the global economy.

In a 2006 article, Tom Slater criticizes the lack of critical perspectives in gentrification research. He attributes this lack of critical perspective to the ideological “squabbles” between academics debating the causes of gentrification over its effects, for overlooking displacement as a defining issue of gentrification, and the pervasive influence of neoliberal urban policies and forced social mix. Slater argues that gentrification is a much more severe issue than what the recent literature has portrayed, and adds that trying to “sugar coat” its effects and even distorting its meaning shifts the attention from the harms caused by rent increases and working-class displacement to a focus on “street-level spectacles, trendy bars and cafes, and social diversity” (Slater, 2006).

As it has been stated, gentrification is a blurry and complex topic that cannot be reduced to black and white or good and bad. Yet, recent academic research has tended to take sides, generating a lively debate where the most salient criticism is focused on the residential displacement of low-income and working class residents; the ongoing *embourgeoisement* of central neighbourhoods; the transformation of public, social and commercial space, resulting in severe affordability problems; the disruption of the community; and the crisis of affordable housing for working-class people (Slater, 2006; Kohn, 2013).

Kohn (2013) even suggests that the more recent defense of gentrification in the literature can be associated with the fact that many academics live in these “gentrified” neighbourhoods, and so they tend to identify with the aesthetic quality of historic, diverse, dense, and central urban neighbourhoods. For a more positive light, authors like Zukin (2004)

acknowledge the positive impacts of the retail concentration of designer stores in the East Village in New York as a territory of innovation, a marketable and sociable neighbourhood; and the benefits of consumption spaces that provide complementary kinds of “distinction.” Along those lines, Byrne (2002) adds that the process is good, on balance, for poor, ethnic minorities, since gentrification benefits the low-income residents economically with more employment opportunities, politically by providing an “urban political fora,” and socially by creating a social mix on the streets and in schools. Other authors have proposed alternative concepts such as *residentialization* (Tallon & Bromley, 2004), *youthification* (Moos, 2013) and *studentification* (Smith & Holt, 2006) as complementary ways to explain neighbourhood change.

2.3.2 DISPLACEMENT OR REPLACEMENT?

In much of the academic literature on gentrification, a general assumption is made that high-income residents replace low-income residents in neighbourhoods undergoing change. While this may happen to some extent, displacement may not necessarily be direct (unless residents are evicted in favour of reconstruction), but can be subject to indirect economic and cultural displacement, since property values increase as the social structure of the neighbourhood is modified (Rérat, 2012). Displacement is a factor that is quantitatively very hard to measure (Atkinson, 2000). Researchers hold differing opinions that suggest that replacement and displacement are conceptually different. While some (Freeman, 2005) believe that displacement is not a significant force driving change in gentrifying neighbourhoods, others (Atkinson, 2000) believe that some displacement is in fact driven by gentrification, which acts as an indirect source of evictions as “exclusionary displacement” when lower-income groups are unable to access property (Marcuse, 1986 cited in Rose, 2006). Others also see this issue as a method of cleansing poor neighbourhoods (Zukin & Kosta, 2004).

In an “incisive” debate, Tom Slater and Chris Hamnett (see Slater, 2009, 2010; Hamnett, 2009, 2010) presented their different points of view on the question of displacement. Hamnett (2009, 2010) argued that the economic and social changes in the labour force over the last 40 years have shifted the economy away from manufacturing towards financial and business services. While the size and proportion of white-collar professional, managerial, and technical middle classes have increased, the size of the working class has declined in almost all advanced capitalist economies, which suggests that these changes are not necessarily linked to gentrification. Hamnett calls this process *class replacement*

rather than *class displacement*. In addition, Hamnett explains that displacement is not a factor in redevelopment projects where the new housing units are located in what were previously warehouses or industrial or commercial buildings. This type of residential redevelopment process actually adds to the housing stock, although it is true that this type of housing may still be unaffordable for some segments of the population. In this case, social mixing may be at work without direct residential displacement. Tom Slater tends to take a reductionist, one-sided perspective, since he almost suggests that the middle classes should be confined to the suburbs and not be allowed to move into neighbourhoods previously dominated by the working class because of the risk of displacement. In this sense, his analysis disregards any positive outcomes of neighbourhood change, and falls short of proposing solutions or alternatives.

Kohn (2013) analyses whether these processes are occurring, and if so, whether they are good reasons to oppose gentrification. Kohn concludes that while the loss of certain distinctive neighbourhoods and spaces may be accompanied by the creation of new ones, the ultimate problem with gentrification is not gentrification itself, but rather the inequalities that follow, which accentuate income polarization through visible and concrete inequalities in demographics, housing typologies, commercial redevelopment, and upgrades in the public realm.

2.2.3 GENTRIFIERS: WHO ARE THEY AND WHERE DID THEY COME FROM?

According to Cauley (2015), “The problem is that America has one official gentrification story. Gentrifiers are white, middle- to upper-middle class people who move into minority-filled neighborhoods, drive up rents by paying much more than the natives can afford, and entice expensive coffee shops and farm-to-table restaurants to move in, thereby displacing older businesses simply by existing.”

Back-to-the-city versus stay-in-the-city

Rérat (2012) refers to the importance of life-course position and household trajectory in the gentrification processes. Some previous studies have suggested that gentrification was a result of a “back-to-the-city” movement, although it is now posited that many gentrifiers are not necessarily former suburban residents—rather they are urban dwellers (owners or renters) who relocate within the city and sustain a stay-in-the-city phenomenon over a back-to-the-city assumption (Ley, 1997). However, housing trajectories and housing

choice are not fixed consumption patterns. According to Bridge (2006), while moving to a gentrified neighbourhood may work at a certain stage in life, shaped by personal preferences and a professional career, this does not prevent a household from moving to the suburbs later, motivated by more space for raising children.

The gentrifier lifestyle: An array of identities, motivations, and consumption values

Slater (2006) argues that recent academic research on gentrification has tended to concentrate on the lifestyles of the middle classes, while almost ignoring the concerns of the working-class in the gentrification processes. Rérat (2012) sustains that the characteristics of gentrifiers depend on the form, context, and wave of gentrification to which they are associated, and suggests that integrating the perspective of housing choice to gentrification may be helpful for understanding why certain segments of the middle class choose to live in central neighbourhoods, whereas others prefer the suburbs (Hamnett, 1991 cited in Rérat, 2012).

As identified by Ley (1996), the typical gentrifiers are small households, usually without kids, often unmarried and mainly below age 35, highly educated, and tending to work in professional, administrative, technical, and managerial occupations. Researchers have pointed out that the diversity that exists in the consumption patterns of the middle class is influenced by type of dwelling, level of income, and lifestyle, which means that the middle class actually represents different submarkets (Ley, 1996). The growth and diversity of gentrifiers is triggered by several factors: the increase in nonfamily roommate households, the increasing integration of women in the job market, and the increase in the number of women heading households and in dual-income households (Kern, 2010; Rose, 1984); the role of gay communities, and the growth of a transnational and mobile workforce (Butler & Lees, 2006). Ley (2004 cited in Slater, 2006) states that the identities of gentrifiers are multiple, and their ambivalent politics often contradict the assumptions about a group that directly or indirectly is perceived to be pushing out low-income groups from neighbourhoods. Some studies suggest that gentrifiers want to live around like-minded people, and at the same time, they also seek a social mix. While new-build condo owners or occupiers are associated with these values and preferences, Butler (2006) suggests that in some cases, certain residents in high-end condo projects actually share similar values and motivations with suburbanites who seek security and tend to reject social mixing.

The motivations or consumption values attributed to gentrifiers can be explained by two

main factors. First, the “valorization of urban life” (Rérat, 2012) where living in central neighbourhoods is seen as a “middle-class desire,” a way to distinguish yourself from other middle classes, since the suburbs are perceived to be too monotonous or ordinary (Caulfield, 1989 cited in Rérat, 2012). Central neighbourhoods are associated with a commodification of a lifestyle and consumption practices linked to easy access to ethnic restaurants, bars, galleries, and boutiques (Ley, 1996). The second factor is the “convenience” of urban life and the practical aspects of accessibility and proximity, since gentrifiers are believed to be very mobile and do not like to depend on the car as the primary mode of transport. Warde (2002 cited in Rose, 2006) notes that in the debate about distinction, the frontiers of the consumption patterns of social groups are more permeable than in the past. This permeability adds a layer of complexity when making claims about what the consumption practices, preferences, and values of condo owners and any other residents of an area might be; for example, a person who lives in a central neighbourhood, who bikes and uses public transit most of the time, may also be a car owner and use her/his vehicle on certain occasions. Warde (2002) also refers to a sociology of consumption which helps to explain how different ways of consumption participate in the construction of an identity and can even favour self-esteem, although he acknowledges and cautions that inequality exists with respect to consumption because not everyone can choose a lifestyle.

2.2.4 MONTRÉAL: THE RIGHT DOSE OF GENTRIFICATION?

In Montréal, according to Rose (2006), the City favours a certain “dose” of gentrification that is not harmful to disenfranchised groups with a visionary approach that suggests that new construction can relieve the pressure from existing housing stock in which modest income households tend to be concentrated. The revitalisation of commercial arteries in central neighbourhoods has been triggered by municipal programs and business improvement associations, as a strategy, amongst other things, to put a damper on the flight of the middle classes to the suburbs (Rose, 2006). Nonetheless, a study conducted by Rose (2006) found that few interviewees seemed to be conscious of this “social and cultural displacement of tastes” and their eventual symbolic exclusion of commercial arteries in the neighbourhood.

Neighbourhood change and the rise of the condo development industry embody the convergence of different interests competing for space, in this case, downtowns and central neighbourhoods. Questions emerge when considering who has the right to live in central neighbourhoods undergoing change that have become more expensive and desirable due

to their sociocultural value. Studying the rise of condo construction enables us to understand the changes that are produced in the dynamics between the economic, political, and social spheres, and how these spheres interact with respect to urban development.

2.4 HOMEOWNERSHIP AND RESIDENTIAL TRAJECTORIES

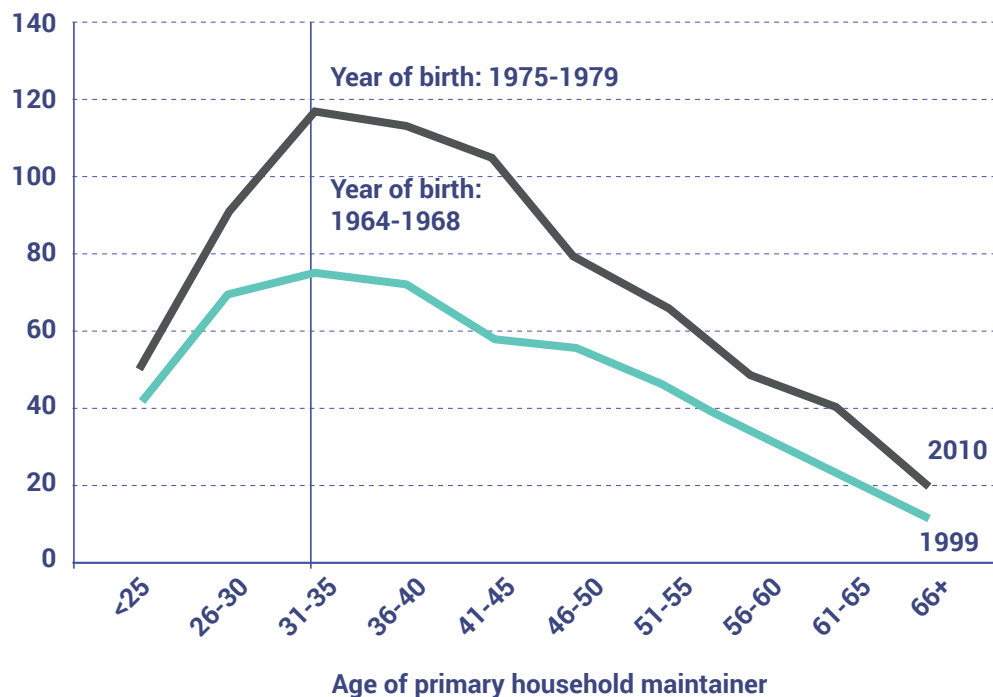
This section discusses how homeownership has evolved over the past decades and how this concept relates to the behavioural trends of current homebuyers in Montréal.

2.4.1 MORTGAGE DEBT AND RISING PROPERTY VALUES

In Québec as in the rest of North America, homeownership is seen as a priority for many households, since it often represents a gain in socioeconomic status, even if this means diving into mortgage debt. For several years, public authorities have greatly contributed to homeownership by facilitating access to mortgage loans and securization⁶. In the 1950s, the Italian economist Franco Modigliani proposed a life cycle theory that described the standard residential trajectory of a North American household, based on the premise that debts contracted at the beginning of a career would progressively shrink by the age of retirement. This lifecycle theory suggested that an individual's debt must reach its peak between age 31–35, and then decrease as the mortgage is progressively reimbursed (Gaudreau & Nguyen, 2013). However, this mortgage debt strategy may not be as favourable as it once was due in large part to the remarkable rise in real estate value in Quebec over the last 30 years. A Desjardins bank real estate report⁷ demonstrated that the average price of properties increased 87% between 2000 and 2010, meaning that real estate prices almost doubled during those 10 years. According to Gaudreau and Nguyen (2013), this inflation in property values would have been more sustainable if wages had increased in a similar way. However, from 1976 to 2010, household revenues only increased by 4%. Today, young households are encouraged to contract mortgage debts through public programs, the rationale being that the value of their home will increase over time (Gaudreau & Nguyen, 2013). However, some observers have pointed out that people born between 1975–1979 are considerably more indebted than those born between 1964–1968 (see Figure 5).

⁶ Securitization is the term given to the financial operation of transforming debt (mortgage, credit-card debt, and other recurring cash flows) into new marketable securities.

⁷ Desjardins. (2010, Mars 10). Une bulle immobilière guette-t-elle le Québec? *Point de vue économique*.



Source: Allan Crawford et Umar Faruqi, *Quels facteurs expliquent les tendances observées dans l'évolution de la dette des ménages canadiens*, Revue de la Banque du Canada, hiver 2011-2012, p.9.

Figure 5: Average debt of households according to age group (in thousands of \$ in 2010)

The Modigliani model does not take into account that as debts increase, property tax values also increase. If today homeownership represents a risk rather than a profitable strategy for households and the economy in general, this shift also may be due to the fact that public institutions favour debt through homeownership programs and housing policies. Programs and policies specific to Montréal are discussed in Chapter 3.

2.4.2 WHAT ARE BUYERS SEEKING?

In 2012, the City of Montréal Housing Division published a study titled *What Are Buyers Seeking?*⁸ that summarized eight surveys of more than 4,500 households in Montréal and the metropolitan region during 2007–2011. The objective of the study was to identify the behavioural trends of current and future buyers in Montréal so to better plan housing projects oriented for families, to improve subsidies currently available to buyers or to propose new programs, and to better target and encourage households to stay on the island of Montréal.

⁸ Original title in French is *Que Recherchent les Acheteurs ?*

General perceptions and quality of the environment

The study revealed that respondents had a different perception of Montréal, depending on their living and household situations. In general, they had a positive perception of Montréal and a true appreciation for the city's neighbourhood life; access to public transportation; and proximity to work, services, and commercial business. However, a lack of green spaces and the quality of the environment were perceived as needing improvement. Although in general Montréal was perceived to be a good place to raise a family, households who had bought housing off the island and some households without children had a less positive perception of Montréal as a suitable place to raise a family (Ville de Montréal, 2012).

Motivations

When discussing reasons for moving, the most common explanation tended to be the evolution of the needs of the household which often followed the residential trajectory: from renter to homeowner, from a couple without kids to a family with specific needs, particularly in terms of space. The ideas of becoming a homeowner and being close to work also were listed as priorities.

Some also have observed that in general, future buyers were ready to pay between \$200,000 and \$250,000 for a property (which is not very realistic with regard to the new-build market prices), although families would consider paying more—between \$250,000 and \$300,000. Peoples' income often serves as a reference point for the price they're willing to pay for a property. Even though existing properties tend to be less expensive than new ones, in many cases, renovations on older properties incur substantial costs. As properties on the island tend to be more expensive, this translates into lower mortgage payments for suburban homes, which adds to the gravitational city-suburb pull factors.

Housing products

The most sought out products still tend to be single-family homes, which are preferred by 47% of our survey participants within Montréal. This was also a preference for 61% of CHUM and CUSM employees. The plex also was perceived as an alternative, particularly for young families. This study also confirms that condos are popular amongst young people who were previously renters, and among empty nesters. Most first-time buyers and households without children opt for condos. Interestingly, 48.2% of families who lived in a

condo would not purchase another condo if they were to acquire a second property. The study also found that the new-build residential stock in Montréal (which is mostly condos) is less adapted for families with children in terms of space and the number of bathrooms, since many families are looking for three bedroom units with at least 1400 sq ft on the average.

Trade-offs

Due to high prices, people were ready to make certain trade-offs, for example, to buy smaller units and even conform to a different housing product than was originally desired, to compromise on renovations even though they were not originally desired, and to trade a private backyard for a big terrace or for living in proximity to a well equipped urban park. A great number of buyers and future buyers are willing to spend more on a property to move nearer work, to reduce their commute time, to only own one car or to avoid owning a car at all. Couples without children give particular importance to being close to the workplace and having access to public transportation.

Location

In terms of location, most future buyers—between 58% and 82% of respondents—have a desire to stay on the island. Nonetheless, many Montréalers who bought off the island were looking for a property on the island, particularly first-time buyers. Households without kids tend to look mostly in central neighbourhoods, whereas families look in the periphery of downtown and off the island, which often translates into lower property tax bills.

Conclusions

For Montréal buyers, it was found that in the “price-product-location” equation, households gave priority to location-price factors, since they assigned particular importance to being close to the workplace and having access to public transportation. Montréal buyers are more mobile and live in their homes on a shorter-term basis. Due to high home prices, Montréal households buy according to their current needs without anticipating what kind of housing they might need in the future. People who buy housing off the island of Montréal favour the product-price factor, giving less importance to city amenities and the urban lifestyle and envisioning staying in their homes for the long-term.

This study reinforces the demand for housing products that respond to centrality at an affordable price. Condos in central neighbourhoods represent an affordable product that manages to address (with certain trade-offs in terms of space) the main needs and desires of Montréal buyers (most notably young people without kids and empty nesters)—proximity to the workplace and easy access to public transportation.

2.5 OF CONDO-ISM AND CONDO-ISATION: CONDO GOVERNANCE INSIDE AND OUT

As the condominium has gained more attention in academic discussions, two overlapping concepts have emerged that attempt speak to the broader governance implications of condo development: *condo-ism* and *condo-isation*. First, it is important to understand that the “condo is a relationship among several constituents rather than merely a physical edifice” (Lippert & Steckle, 2014).

Condo development, understood as “the process of capital investment to convert existing or construct new residential structures in cities” (Lippert & Steckle, 2014), is said to be producing changes in urban governance, which often is linked with neoliberalisation processes (Brenner & Theodore, 2002). As was mentioned earlier, the urban neoliberal undercurrent generally favours public–private partnerships, deregulation, fiscal austerity, cross-subsidies, and market solutions (Blomley, 2004 cited in Lippert & Steckle, 2014). Therefore, certain scholars perceive condo development as both a result of neoliberal urban policies and as a mechanism of urban transformation.

From this perspective, Rosen and Walks (2013) present *condo-ism* as a framework for contemporary urban production and consumption, “a new way of urban life” that supports the privatisation of public services and thus neoliberal ideals. Referring to the case of Toronto as an example, these authors argue that *condo-ism* is a way in which economic and cultural development has been structured, “and is a key process through which the financialization and gentrification of the city is articulated.” The authors sustain that beyond “market logic,” federal, provincial, and municipal policies have encouraged condo development. At the municipal scale, the municipal planning and taxation system, combined with local government austerity, creates opportunities to collect tax dollars from new high-density development, developer-City arrangements such as modifications in zoning regulations, density bonusing in exchange for developer-funded urban infrastructure, and privately owned spaces with “public” use arrangements (Rosen & Walks, 2014).

Ley (2003 cited in Rosen and Walks, 2014) pointed out that federal and provincial policies favour educated and wealthy foreign investors seeking to invest in Canada. For some foreign investors, the purchase of a condo may seem like a safer way to keep their money secure, rather than keeping it in their home country. Knowing to what extent foreign investment is playing a role in condo development can be difficult to discern, since developers tend to keep the share of foreign investors in condo projects confidential, and few of the condo development companies are publicly traded (Rosen & Walks, 2014).

Furthermore, *condo-ism* also is linked to the reconfiguration of the rental market. Although trends are constantly evolving, federal policies promoting easy access to mortgage credit, declining interest rates, and the decline of social rental housing have, in part, contributed to rising housing prices and rising household debt. As Clewes (2012 cited in Rosen and Walks, 2014) observes, condos bought by investors are becoming a new form of rental housing, with a different form of tenure, unregulated by government policy. New-build rental condos tend to be rented at much higher prices than regular purpose built rental housing, and therefore access to this housing option excludes certain segments of the population. Rosen and Walks (2014) have suggested that because of rent control laws, many developers turned away from purpose built rentals to build “rental buildings” registered as condos, and selling them as condos. These authors discuss the “wish-to-rent” market segment, which is in the same demographic as the condo buyer. The *wish-to-rent* renter wants to enjoy the condo lifestyle without being tied to a mortgage. This category includes short-term workers in the FIRE industries, young households, wealthy students, and foreign workers on temporary assignments (Rosen & Walks, 2014).

Moreover, *condo-ism* is not only spurred by policy and economic forces; it also emerges in changing demographic trends and social preferences. An increasing demand for central neighbourhoods that are well served by public transit, cultural amenities, and a growing interest in homeownership also play important roles in the social construction and articulation of *condo-ism*, regarded as “a specific local regime of accumulation coherently structured around a condominium-based consumerist urban vision” (Rosen & Walks, 2014).

Some researchers (Hulchanski, 2010; Walks, 2011) have suggested that condos are intensifying spatial polarization and the fragmentation of the city by spatially segregating wealthier renters and homeowners in high-demand areas that tend to be in downtown or waterfront areas. However, this potential “spatial segregation” is not exclusive to new-build condos, since the same could be said about older duplexes or duplexes that have been

renovated into higher-income rentals or converted into divided ownership apartments. In the central neighbourhoods of Montréal, the presence of social housing and “affordable” housing counter this spatial segregation to some extent.

In summary, condominium construction involves a wide range of actors and different forces. The rise in condominium construction and the resulting urban transformation has been favoured by a set of factors that include new mortgage lending criteria, the restructuring of rental housing programs, zoning and density bonusing, federal immigration policies, and economic development strategies that support gentrification and redevelopment. Changing demographic trends and personal preferences also have contributed to a demand for housing in the most accessible urban nodes of some cities, granting a certain “supremacy” to downtown, and as some authors claim, creating social and spatial polarization.

Whereas “condo-ism” explores the role of developers as powerful agents who build, redevelop, and reshape the city (Kern, 2007; Rosen & Walks, 2013 cited in Lippert & Steckle, 2014) and the influence of government policies that encourage development, *condo-isation* embodies both development and inner governance, and is defined as a way of governing people and property in the urban sphere that entails multiple processes such as knowledge and agents (Lippert & Steckle, 2014). Lippert and Steckle (2014) go further in suggesting that the conflicts that emerge within condo governance are not so well covered in the gentrification and urban neoliberalism debate, since these conflicts occur *within* particular buildings, and not only at the neighbourhood scale.

If the condo board is recognized as a “private residential government that presides over condo owners and common spaces”, McKenzie (2006, 2011:13, cited in Lippert and Steckle, 2014) argues that property management companies are often linked or work in collaboration with developers to ensure that they continue to have an influence over condo governance with the intention to continue building other projects and to protect them from being found liable if the condo is not up to expectations. These arrangements between property management companies and developers, allow for problems to be ignored for up to 1 year (which corresponds to the condo warranty period), creating some leeway after which the corporation has to replace everything, and the owners are responsible for the bill (Lippert & Steckle, 2014).

Lippert and Steckle (2014) argue that “in these condo conflicts, middle-class owner-occupiers seeking long-term community or building integrity are pitted against investors and

developers armed with high-priced legal knowledge.” These conflicts are played out by three institutional processes as a way of governing the urban sphere: juridification, financialisation, and commodification, which are each carried out by a key agent—law firms, real estate agents, and property management companies.

Since condo living is often promoted as a turnkey, maintenance free, and worry free lifestyle, the condo fees collected are meant to feed into a fund to tame maintenance and management worries by handing them over to someone else to manage: “Most people that choose to live in condos think that everything is fine, that it will all be taken care of for them, so they don’t feel like getting involved” (interview cited in Lippert and Steckle, 2014). Therefore, condo governance becomes invisible or an avoided factor in condo ownership. In addition, these authors point out that governance and the importance of owner participation are absent from marketing campaigns. Other deceitful strategies may be used to lure buyers, such as advertising units with low condo fees, which tend to go up considerably after the first year of ownership. Tensions may also emerge with the divide between owner-occupiers, who tend to participate more in governance issues, and investors who tend to be absent from assemblies. Multiple rules and fines can contribute to the creation of a prohibitive and coercive environment.

This chapter has provided an overview of the different socioeconomic forces that have contributed to the resurgence of downtown and central neighbourhoods. An aging population, the rise in single-person households, and rapidly rising housing prices, particularly in central areas, have triggered the construction of smaller units in denser environments. In addition, industrial decline and the related decline of manufacturing-related jobs are being replaced by jobs in the FIRE sectors and in the cultural-cognitive economy. Municipal-led urban revitalization efforts, also linked to global neoliberal urban trends, have given way to redevelopment strategies grounded on place-marketing and real estate redevelopment. Montréal residents appreciate the qualities of central neighbourhoods, particularly because of the proximity to public transit, services, and places of work. However, affordability challenges remain in urban areas where housing prices tend to be higher. The condo presents an affordable entry to home-ownership, particularly for young households. The next chapter discusses specific socioeconomic trends for central areas in Montréal, the main housing policies and programs, and the state of the Montréal condo Market.

CHAPTER 3

HOUSING MARKET IN MONTRÉAL

This chapter presents an overview of the Montréal housing market, its housing composition in central neighbourhoods, the main housing policies and programs, and describes the city's economy and employment structure as it has evolved over time, and finally leading to the current state of the Montréal condo market.

3.1 SOCIOECONOMIC TRENDS FOR CENTRAL AREAS IN MONTRÉAL

Like many North American cities, Montréal has seen a rise in condominium development since the 1970s, with more intensity during the last decade (2004-2014). As we have discussed, intensification from condominium construction is due to many factors. In this section, we will look into the economic and demographic factors specifically relevant to the Montréal context.

3.1.1 EMPLOYMENT AND ECONOMIC DEVELOPMENT

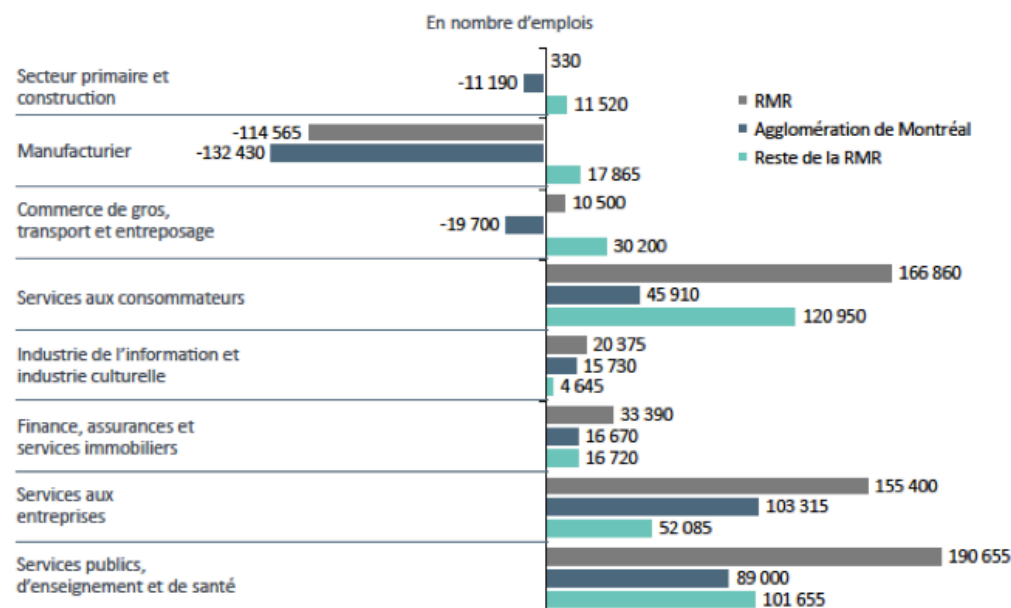
Home to a large labour pool near residential communities, the Montréal Urban Agglomeration provides 1.1 million jobs, accounting for 64% of all employment in the metropolitan region (Ville de Montréal, 2014b). The city's strategic geographic location on the Saint Lawrence Seaway was crucial in shaping its urban form and structuring its economic development, making Montréal become an important node for fur trading and clothing manufacturing by the 17th century. Since then, like other Canadian cities, immigration and de-industrialization have brought about major changes in the city's industrial structure. "A city's economy evolves as it adapts to the world around it ... its adaptive process depends upon its past history, its current industrial structure, and the decisions (constrained, but not determined, by structural and geographic factors) made by leaders, business people, and individuals." (Shearmur and Rantisi, 2011). There are three main factors that make Montréal unique in this adaptation to a globalizing economy. First, its bicultural identity brings richness and cultural diversity, but also cultural, ideological and political tensions between French and English cultural backgrounds. Second, Montréal's industries are adapting to

the challenges of globalization and the knowledge economy. Third, Montréal lost its economic primacy to Toronto, and has had a continued impact in an uncertain political and economic climate (Shearmur and Rantisi, 2011).

Montréal's employment structure

Montréal's specialization in traditional and high tech manufacturing, such as, aeronautics, pharmaceuticals, and to some extent, communication equipment has been a positive response to deindustrialization. Despite a decline in traditional manufacturing, this sector still keeps an important position in the city's economy, accounting for about 6.5 % of all jobs in 2006. Service employment has increased rapidly (see figure 6), although the FIRE (finance, insurance, and real estate) sector is still largely dominated by Toronto.

With firms growing often with state help, Montréal has seen strong employment growth since 1995, the rise of Quebec Inc. (referring to corporatist francophone business leaders and politicians who gained back control of the economy from the anglophone economic elites in the 1970s and 1980s), and the growth of international Montréal-based consulting firms present young Montréalers with opportunities to jumpstart international careers in the city without needing to make a move to Toronto or other larger cities.



Source: Statistique Canada, Recensement de la population 1981 et Enquête nationale auprès des ménages 2011, traitement personnalisé selon le lieu de travail. Ville de Montréal. (2015). Analyse économique : L'emploi à Montréal de 1981 à 2011 Montréal en Statistiques: Direction de l'urbanisme, Service de la mise en valeur du territoire. February 2015.

Figure 6 Employment growth by economic sector, Montréal CMA, agglomeration and rest of CMA, 1981-2011

Through provincial government policy, Montréal has come to make a trademark of its specialization in the leisure and cultural sector (employment in the arts, theater, cinema, and professional sport, establishing its cultural identity as the reference of francophone urban hierarchy in North America. Montréal also has a stronger presence of public service jobs (education, public administration, health and social services) than in most other large cities. During the period between 1996 and 2006, very rapid suburban growth substantially dispersed employment, both sprawling in its outer suburbs and polarizing in and around its city center and key employment poles. The city holds six large employment poles that capture 33% of all jobs, making the central business district the largest employment pole, offering 243,675 jobs in 2006, accounting for 14% of the CMA, followed by VSL-Dorval at 10%.

While manufacturing employment is declining in central parts of the agglomeration, more rapidly outside of the employment poles, and growing fast in the medium to outer suburbs, the CBD dominates in terms of high-order services, finance and leisure, to which can be added health services and higher education. The center's strength is due in part to Montréal's island configuration and to its tightly knit central neighbourhoods, paired with major government led urban revitalization projects, which have contributed to the consolidation and viability of the CBD as a business location. Furthermore, the city's key development corridors, boul. Saint-Laurent and the Lachine Canal which have structured Montréal's spatial economy since the 1860s continue to be important axes of development and of strong mixed use residential, commercial, and employment activity (Shearmur and Rantisi, 2011). This can be observed as many new condominium projects have been embedded in proximity to the CBD employment pole and stretching further out into the Griffintown area, either infilling vacant lots or transforming previously industrial warehouses and factories into residential, commercial and cultural spaces.

In sum, Montréal has had a long-term structural stability and slow economic evolution. For 30 years now, the city has been dealing with losing its status as Canada's financial capital, but has been reinforcing its regional role and coming to terms with its cultural and economic particularities. A long history of lower wages in comparison to other Canadian cities might be changing as more qualified occupations are increasingly integrated into the job market. This might explain in part why Montréal has maintained a majority renter housing stock in comparison with the other Canadian cities, but is now increasing its ratio of homeowners, in part explaining a demand and the growth of new condos in or in proximity of the CBD (Shearmur and Rantisi, 2011).

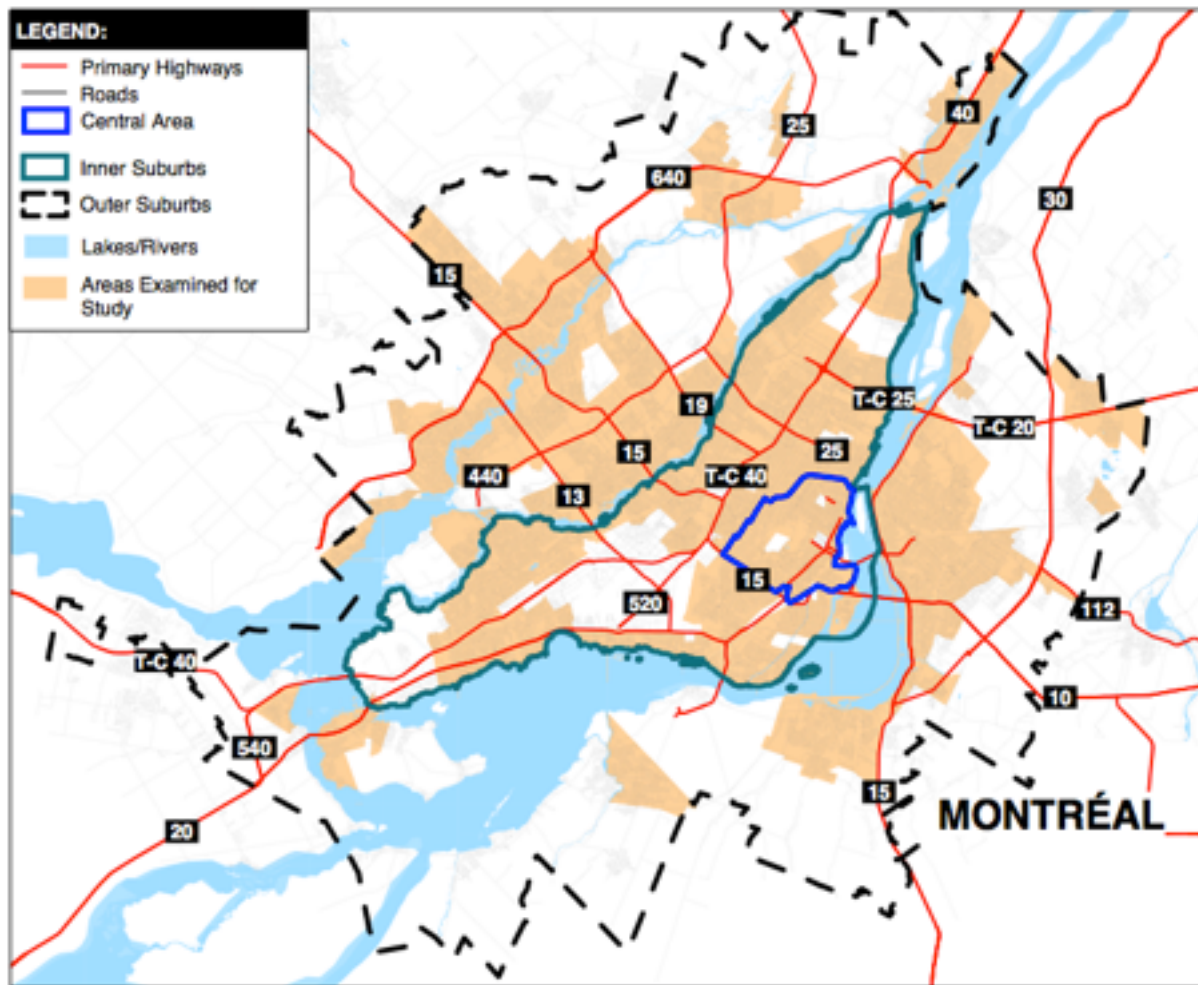
Yet the city still has many challenges to overcome. Ongoing construction sites, road congestion, and the bad shape of infrastructure are discouraging factors for investors and businesses. Compared to other major Canadian cities, wages have remain lower in the last 15 years, and demographic growth has been less, 16% compared to 33 % for the rest of Canada (Bergeron, 2014).

As a 2014 *La Presse* article suggests, things are changing since the change of guard at City Hall, at least it seems that Mayor Denis Coderre has taken leadership, reclaiming power at the central City, “Montréal found a mayor that wants to give Montréal back its ‘status’ and pride, after many years of corruption¹⁰, there may still be a long way to go but at least it seems that many issues are moving forward at the municipal level”. According to Michel Leblanc, President of the Montréal Chamber of Commerce, there are still many challenges to overcome, but billions in investments are underway. For example, the construction boom without precedent and the erection of two mega-hospitals are expected to be major research and employment poles (Bergeron, 2014).

3.1.2 HOUSING COMPOSITION AND CENTRAL NEIGHBOURHOODS

In the study Comparing Neighbourhoods, CMHC compares different types of neighbourhoods located in the Montréal region, based on their proximity to downtown and the types of homes they offer. Neighbourhood categories were defined as central areas, inner suburbs, and outer suburbs, as shown in figure 5. Montréal central neighbourhoods are found between Décarie highway 15 to the west, the rail lines that border the boroughs of Côte-des-neiges, Outremont, Le Plateau Mont-Royal, Ville-Marie, and parts of the Sud-ouest borough including neighbourhoods such as Saint-Henri, Griffintown, and Point Saint Charles. For the purpose of this study, we also consider areas of Verdun, Rosemont, Villeray, and Parc Extension as central neighbourhoods because of relatively easy access to subway lines. These neighbourhoods are also seeing a significant rise in land values and rental prices, and are also undergoing rapid change, not only due to infill condos, but also through the purchase and renovation of plex-type dwellings and the conversion of these to condos.

¹⁰ Tu Thanh Ha and Ingrid Peritz, “Mayor’s arrest deepens corruption crisis in Montréal,” *The Globe and Mail*, June 17, 2013.



Source: Statistics Canada.

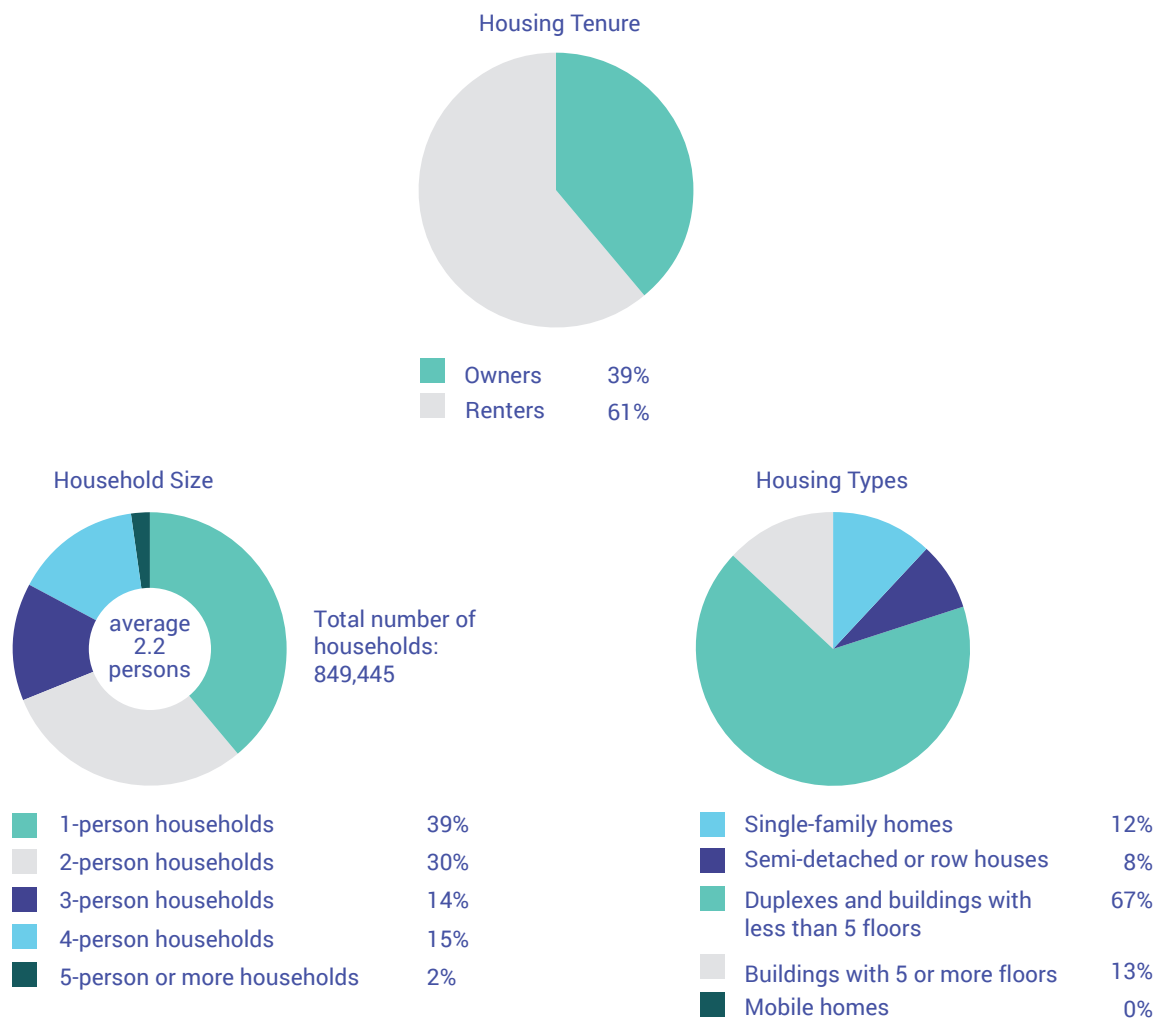
Neighbourhood types were defined by establishing consistent thresholds for housing types, using data from the 2001 Census. Area boundaries (e.g. central area vs. inner or outer suburbs) were based on definitions established by the Transportation Association of Canada's Urban Indicator Survey project and refined through discussions with local municipal staff.

Canada Mortgage and Housing Corporation (2001). from http://www.cmhc-schl.gc.ca/en/co/buho/sune/sune_004.cfm

Figure 7: Montréal neighbourhood boundaries

The following charts show the composition of households located in the city of Montréal. Montréal's housing typology is characterized by its plexes, and low-rise apartments (buildings with less than five floors). Unlike Toronto or Vancouver, high-rise construction in Montréal has been limited, therefore affecting its urban form and cityscape. With the objective to preserve the horizon line in the centers skyline and views of interest towards Mount Royal, a municipal by-law forbids all buildings (with some exceptions) to be higher than 233 meters above sea level (Ville de Montréal, 2004).

Montréal's housing tenure structure has a higher composition of renters compared to other Canadian cities, where there is a higher ratio of homeowners. This can be attributed in part to Montréal's historically lower wages and rent control regulations. The borough of Outremont is the only exception, where there are more owners than renters.



Source: Centris.ca. (2014). Sociodemographic Profile - Montréal Agglomeration. from <http://www.centris.ca/en/communities>

Figure 8: Montréal household composition

Montréal's households are made up of mainly one-person households accounting for almost 40% of all households, followed by two-person households at 30%. For all central neighbourhoods the trend follows.

	Agglomeration	Ville-Marie	Plateau Mont-Royal	Rosemont-Petite-Patrie	Villeray-St-Michel-Parc Extension	Le Sud Ouest	Verdun/ île des soeurs	Outremont
Population by age group								
less than 15	14%	7%	10%	13%	17%	14%	13%	21%
15 to 24	13%	17%	14%	11%	12%	13%	11%	14%
25 to 44	35%	39%	44%	36%	34%	35%	33%	23%
45 to 64	27%	24%	22%	26%	24%	27%	28%	25%
65 or older	12%	13%	9%	14%	13%	12%	15%	17%
Household size								
1-person	39%	55%	53%	49%	39%	46%	42%	34%
2-person	30%	31%	30%	30%	29%	31%	34%	31%
3-person	14%	8%	10%	11%	14%	12%	13%	14%
4-person	15%	5%	6%	9%	15%	10%	11%	16%
5-person	2%	1%	1%	1%	2%	1%	1%	5%
Housing types								
Single-family homes	12%	1%	1%	2%	4%	2%	4%	7%
Semi-detached or row houses	8%	2%	2%	3%	2%	8%	7%	14%
Duplexes and buildings with less than 5 floors	67%	50%	83%	90%	91%	77%	70%	58%
Buildings with 5 or more floors	13%	46%	15%	5%	3%	13%	20%	20%
Housing Tenure								
Owners	39%	24%	27%	28%	26%	33%	36%	54%
Renters	61%	76%	73%	72%	74%	67%	64%	46%
Household income								
Less than \$50,000	56%	66%	60%	63%	71%	62%	54%	29%
\$50,000 - \$80,000	22%	18%	21%	22%	21%	21%	22%	23%
\$80,000 - \$100,000	7%	5%	7%	7%	5%	7%	7%	9%
\$100,000-\$150,000	8%	5%	7%	6%	3%	5%	7%	9%
More than \$150,000	7%	7%	5%	2%	1%	3%	10%	30%
Median condo price	\$265,000	\$295,000	\$338,000	\$280,000	\$247,000	\$256,000	\$305,000	\$489,000
Plex [2 to 5 units] median price	\$462,000	\$465,000	\$665,000	\$498,000	\$435,000	\$425,000	\$450,000	**

Source: Adapted from Centris.ca, based on Statistics Canada, 2011 Census. Housing prices are from 2014 listings from the Quebec Federation of Real Estate Boards.

** Insufficient number of transactions to produce reliable statistics.

Table 1: Demographic composition in central neighbourhoods of Montréal

The highest concentration of one-person households is in Ville-Marie at 55%, followed by Le Plateau at 53%. As can be observed in table 2, central areas offer by far the highest access to schools, parks and jobs within the shortest distance, which explains in part why the condo market offers many small units in neighbourhoods like Ville-Marie, where there is easy access to public transit and also the largest employment pole, particularly for FIRE, government, and creative-cultural occupations.

	Central areas, mostly high-/low- rise apts. (eg. Plateau Mont- Royal)	Central area, mix of housing (e.g. Westmount)	Inner suburbs, mix of housing (e.g. Côte-Saint-Luc)	Inner suburbs, mostly detached homes (e.g. Pointe-Claire)	Outer suburbs, mix of housing (e.g. Vieux- Longueuil)	Outer suburbs, mostly detached homes (e.g. Châteauguay)
Avg. no. of schools within 1 km ²	10.0	10.1	4.7	2.9	3.2	1.7
Avg. distance to parks (m)	380	430	440	450	470	670
Jobs within 1 km from home	12,000	10,000	5,000	2,300	1,560	880
Jobs within 5 km from home	285,000	247,000	98,000	55,000	52,000	22,000

Source: CMCH: http://www.cmhc-schl.gc.ca/en/co/buho/sune/sune_004.cfm#CP_JUMP_98275

CanMapR Streetfiles V6.3 and the 2001 Census, Statistics Canada.

*includes elementary and secondary schools only

Table 2: Proximity to daily destinations

Affordability

While central neighbourhoods are well-served by public transit, parks, schools and jobs, their high market value make them extremely desirable places to live and contested for space, having an effect on housing prices and affordability. The rise in property values over the last decade as well as the price gap between central neighbourhoods and inner or outer suburbs makes access to homeownership in central neighbourhoods, causing many challenges in affordability (Ville de Montréal, 2014b). Although there is a strong interest to access property and stay on the island of Montréal, many households leave the city because of affordability issues. The Schéma d'aménagement acknowledges these challenges and proposes to keep the residential stock in line with households' willingness to pay, and to avoid a spatial mismatch between employment areas and residential sectors (Ibid).

All across Canada, housing prices have been going up much more (5.4% annually on average) than incomes (2.6 % average annual rate). Based on this projection, table 3 shows what the housing market looked like in 2013 and over the course of 10 years across Canada's five major markets.

		Average resale house price (\$) *	5% Down-payment (\$)	Monthly Mortgage Payment (\$) **	Minimum household income required to buy (\$)***	Median total family income for the applicable area or city (\$) ****	Ratio of median family income to minimum household income needed to buy the average home
Canada	Most recent	391,085	19,554	1,909	89,713	72,240	0.81
	In 10 years	500,622	25,031	2,709	124,775	92,473	0.74
Vancouver	Most recent	774,932	38,747	3,777	159,763	68,970	0.43
	In 10 years	991,978	49,599	5,359	224,150	88,287	0.39
Calgary	Most recent	445,114	22,256	2,169	99,463	93,410	0.94
	In 10 years	569,784	28,489	3,083	138,800	119,573	0.86
Toronto	Most recent	538,881	26,944	2,630	116,750	69,740	0.60
	In 10 years	689,813	34,491	3,727	162,950	89,273	0.55
Montreal	Most recent	320,693	16,035	1,563	76,738	69,150	0.90
	In 10 years	410,514	20,526	2,218	106,363	88,518	0.83
Halifax	Most recent	267,717	13,386	1,305	67,063	78,690	1.17
	In 10 years	342,700	17,135	1,851	92,600	100,730	1.09

*Most recent prices are based on November 2013 data; 10-year projections are based on average annual price increases of 2.5 per cent

**Most recent numbers assume a five-year fixed mortgage rate of 3.5 per cent, CMHC mortgage insurance premium included; mortgage payment 10 years from now assumes a five-year fixed-rate mortgage of 4.5 per cent

***Household income required to buy a home is calculated using the lender's rule that mortgage payments plus property taxes and heating should not be more than 32 per cent of a household's gross income; annual estimates of \$4,000 have been used for property taxes on an annual basis, and \$1,800 for heat, and these amounts were increased by 2.5 per cent annually for the 10-year projection

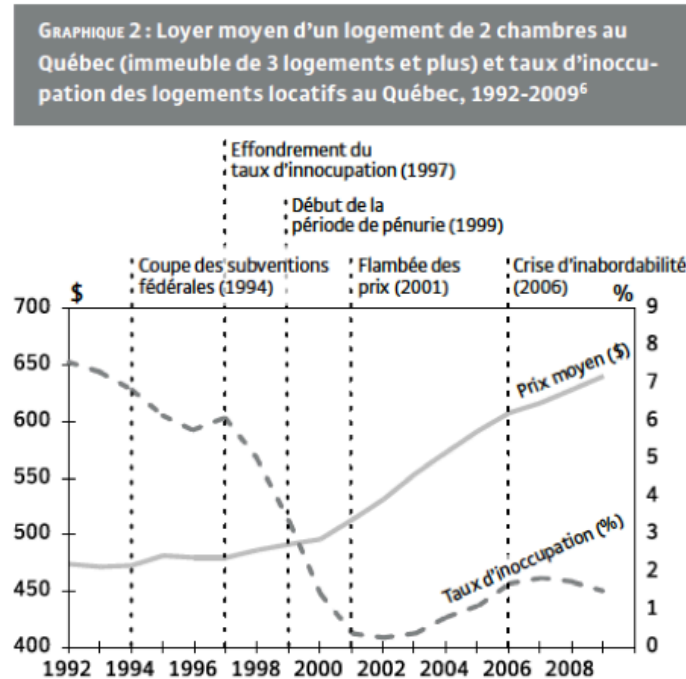
****Median total family income is from 2011 Statistics Canada data; 10-year projections are based on average annual increases of 2.5 per cent

Source: Globe and Mail, Jan 8, 2014 - <http://www.theglobeandmail.com/globe-investor/personal-finance/mortgages/in-2024-all-homes-will-be-dream-homes/article16246770>

Table 3: Outlook on housing prices in Canada's major markets

With long waiting lists to obtain a place in the low-rent housing program, *Habitations à loyer modique* (HLM) or in cooperative housing projects account for the only concrete alternative for low-income population to escape the housing shortage and affordability crisis. Certain measures have been implemented to counter these difficulties faced by low-income tenants, such as the 'allocation-logement' program, reduced to its eligibility constraints. While these programs are of help to many people, they do not however constitute a long-term solution that would fix structural problems that are at the origin of the housing crisis. According to (Institut de recherche et d'informations socio-économiques, 2009), the State has left to the private sector the control of the supply in this respect, a *laissez-faire* model substituting the interests of the population by the interests of the market. The *allocation-*

logement is a measure that is not adding any new units to the housing stock, and does not prevent prices from rising, and is in fact just a subsidy measure that benefits landlords (Ibid).



Source: CMCH, Institut de recherche et d'informations socio-économiques, 2009

Figure 9: Average rental price for a 2 bedroom unit in Quebec and vacancy rate of rental units, 1992-2009

As vacancy rates drop, average rental prices rise. By leaving the private sector the responsibility to construct housing according to the interests of the market, we run the risk of conditioning a basic need to the uncertainties of the profit rate. The situation shows that when the market is left to itself it cannot meet the needs of the population, as its logic draws from values other than the interest of the community.

With the boom of housing prices throughout the 2000s, young households have more trouble accessing homeownership, so they might continue to rent for longer time or need to save longer for a down payment. This can also sustain the high-end rental market, where investors rent out almost 25% of new condos.

Continuing increases in rental prices pushed many tenants into purchasing a condomini-

um, what would allow them to access homeownership for a few more hundreds of dollars per month. But as the average price of housing in Québec doubled over the past 15 years*, household debts also saw a significant increase. Total mortgage debt for Canadian households went from \$ 395 billion in 1998 to \$ 776 billion in 2008. While homeownership can represent a sustainable form of investment for a household, it can also represent a financial strain when it exceeds the household's financial capabilities. In Canada, condo owners devote the greatest proportion of their income to their dwelling, meaning that 37.5% of their income is dedicated to different expenses pertaining to the dwelling as opposed to 24.2% for other types of properties.

3.2 SOCIOECONOMIC TRENDS FOR CENTRAL AREAS IN MONTRÉAL

This section discusses the most influential housing policies, programs, and trends that may have favoured condominium construction in Montréal.

3.2.1 POLICIES AND PROGRAMS

Reinvestment in older working class neighbourhoods by the new middle classes is a dynamic that is often linked to State intervention, the real estate sector and to business improvement areas. Public policy favours new construction in central areas, promoting neighbourhoods through the lifestyle they could represent for potential buyers. Increasingly, municipal administrations, business improvement areas and the real estate sector bet on “place marketing”, an increasingly important tool for competing positioning of post-industrial cities in a global economy (Kearns and Philo in Rose, 2006). Cultural venues and specialized consumption services in central neighbourhoods are associated to a “new postmodern urbanity” presented as the antithesis* of suburban living (Finchler 2004 in Rose, 2006). According to researchers, what makes the center attractive is the access to consumption services, but also the fact of having a busy or irregular schedule, the home-work proximity or the reconciliation of professional and family responsibilities. The promotional strategies to reassert the value of old central neighbourhoods are even more noteworthy in the case of new-build dwellings destined towards the new middle classes, undertaken by private developers in tandem* with local State authorities (Rose, 2006).

“Municipal involvement in new-build gentrification is seen as an expression of a broader turn to urban neoliberalism and the concomitant entrepreneurial turn by the local state.”

(Rose, 2010). The increase of upper middle class populations in what had previously been central industrial sectors can be attributed to new construction and redevelopment strategies set forward by the local state, with the goal, among others, to attract high income residents and create a setting for private profitability in these core old industrial areas, what Caulfield (1994 in Rose, 2010) would call “instant gentrification”. Following a neoliberal economic approach, this form of redevelopment enables cities to play an active role in municipal competitiveness.

Rose (2010) identifies three main phases of state interventionism in housing policy for the Montréal area, covering the periods from 1979 to 2009. In Canada, federal and provincial government policies favoured urban sprawl by supporting low-density housing and highway infrastructure. Since Canadian municipalities are highly dependent on property taxes as their main independent source of revenue generation (as stated in the 2004 report by the OECD, *Territorial Reviews*), in the case of Montréal, housing policy became intrinsically linked with the entrepreneurial turn of municipal government that was driving many cities. By the end of the 1970’s, the City of Montréal concerned with losing population to the suburbs, particularly among those in the family formation stage (ages 20-44 years), launched programs to promote new residential development mainly focused on homeownership, a more lucrative source of tax revenues than rental properties. *Opération 10,000 logements* was the City’s alternative to suburban living by offering quality housing in public land at competitive prices with the advantages of living in the city. This program was also an underlying strategy to respond to the loss of middle class family households that represented a tax base decline. While the programs focused on the development of single-family housing, the condominium tenure form was starting to become established in Québec. The City promoted the construction of low-rise condominiums to keep with the style of Montréal’s traditional architecture. The *Opération* program ran from 1979 to 1988, being responsible for 40% of new housing starts in the City of Montréal, where two-thirds of buyers were first-time buyers who had previously been renters. However, the strategy to retain young families was less successful. In terms of spatial distribution, most of the units were built in the periphery of the city, far from commercial streets that did not contribute to the revitalization of retail arteries. Nonetheless, program evaluations deemed it to have met the tax base objectives and contributed to the stimulation of the construction industry (Rose, 2010).

Another program was later developed, *Habiter Montréal*, which was seen as one of the most ‘comprehensive and integrated housing policy ever developed in a Canadian city’

(Ibid.), with the goal to use housing as a tool for certain wealth-redistributive objectives. *Habiter Montréal* was developed to offer renters more opportunities to become homeowners within the city. However, the City found that recent homebuyers in central neighbourhoods were for the most part households without children. Market surveys conducted by the City also identified other market segments as potential buyers, such as gay couples and young professionals with 'new economy' jobs. The policy orientation that developed around this program was based on the importance of having 'choice' in housing tenure and to 'maintain a balance between measures that ensure economic development and those that ensure social development' (Ibid.). While the City wanted the benefits of having more homeowners in central neighbourhoods, it took certain measures to offset gentrification by stimulating new construction instead of converting rental property, believing that this would reduce the pressure on existing stock. As larger parcels in the land reserve became less available, small infill sites in central and other pre-World War II neighbourhoods, as well as non-residential buildings suitable for conversion became an integral part of the *Habiter Montréal* program, aligning the projects into the existing urban form.

While these programs had delivered many housing units, the City's Housing Service was under pressure to generate more fiscal gain. As a result, a great proportion of the land reserve was turned over for condominium developments, aimed at higher income empty nesters. The City's policy shifted from its redistributive objectives to fiscal pragmatism (Ibid.). Tax credits offered to first-time buyers provided a significant incentive for renters to become homeowners and to select a newly built dwelling, where half of the 9000 new housing units were located in central neighbourhoods, where most buyers were already living. The construction of new 'affordable' condominiums in central neighbourhoods was deemed considerable during the long recession of the early-mid 1990s. In the second half of the 1990s, new condominium developments in central neighbourhoods emerged through a Central neighbourhoods revitalisation programme (PRQC), a program managed by both the provincial and municipal governments. As part of this initiative, the City of Montréal set forward measures to promote homeownership under the 'neighbourhood improvement' objective, in order to stimulate supply and demand-side incentives for condominium development, a strategy that turned out to be fiscally very lucrative due to a rapid rise in property values (Ibid.).

This strategy would result in creating a pattern of economic, demographic and lifestyle mix, particularly where condominiums were erected next to social housing units. City and provincial government housing officials started developing an interest in having housing-

tenure mix in low-income neighbourhoods as a way to bridge the socio-economic gap in neighbourhoods undergoing revitalisation. Other factors such as the jurisdictional reorganization of 2001 created more equitable mechanisms for sharing the costs of certain key physical and social infrastructure between the core city and suburban municipalities, including contributions to social housing, which were matched by federal-provincial partnerships. The City of Montréal was the first city in Canada to benefit from these programs, which they used to renew the land-banking process that would serve non-profit housing and also launched the *Accession* program, which created an incentive for lower-income families to access homeownership, and aligned its objectives with existing plans and housing policies. When project development was done with the involvement of the administration in the construction process, it produced better results in the quality of housing and a better integration of the building within the neighbourhood (Peruzzo and Pinches, 2010).

At the same time, a new tool to shape residential development, the *Stratégie d'inclusion*, was geared towards creating mixed-tenure housing developments, where condominium projects of 200 units or more would have to provide 15% of 'affordable' units. This policy was aimed at creating more market-rate housing in lower-income neighbourhoods and increasing the ratio of social housing in higher-income neighbourhoods (Rose, 2010). Ultimately, the justification for this program was also built on the concern of maintaining Montréal's competitiveness within the metropolitan region to counter population loss to the suburbs.

Recent housing policy in Montréal can be characterized by tensions between the corporate vision of housing as a tool of economic development and fiscal stability, and the vision of housing as a tool of socio-economic redistribution. Rose (2010) argues that Montréal housing policies have found a middle ground between these two visions. In the case of new construction, there is no *direct* causal relation between gentrification and the displacement of traditional populations, Rose explores if these newer residents, the gentrifiers, are conscious of the challenges of displacement and exclusion associated to gentrification. Rose (2006) addresses the issue of social mix caused by infill projects rather than by a process of gradual evolution of the old housing stock with the progressive arrival of upper-middle classes opting for purchase and renovation of the old housing stock.

Public institutions have played an important role in the development of access to homeownership. In Montréal, the *Accès Condos* program managed by the Société d'habitation de Montréal (SHDM) is a complementary initiative to the support mechanisms offered by

the Canadian Mortgage and Housing Corporation (CMHC).

Originally created to develop social housing and affordable rental housing in the Montréal territory, the SHDM merged with the *Société de développement de Montréal* (SDM), redefining the mandate to focus more on economic development by encouraging homeownership. The *Accès Condos* program is the main tool that the SHDM is using to fulfill this mandate. While this program was created to facilitate access to homeownership, according to Gaudreau and Nguyen (2013), it is seen as a contributor to further household debts and to the increase in the cost of housing, creating instability in the real estate market. This programme supports the construction of divided condominiums, so that these can be sold at an affordable price, or at least, at a lower price than other properties of the same type. *Accès Condos'* underlying objective is to put a damper on the flight of families to the suburbs by offering them the possibility of acquiring a home in the city at a comparable price. This program rests upon partnerships established with real estate developers combined with federal programs like CMHC and the Home buyer's Plan (Gaudreau and Nguyen, 2013). *Accès Condos* therefore offers an extended access to homeownership to clienteles who would not have been eligible otherwise.

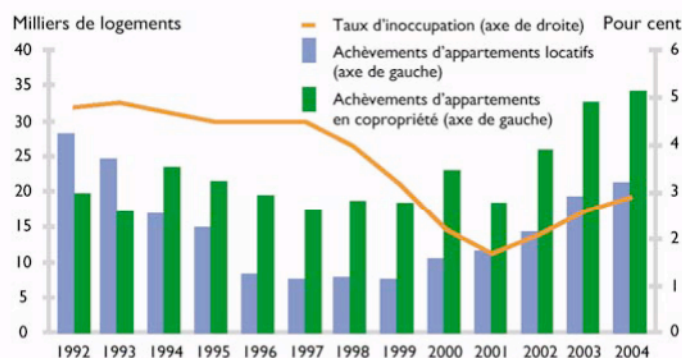
From 2005 to 2012, *Accès Condos*, had allowed 3014 households to access homeownership, with more projects underway. However, the total number of units produced up to 2012 by this municipal program represents a modest sum compared to approximately 35 000 condo units that were built without the support of the SHDM throughout the same period in Montréal (Ibid.). One of the threats perceived by the real estate market is the fear of overbuilding. Unsold units in the *Accès Condo* program are backed by SHDM, where the value of these unsold units exploded from \$ 1.8 M in 2011 to \$30.2 M in 2012 (ibid.). This form of operation founded on a public organisation taking on the risks of real estate development is questionable.

According to Jacques St-Pierre, professor and real estate researcher at UQÀM, the drastic drop in rental housing construction is not alarming, as the balance between the number of condos and rental apartment units will stabilize in the coming years. "For the last 40 years, around 70 % of Montréalers were renters, which is unusual for a larger city, a 40 % owner and 60% renter proportion is more common" (Delacour, 2013). Gaudreau and Nguyen (2013) state that the provincial and municipal governments must cease feeding into the household debt dynamic and use the appropriate tools to limit real estate speculation. The failure of public authorities to satisfy the demand for housing, not only for disenfran-

chised populations but also for middle-income groups, calls into question the City's overall housing policies. Authorities need to favour the development of housing alternatives that respond to the needs of the population, where property may not only be seen as a market commodity but where other forms of housing may appear and prosper (Gaudreau and Nguyen, 2013).

3.2.2 A DECLINE IN RENTAL HOUSING CONSTRUCTION

In the last 10 years, a decline in the construction of rental housing has been observed in favour of condominium units (see figure 10). While in the 1980's, a tendency for rental housing construction was close to 77 % in contrast to 20 % condominiums, by 2011, the trend was reversed. New condos reflect 64 % of construction, while rental apartments are at 30 % (Porter, 2012).



Source: CMCH, (Housing starts and completions, National Household Survey)

Figure 10: Construction of rental apartments, condominiums, and vacancy rate in Canada (1992-2004).

François Bernier, an economist for the Provincial Housing Construction Association (AP-CHQ), stated in a *Le Devoir* (2012) article, "regular rental housing is dead". The decline is evident but it may be demographic changes what is actually driving this shift. According to CMHC economist Kevin Hugues, most of the new rental housing being built are homes for seniors, reflecting the growth of this demographic. While the availability of high-end rental apartments has grown, mainly due to condos on the rental market, the proportion of regular rental apartment units that are affordable is shrinking, leaving a gap between social housing and high-end rental housing, according to François DesRosiers, professor at Université Laval. DesRosiers explains that the influx of new immigrants combined with the reconversion of rental apartments into condominium units also has an effect on the

housing stock available, and that developers prefer to build condos because they represent more profit, which can provide a quicker return on investment than with rental units where rent control regulations pose certain limitations (Porter, 2012). Nonetheless, the rental stock in Quebec is greater than in the rest of Canada, where in Quebec 60 % are homeowners contrasting with 68% in Canada. As it has been discussed above, this difference could be due to Quebec's lower wages.

3.2.3 PROPERTY TAX DEPENDENCY

In Canadian cities, property taxes account for almost 50% of municipal revenue. With municipalities collecting only eight cents of every tax dollar, this creates a fiscal imbalance between the different levels of government and places a growing burden on property taxpayers affecting local services, causing delays and complexities when it comes to funding municipal infrastructure projects (Federation of Canadian Municipalities, 2012).

With taxes being higher in central neighbourhoods, the loss of households to the suburbs represents a tax base decline. This may explain in part the decline in rental housing construction, and a focus on access to homeownership programs, since the latter represent a more lucrative source of tax revenues (Rose, 2010). The City's policy shifted from its redistributive objectives to fiscal pragmatism (Ibid). Tax credits offered to first-time buyers provided a significant incentive for renters to become homeowners and to select a newly built dwelling. While these programs had delivered many housing units, the City's Housing Service was under pressure to generate more fiscal gain. As a result, a great proportion of the land reserve was turned over for condominium developments, aimed at higher income residents. Still largely dependent on property tax revenues, the City of Montréal is very receptive to real estate development projects, an opportunity to collect tax dollars from new high-density development such as condos. Reliance on property taxes therefore encourages municipal governments to favour development practices that can in turn create other problems such as sprawl and additional infrastructure costs, as they seek to increase revenue (Federation of Canadian Municipalities, 2014).

The *Plan de développement de Montréal - Demain Montréal* states that through major redevelopment and revitalization projects, the City aims at seeing growth in real estate values, which translates to the growth of fiscal revenues for the City of Montréal (Ville de Montréal, 2013). The problem with property tax dependency is that when property values go up, so do taxes, making it a regressive funding tool with a high impact on middle and low-income

people. In times of municipal austerity, municipalities are innovating in by creating other taxes to diversify sources of revenue, but they still represent a marginal share (Federation of Canadian Municipalities, 2012).

In Montréal, the fiscal imbalance between the City of Montréal and the Provincial Government create a burden for homeowners and taxpayers in general. It's essential that the City's goals correspond with its means. As stated in the *Schéma d'aménagement*, the City should develop tools to support a wide range of housing, including affordable accommodations (Ville de Montréal, 2014b), and find diverse ways to acquire more efficient financing sources, that are moreflexible and 'equitable' than property tax revenues (Fischler, 2013).

3.3 STATE OF THE MONTRÉAL CONDO MARKET

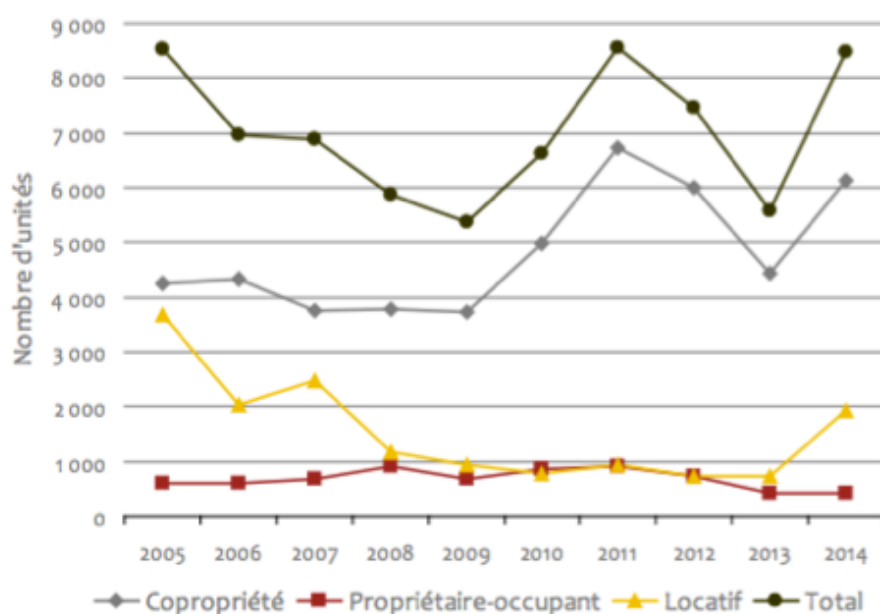
Although Montréal's condo market has not grown at the same rate and volume as Toronto and Vancouver, it still holds a significant proportion of its dwelling stock in condominium tenure, comparable to other US metropolitan areas like Detroit and Philadelphia (Rosen and Walks, 2013). Condo development in Montréal can be broken down into 2 waves, the first starting towards the end of the 1970s and lasted into the early 1990s, and triggered by housing policies geared at keeping families within the city of Montréal through homeownership programs that would contribute to the tax base, such as *Opération 10 000 logements*. At that time, the City promoted the construction of low-rise condominiums to keep with the style of Montréal's traditional architecture.

As a result of reinvestment in older neighbourhoods, the most recent condo boom began in the early 2000s (see figure 13) with the participation of municipal administrations, business improvement areas and the real estate sector. Through policies that favour new construction, and most recently density (as outlined in the *Plan métropolitain d'aménagement et de développement*, PMAD, released in 2012), developers and municipal authorities have been engaging in promotional strategies to attract higher-income residents by enhancing the value and appeal of central neighbourhoods. With a high consumer demand (whether from occupiers or investors), Montréal's recent condo boom reached its peak into 2011 with 8,569 units under construction. An article in the magazine *L'Actualité*, speaks to this condo fever, stating that the condo boom is not limited to Griffintown, as cranes are at work also in the greater metropolitan area in municipalities such as Brossard, Boisbriand,

Vaudreuil and elsewhere in Quebec in cities like Bromont, Lévis, Trois-Rivières and Saguenay. Just for the year 2011, the province of Quebec saw 15,969 condominium housing starts, a rise of 19.5 % from the previous year, and an all time peak, where for the first time, more condos were built than single-family homes (Ducas, 2012).

3.3.1 HOUSING STARTS 2014 - MONTRÉAL AGGLOMERATION

After a drop in the previous two years, housing starts saw an important rise in 2014 for the Montréal agglomeration. There were 8,477 housing starts, moving up 52% compared to 2013. These housing starts allow the agglomeration to come closer to its peak from the last 10 years, reached in 2011 with 8569 units. With 6123 units constructed in 2014, condominiums remain the dominant housing product in the agglomeration (see figure 9), with 7 housing starts out of 10. Despite a rise of 38% in condominium units, it is rental units that take it away. In fact, we observe a 160% increase of rental units with regard to 2013, for a total of 1924 units. We would need to go back to 2007 to see such an important volume for this segment. (Ville de Montréal, 2014c)



Source: CMCH, pour le Consortium de données économiques de la Communauté métropolitaine de Montréal (CMM).

Figure 11: Housing starts by market segment, annual total, 2005-2014

3.3.2 WHERE IS THE CONDO BOOM HAPPENING?

As has been discussed in previous sections, economic development strategies and downtown revitalization programs, place-marketing, and major employment poles have been key factors spurring condo development. In general, condos mostly appeal to young, single professionals and couples, usually between 25-35, who seek out the benefits of the 'urban lifestyle', i.e. being close to public transit axis, parks, restaurants, cafés, and cultural venues. Ville-Marie remains the most dynamic condo sector with 3,265 housing starts in 2014 (see table 5), which represents almost 40% of housing starts for the agglomeration and more than double of those in Rosemont-Petite-Patrie, that comes in second place with 1,273 units, followed by the boroughs of LaSalle - 467 units, Villeray–Saint-Michel–Parc-Extension - 440 units, and Saint-Léonard - 428 units (Ville de Montréal, 2014c).

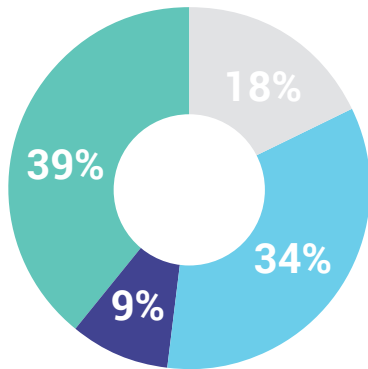
	Nouvelles unités
Ville-Marie	3 265
Rosemont–La Petite-Patrie	1 273
LaSalle	467
Villeray–Saint-Michel–Parc-Extension	440
Saint-Léonard	428

Source: CMCH, pour le Consortium de données économiques de la Communauté métropolitaine de Montréal (CMM). (MEC-Bilan 2014)

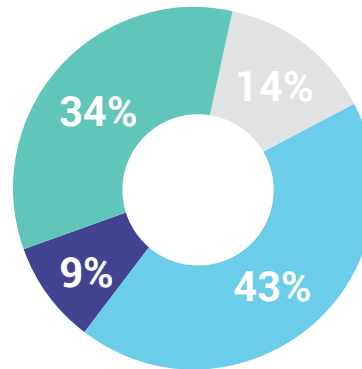
Table 4: Boroughs with the highest condo development activity in 2014

The largest concentration of new condominiums and the tallest buildings can be found in the downtown sector (which corresponds to areas of the Ville-Marie borough) and Griffintown. For the year 2014, there were a total of 62 projects that were either built, under construction, or on presale, accounting for a total of 8160 units. Figure 12 shows the distribution by sector, with the most effervescence on the west side of downtown and in Griffintown.

Number of projects by sector
Total projects: 62



Number of units by sector
Total units: 8160



Centre-ville ouest Centre-ville est GriffintownV ieux-Montréal

Source: Groupe Altus, *Aperçu du marché de la copropriété neuve, centre-ville de Montréal*. <http://blogues.lapresse.ca/lapresseaffaires/immobilier/2014/11/24/le-retour-de-la-condomanie/>

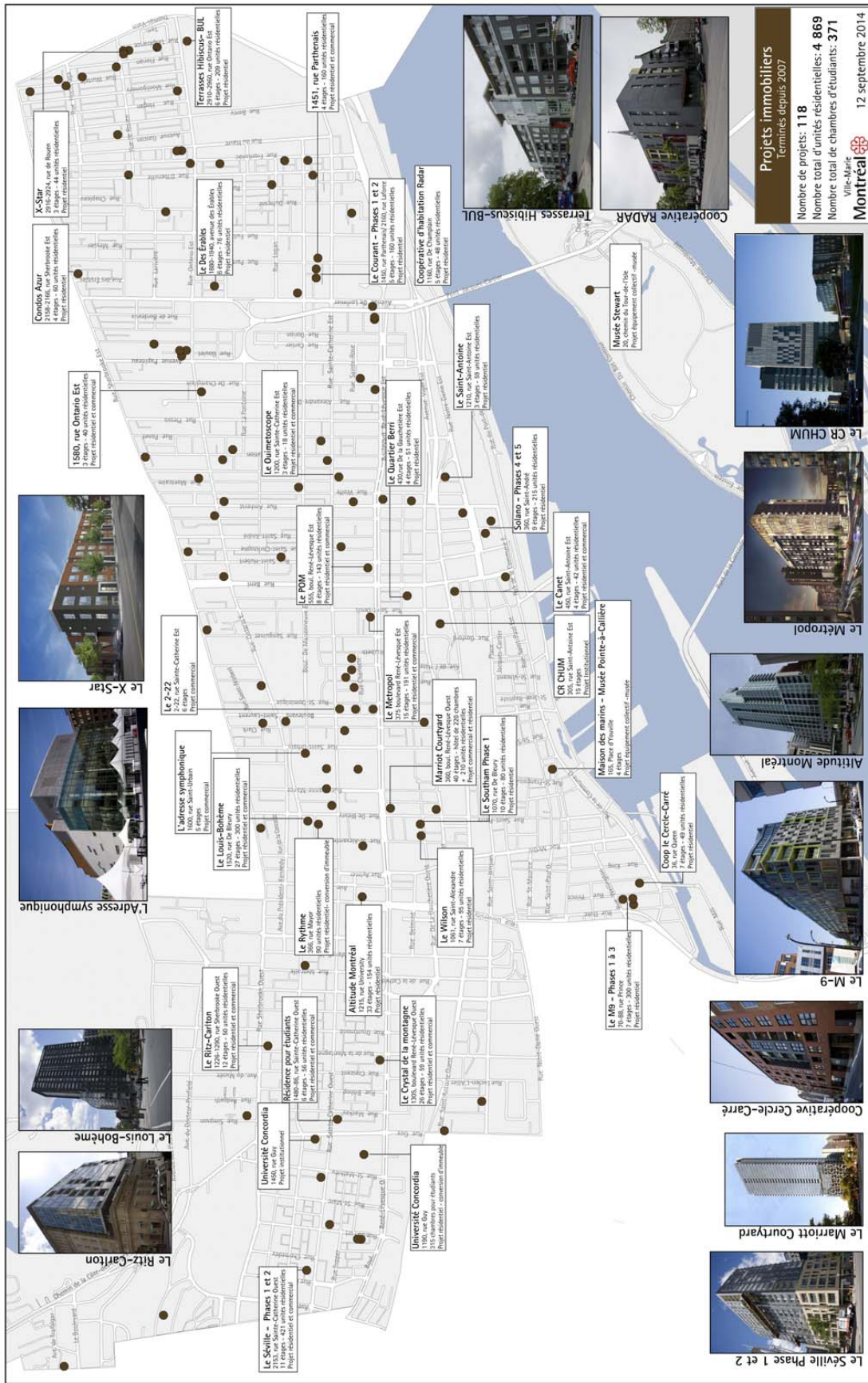
Figure 12: Condo construction in downtown, 2014

From 2007-2014, a total of 118 real estate projects were completed in the Ville-Marie borough (see figure 13). This includes major institutional projects such as the CHUM mega hospital located at the intersection of Viger and Saint-Denis streets. For this period, there were 4869 new residential units added to the borough, of which more than 95% were condos (Bélanger, 2014). In addition, a proportion of plexes were converted into condominium ownership, causing a loss in rental housing.

Furthermore, another 68 real estate projects are under construction (see figure 14), adding an even higher number of residential units 5,806 (Ville de Montréal, 2014).

Le Triangle

In an effort to revitalize an industrial park located at the intersection of highway 15 (Décarie) and Jean-Talon, in the borough of Côte-des-neiges-Notre-dame-de-grâce. The development vision is to transform this sector currently characterized by large surface parking lots, oversized roads and a car-oriented environment to a *milieu de vie* overtaken by green and public spaces and active and public transportation. Also following a TOD model, the plan is to increase commercial activities and services around the adjacent Namur and De



Source: Ville-Marie Borough. Number of projects: 118. Total number of residential units 4,869

Figure 13: Completed real estate projects since 2007



Préparé par la DAUSE à des fins internes d'informations. Aucune valeur légale.

Source: Ville-Marie Borough. Number of projects: 68. Total number of residential units 5,806

Figure 14: Real estate projects under construction, Ville-Marie borough (September, 2014)

la Savanne subway stations, creating a modern residential neighbourhood. The sector's strategic location is meant to make it an appealing neighbourhood for workers and families, at the intersection of two main employment nodes. The City of Montréal announced in March, 2015 it will invest almost 60 millions in infrastructure and public domain improvements, preparing the sector for about 4000 new residential units (Arrondissement Côte-des-Neiges–Notre-Dame-de-Grâce, 2015), boosting up values in the neighbourhood to over a billion (Drolet-Giroux, 2012). Several new condo projects have already been constructed and more are underway. In addition, a share of projects will be social housing. By reducing building footprint and favouring higher density, and incorporating retention ponds, hopes to reduce the flight to the suburbs and to attract suburban families (Dela-cour, 2012).

Quartier Angrignon

Condos also tend to appeal to baby boomers seeking to downsize. For example, in 2010, the *Quartier Angrignon* project in the borough of LaSalle was launched to revitalize and densify the Newman-Angrignon area with high-rise towers that would evoke a more urban feel. Considered a '*projet urbain*', the project is structured as a TOD around the Angrignon subway station, the Carrefour Angrignon shopping center, and Angrignon park. This development caters mostly to boomers and seniors with a potential to add 9000 units over the coming years (Bonneau, 2010). The borough of Rosemont-La Petite-Patrie is also undergoing change with many large condo projects already built, such as Quartier 54, and many more underway. Just like the rental and single-family home market, the condo market is also very diverse and caters to different segments.

Condo prices and financing

With prices doubling since 2001 and reaching a peak at an average of \$416 per square foot in 2012, according to a Quebec Federation of Real Estate Boards (QFREB) real estate report, condo prices in the Ville-Marie borough of Montréal started declining as of 2013¹¹. Furthermore, active listings for downtown condos went up by 41% in 2013. This shift can be explained by tighter rules in mortgage regulation introduced in 2012, meaning that there are fewer buyers that can qualify for mortgages (Lampert, 2014a). Nonetheless, this

¹¹ Quebec Federation of Real Estate Boards. (2014). *Barometer: Residential Market. Montréal Metropolitan Area, First Quarter 2014*.

drop in prices favours buyers and gives a leeway for negotiation. “The state of the housing industry is watched carefully as an indicator of the economy’s general health, since construction provides many jobs, mortgage lending is a major business for banks and many Canadian families consider their home to be their biggest investment and asset” (Lam-pert, 2014b). Although condos sprouting like mushrooms may seem like they’re creating a real estate bubble that’s about to burst, according to Robin Wiebe, senior economist at the Centre for Municipal Studies at The Conference Board of Canada, the market is “only slightly overheated and enjoys sound economic underpinnings” (Marr, 2014).

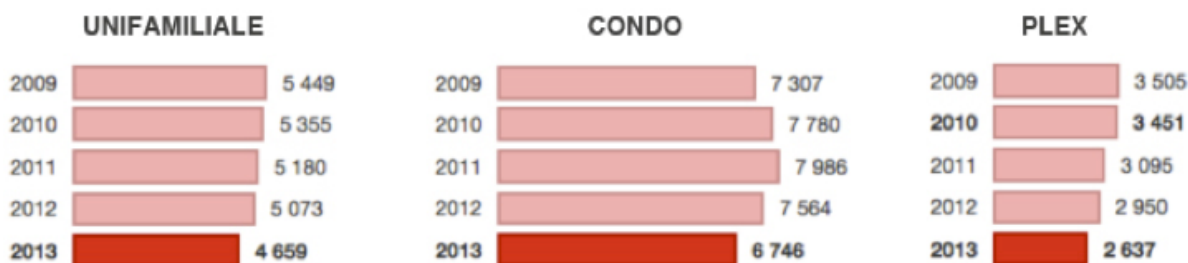
Since 2009, housing prices have been going up progressively for all tenure modes. Table 5 shows that condos remain by far the most affordable products, making them appealing particularly to first-time buyers. As was mentioned above, it is only after 2012 that condo prices have seen a slight drop following a peak in inventory in 2011. Nonetheless, the real* affordability jumps/gaps can be observed in the plex market, where average prices have seen an astronomical increase of \$90,000 in only four years. Similarly, single-family homes have gone up \$70,000.

	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$
Unifamiliale	310 000	335 000	356 100	375 000	380 000
Condo	227 000	242 000	257 000	267 500	265 000
Plex (2 à 5 logements)	360 000	400 000	425 000	440 000	450 000

Source: Chambre immobilière du grand Montréal. Ville de Montréal.

Table 5: Median sale price for housing in the Montréal agglomeration, 2009-2013

In terms of housing sales, condos have been dominating transactions since 2009, followed by single-family homes and plexes. For the years 2013, condo sales almost triple those of plexes and are about 30% higher than single-family homes.



Source: Chambre immobilière du grand Montréal. Ville de Montréal.

Figure 15: Sales of existing properties, Montréal agglomeration, 2009-2013

3.3.3 NO BUBBLE, NO TROUBLE

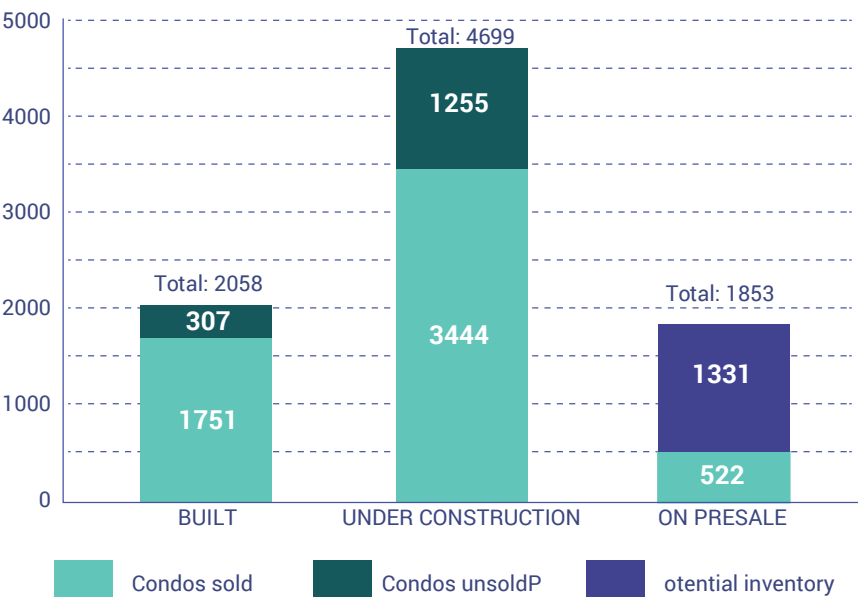
Headlines in recent press articles as well as real estate reports have been warning against the making of a housing bubble largely driven by an explosion of condo construction. According to QFREB, the Montréal market is not overheated (Québec Federation of Real Estate Boards, 2014). The considerable rise in real estate values in the last decade corresponds to the purchasing power of households, due to a drop in mortgage rates combined with a rise in average household income. Nonetheless, the decline in sales is the result of tighter mortgage regulations. According to a real estate report published by the City of Montréal in February 2014, the Canadian market is not at risk of an 'American style', financial meltdown since the regulatory framework in Canada is more preventive and stricter as it demands mandatory insurance on mortgages, and avoids subprime lending (Ville de Montréal, 2014c). The QFREB report suggests that condos respond to demand since most projects foreseen between 2014 and 2016 have already been sold.

Since the peak in construction that was reached in 2012-2013 with over 13,000 units under construction in the CMA, the number of units currently under construction has been declining after this period, due in large part to the completion of many condo projects. A record of completed units in the Montréal CMA was set at 4,153 in the second quarter of 2014, with 9,500 units under construction. Consequently, the number of unabsorbed units has been rising since the end of 2011, leaving a large number of units available on the market (see figure 17).

The large number of condo starts in downtown Montréal does not actually reflect an increase in demand, but rather they are the result of the demand expressed in the last few years (to allow construction to begin on a condominium project, lenders usually require that about 60 per cent of the units be sold) Outside downtown Montréal, a slowdown in construction is also observed. An important proportion of rental housing starts were due to retirement homes and coops (Canada Mortgage and Housing Corporation, 2014).

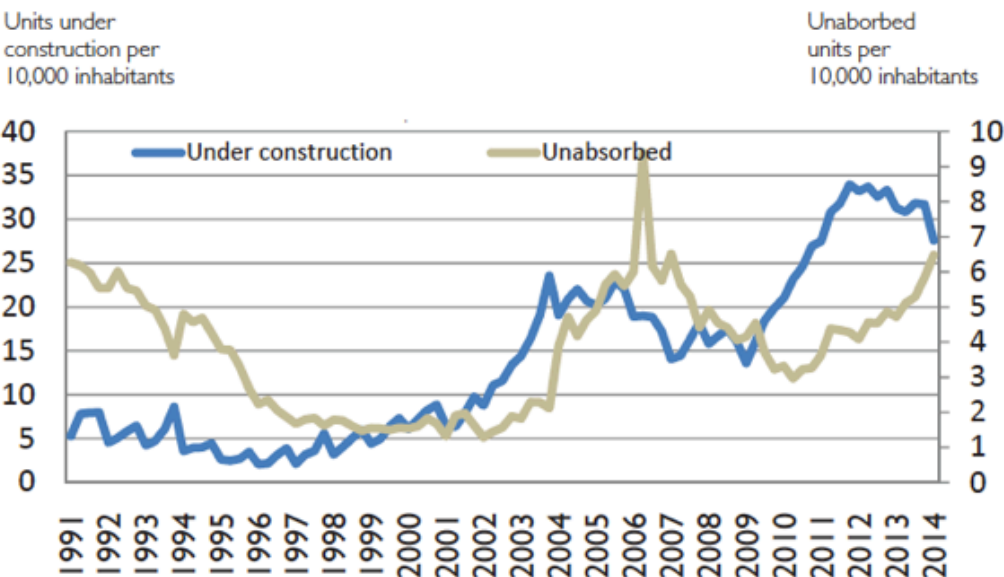
According to CMHC, inventories of completed and unabsorbed units will continue to rise over the next quarters, signalling developers to slow their production while all these new units are progressively absorbed over the next few years. Tighter mortgage regulations will also have an effect on slowing down demand, particularly from young people, which make up close to 50% of the new condo buyers. With so many units on the market, the resale market will also enter the competition, likewise contributing to the slowdown in the construction of new projects. (ibid.).

After a construction boom lasting almost 10 years, with some decline and interruption between 2004-2009, the condominium market has now shifted to an absorption phase (see figure 17). As can be observed in figure 16, the amount of new units on presale for 2014 is seeing a deep plunge in the downtown area (ibid.).



Source: Groupe Altus, *Aperçu du marché de la copropriété neuve, centre-ville de Montréal*. 2014.

Figure 16: Sales rate by construction status (2014)



Source: CMHC, Statistics Canada - Housing Market Outlook - Montréal CMA - Fall 2014

Figure 17: Condominiums under construction and unabsorbed condominiums per 10,000 inhabitants

3.3.4 THE END OF THE CONDO BOOM?

Just as the Montréal condo boom emerged from a combination of the right socioeconomic ingredients, the future of the Montréal condo market will be conditioned by how these factors play out in the future.

While all housing starts are set to decrease in 2015, primarily because of the strong decline in condominium construction, a slowdown in construction does not necessarily mean a decline in condo prices, due in part to price rigidity. Many younger renters had made the shift to homeownership in recent years, sustaining a demand for condos, but this may not be the case in the next year due to a decline in full-time jobs (particularly among people 25 to 44), contributing to a climate of uncertainty and therefore keeping the demand for rental housing strong. Immigration is also an important factor sustaining rental demand, with an annual influx of 15,000 to 20,000 households on the rental market. However, new student residences in the Montréal area and a continued loss of residents to other Canadian provinces in search for a stronger job market will also have an effect on the rental and homeownership market (more than 63 per cent of the people who leave the province of Quebec are aged under 35). Nonetheless, there is a positive outlook on employment for 2015, a rise of 1.4% is expected, with finance, insurance wholesale trade, and transportation and communications sectors contributing to this improvement.

In the medium and long term, the enforcement of the PMAD (a metropolitan plan that advocates for density to counter urban sprawl) will limit the development of single-family housing starts at the edge of the metropolitan area. The scarcity of affordable lots available to develop single-detached houses is having an effect on the price of new homes, particularly in the Montréal metropolitan area. As we have discussed, the hike in housing prices over the last decade and tighter mortgage rules¹² has limited affordability, particularly for first-time buyers. However, historically low mortgage rates are set to increase progressively in 2015.

Nonetheless, the condo market will remain the most favourable to buyers in years to come. Characterized by their compact square footage, condos are still the most affordable housing product on the market, particularly for new homeowners, and also the most profitable

¹² Gordon Isfeld, "Tighter mortgage rules will help save Canadians from themselves," *Financial Post*, June 21, 2012.

per square foot for developers. Yet, precisely the compact size units and high cost of larger and centrally located units, makes it a less affordable option for families seeking more space. The high volume of sales over the last decade illustrates an economic 'success' for developers, and to many households as they seek entry into homeownership.

Many questions arise, but because of the scope of this study, cannot be covered in this supervised research project. For example, have condos become another market commodity, or do they provide an efficient response to housing demand? How many new condo units are just investment units? Success for the condo boom can be interpreted in many ways; from the economic perspective for developers, and the benefits they may create for central neighbourhoods and public domain improvements. On the other hand, further research could be conducted on how condos are benefiting households that prefer an urban lifestyle.

CHAPTER 4

RESEARCH QUESTIONS AND METHODOLOGY

The objective of this report is to get a better sense of why the condo is the prevailing form of new housing development, who is moving into Montréal 'central area' condos and why they are either moving in, or investing in these units. First, there is a need to understand why condominiums are dominating the urban landscape and how they are responding to the current housing demand in Montréal. Second, which segments of the population are they benefiting?

4.1 RESEARCH QUESTIONS

More specifically, the questions that will be addressed are: What are the market segments that choose to locate in new-build condos in Montréal central neighbourhoods? What are people looking for? What amenities or characteristics do the buildings offer? What services and specific traits does the neighbourhood offer? From the occupier's perspective, is this a temporary or a long-term housing solution? What are some of the advantages and disadvantages of living in a condominium unit? What is the perception on the future outlook of the condo market?

4.2 METHODOLOGY

The research phase was divided into four components:

4.2.1 REVIEW OF EMPIRICAL WORK

The literature review was guided by the following topic areas: the resurgence of downtown and central neighbourhoods, condominium living and general demographic trends, and Montréal's plans, policies and programs relating to urban development and housing policy.

For the purpose of this study, "central neighbourhood" is understood as a geographical

area that concentrates an important node of activity and services (grocery stores, medical clinics, schools, recreational parks, etc.), in proximity or easy access to the central core of the city and within a 500 m radius to a metro station.

4.2.2 INTERVIEWS WITH REAL ESTATE AGENTS

Semi-directed interviews were conducted with key informants such as real estate agents using a “snowball” technique. This technique consisted in contacting a first set of real estate agents who deal with new-build low-rise and mid-rise condominiums located in Montréal central neighbourhoods. Those agents were then asked to refer the student to other real estate agents that could complement the information provided. A total of four agents were interviewed. The topics discussed included their perception of when the condo boom in Montréal began, the different market segments that new condos appeal to and their perception of the current state and future outlook on the condo market.

4.2.3 INTERVIEWS WITH OCCUPIERS

The interviews were semi-directed and relied on open-ended and close-ended questions. The purpose of the interviews was not to get a representative sample, but rather to tap into a qualitative level of analysis based on residential trajectory, residential location, motivations and level of satisfaction in condo living. Interviewees were selected in order to obtain information on a variety of experiences such as different age groups, family structures, types of condo and location. A total of eight owners/occupiers were interviewed.

For all interviews, quotes are reported anonymously per agreement with the respondents.

4.2.4 PRESS REVIEW: MEDIA DISCOURSE ON CONDO DEVELOPMENT AND CENTRAL NEIGHBOURHOODS

A small number of key articles were reviewed on the topic of the Montréal housing market and condominium development. These articles help to complement the discussion on what is being said locally about the condo market and as a way to identify certain trends and processes that may be specific to Montréal. The articles also served to identify recurring themes that were then echoed in the interviews and information provided by both condo occupiers and real estate agents. Sources consulted included Canadian and Quebec newspapers such as *La Presse*, *Le Devoir*, *Montréal Gazette*, *Journal Métro* and *L'Actualité*.

Having situated the peak of the recent condo boom between 2009 and 2013, the period of analysis was from January 2009 to December 2014.

Media articles refer to this boom through terms such as orgy, fever, saturation, craziness, abundance, real estate bubble and condomania, and tend to focus on the high-end projects in the downtown and Griffintown area.

CHAPTER 5

CONDO LIVING IN MONTRÉAL CENTRAL NEIGHBOURHOODS

This chapter presents an analysis of semi-directed interviews with a small sample of real estate brokers [RE] and condo owners and occupiers [OO]. The information presented is organized by themes that discuss perceptions on the condo boom, different market segments that are attracted by condominium developments and their motivations, satisfaction with condo life, and finally, perceptions on the current and future state of the condo market.

5.1 THE CONDO BOOM

5.1.1 BEGINNING

When asked to situate the beginning of the condo boom, most real estate professionals spoke of different waves of development, starting as early as the 1990s, with the most recent wave as of the beginning of the 2000s, reaching a peak between 2009-2011. Some brokers described the construction frenzy as absurd, although they claim that the market is slowing down, they are appalled at how construction keeps going, “it’s non-stop, condos are sprouting up like mushrooms, developers are on the outlook whenever some land becomes available, they jump on the opportunity to start building right away, after they are left over with new condos that they can’t manage to sell because there isn’t enough clientele” (RE no. 3). Another broker added “... but the thing is, once the bank has granted the financing, even if the condos aren’t sold, they [developers] build because the bank said yes, even if there are no buyers, because you need 60% of the units sold prior to construction. So 40% unsold, it’s a lot! And when there are eight developers who have 40% unsold units, it’s enormous!” (RE no. 4).

5.1.2 WHY SO MANY CONDOS?

Real Estate professionals attributed having so many condos to several factors, the most logical being the scarcity and dispute for available land, “... it’s the only way to build hous-

ing, we can't put 12,000 single-family homes on a 10,000 sq ft lot... what did they do in New York [City]? They remove the old buildings and they build higher. Today there are more people but less land each year, so the world tendency will be to rise, rise, rise... Less land available means that lots become more expensive because everyone wants it (RE no. 4). In addition, immigrants may also be boosting demand for condos. As one broker explained, there is a market for Europeans, as they tend to buy as investors but don't necessarily live in the units, they rent them out, attributing this factor to rising demand and rising prices. This broker went further by evoking a real estate market report that states that one third of condos are bought by people who don't come from and who don't live in Montréal, accounting for about 30 % of sales.

Other factors attributed to the condo boom are demographic trends; with an aging population people leave their single-family home for a smaller place, and City-developer undercurrents, "definitely if we see so many condos, definitely the City had something to do with it, maybe permits are a bit easier to get, although it's no as easy as it seems... but it's also because people decided to sell their vacant lots or parking lots; there are many being bought... there are a lot of agreements between developers and parking lot owners; this definitely has an influence on construction. Developers seize the opportunity to buy vacant land at a low price, and they start construction even if they know that there won't be many sales, until the market starts to pick up again, because right now, we are in a moment where the market is really difficult, there are really many contradictions between real estate reports that say that everything is OK and banks that put out statistics or CMHC saying 'no, not at all, the market is still slow'. So developers buy land now, build, and know they will sell in a couple of years" (RE no. 3).

5.2 WHO IS MOVING IN AND WHY?

5.2.1 PERCEPTIONS ON MARKET SEGMENTS

Depending on where they are located, condos in central neighbourhoods tend to be occupied by fairly young residents, professionals mostly below 35, many couples, some with young kids, and many single people. As cited in an article in L'Actualité (Ducas, 2012), according to Jacques Saint-Pierre, Professor and real estate researcher at UQÀM, "the condo is the housing type that is in style and it corresponds to the needs of many households, especially those without children, and is generally less expensive than a house. This type

of housing product appeals to young professionals who aspire for homeownership and want to live in the city, as well as immigrants who decide to stay and buy in Montréal". It seems like the larger the project, the more diversity there is in the types of units and layouts that are offered. In Quartier 54 (a large condo project located at the edge of the Petite-Patrie neighbourhood in Rosemont borough and steps from Rosemont subway station) for example, as one resident stated, "there are all sorts of people in the building; families; many French people; an aging population, retired or nearing retirement who are relatively active; lots of couples and there's starting to be a lot of babies! It's a project oriented to many types of people, not geared towards a single type of clientele" (OO no. 5, Rosemont-Petite-Patrie).

According to real estate brokers, the condo clientele is mainly composed of first time buyers, young people between 25-40, young professionals who want to invest in a property instead of paying rent, and who have the means for a substantial down payment. Young buyers tend to want a turnkey unit that they will not have to take care of maintenance-wise and deal with renovations. As one broker explained, "When you're 30 and you have never done that [renovations] in your life, it can be difficult to imagine" (RE no. 2). There are also young couples or young families with kids who want access to homeownership for the first time, so since they don't have the means to buy a home they join forces and they get a condo.

The next largest segment are baby boomers and empty nesters who are in their fifties and seventies today, retired or near retirement, that know they would want to end their years in a property like a condo, that responds to their needs, and who also do not want to go through renovations and construction work. As one broker explained, "They [boomers] want freedom, without the need to mow the lawn, so they decide to sell the big house they had in the suburbs, because either the kids have left, and they buy a condo to come closer to the action, and maybe invest overseas or buy a condo in Florida, that's what a lot of people tend to do here in Québec" (RE no. 3). Other demographic factors such as divorces and separations can also explain a demand for condos. One broker explained, "... usually there's the husband that leaves [the inner suburb] and buys a condo in Montréal [referring to central neighbourhood], and the lady keeps the house in Ville-St-Laurent or in Côte-St-Luc. Generally, the person who leaves will live in the condo temporarily, for three to five years, the time that their life resettles again"(RE no. 3).

Another trend are parents who buy a condo for their kids while they are studying, instead

of paying rent. While monthly payments for a condo unit can be equivalent to paying the cost of rent, there are many other fees (inspection, notary, insurance, taxes, municipal and school taxes, condo fees, etc.) that come with purchasing a property. According to one broker, condo profitability is only visible over the long run, so the property would need to be kept at least for 10 to 15 years, and renting offers more flexibility than buying.

5.2.2 MOTIVATIONS

According to real estate brokers, market segments vary depending on the features and qualities of the property they seek and the convenience it represents, with regard to the building itself, to neighbourhood where it is located and in relation to the amenities and proximity to work and public transit options. One broker explains, “There are people who seek a hundred year old triplex, but it takes a certain expertise to renovate, there’s an enormous amount of work to be done, but it’s not everyone who is willing to take on this kind of project, when you start the renovations, you never know when you’re going to finish and exactly how much you will spend... with condos their value is just right according to the cost of construction and the value of the current market, something that you wouldn’t necessarily find with older properties, where you could find materials that are more expensive than new condos, which could have an effect on the value of the property... new condos are usually made out of basic materials, pretty, aesthetic, but which are not meant to endure in the long term, they’re apartments that often after a few years lose some value”. In addition, different ‘life philosophies’ influence residential location and the type of housing product. One broker alluded to the instability of the job market as a reason to remain a renter. He also added that despite having the means to buy, some people prefer to pay a \$2000 rent per month in a high-end apartment, for example, professionals who are in the city for temporary assignments.

Throughout the interviews with real estate brokers, four main categories of condo buyers were identified:

1) People who want a new, turnkey property, which is apparently ‘problem-free’

There are people who think that new constructions are problem-free because they are new. But as one agent explained, this is not always the case, “... because materials are new, like wood, it takes a couple of years to dry out, there are places where it can crack, foundations are not always well made... there are very beautiful new condos, but they can bring problems” (RE no. 1);

2) People who want to locate right in the heart of Montréal

These are people who really want the urban ‘lifestyle’ of having access to everything around, public transit, bars, restaurants, small grocery stores, and often living without a car right in the heart of downtown;

3) A second condo as an investment

Due to lower interest rates some years ago, many people who could afford to buy a second condo as an investment were able to take out equity from their first property and reinvested in a new one. But as one broker explained, “... there are many who got misled, because there are so many products on the market today, so to rent out the condo unit, they are condos that all look alike, it’s always the same kitchens and design style, so it’s a bit more difficult for them to make money, plus the condo fees that owners have to absorb... so for them, at the end of the day, really the most important thing is to break even (RE no. 3);

4) As a foreign investor

“We [our real estate firm] specialize with Europeans, particularly people from France. We hold conferences in France every 6 weeks, we are on the immigration market, we are involved with the Canadian banks that specialize in financing with the French. So I think a lot of Europeans are buying condos, because of the exchange rate. If a person has euros and makes an investment in Montréal transferred to Canadian dollars, it’s very interesting, the cost of square footage is a lot more affordable here in comparison to what they would find in France... on the Return on investment we are still very affordable in Montréal in comparison to Toronto or Vancouver, even if people find that Montréal is expensive, we are at about \$450 to \$500 per square foot in new constructions, for this price in France you could get a studio, while here you could find a 2-bedroom, 2-bathroom unit with parking at \$600 000... So for Europeans it’s very interesting to invest here, they’re obliged to put a 30% down payment as a foreign investor, the financial situation here is quite stable, I don’t think we’ll have a housing collapse... there’s insurance you pay on the mortgage with CMHC, so that assures some stability in the real estate market” (RE no. 4).

5.2.3 THE DOWNTOWN AND GRIFFINTOWN MARKET

Downtown and Griffintown are the areas where most of the new, largest and high-end condo projects tend to be located (see section 3.3.1). In figure 14 in the annex, it is possible to observe the completed real estate projects since 2007 within the Ville-Marie borough. A total of 118 projects had been built up to September 2014, accounting for 4,869 residential units. After undergoing a controversial consultation and redevelopment proposal, the grand plan for Griffintown finally emerged as a Special Planning Program (PPU) for the sector. The plan is anchored on setting Griffintown at the forefront of a 21st century city, with a development concept anchored on creativity and innovation as well as on sustainability while preserving the neighbourhood's industrial heritage (Ville de Montréal, 2013b).

The downtown and Griffintown market segments tend to be different from other neighbourhoods. As one broker explained, "... there are people who will buy new condos downtown or in Griffintown, who would never be interested in buying a triplex, and viceversa... it's another mindset, there's a more artistic class, and a more bureaucratic class downtown, people who want to be closer to work... there are people who prefer to come in and park their car indoors, to have an elevator, service 24hrs, and have no worries... here [referring to the Mile End-Le Plateau neighbourhood] we take care of our garden, our front lawn, we don't have a parking garage, we have street parking and stickers. It's more European as a lifestyle... I prefer to walk 300 m rather than... it's not that I'm against parking garages... but I prefer a smaller apartment block of 3 units rather than being in a 20, 40 or 60 unit building." (RE no. 1).

5.2.4 MAIN REASONS FOR BUYING A CONDO

From the owner-occupier perspective, the following were the main reasons for buying or renting in a condo

- Not having to deal with tenants (as opposed to a triplex)
- Security
- Affordability - a condo presents a more affordable option than a triplex
- Turnkey and less worries about maintenance
- Location in a central neighbourhood (access to Quartier des spectacles)
- Promise of neighbourhood improvement, consolidation in the medium term
- Proximity to public transit
- Already living in the neighbourhood (particularly for first-time buyers)

- Layout worked with lifestyle and personal preferences (open-spacious layout for 2 people that work at home)
- Wanted a ground floor with backyard
- Amenities, ie. indoor garage
- Desire to downsize from house in near suburb, simplify life.

5.2.5 RESIDENTIAL TRAJECTORY

In most cases, interviewees had been renting in Montréal, either in the same neighbourhood or a neighbourhood near by, and this was their first property, particularly for those below age 50. For those 50 and over, their current condo was a second property after choosing to downsize from a single-family house or a triplex in inner suburbs and moved to a 'maintenance free' unit and more central area. One respondent in his early 70s mentioned that the decision of selling and moving to downtown came about after his wife had passed away. In another case, the respondent grew up in the city of Sherbrooke and lived in a large suburban house with his parents. It was when he moved to Montréal to pursue undergraduate studies that he decided to buy the condo, only at age 24. He explained that while he had worked to save up, he got help from his parents to purchase the unit.

5.2.6 FAMILIES AND CONDO LIVING

With average prices for a single-family rising rapidly throughout the last decade, families with children who want three bedrooms, storage, a back yard and a safe neighbourhood for their kids to play find it difficult to find a property in a central neighbourhood. As it has been discussed in other sections, it is becoming difficult for young people to access homeownership, with housing prices rising, but salaries not rising at the same rate. Other factors such as the rise in the TVQ, school taxes and the reduction of the amortization period from 30 to 25 years for a mortgage insured by CMHC have an influence on access to homeownership. First-time buyers have it tough, as they now need to save up for 10 years to come up with a 10% down payment, while only in 2001 this could be done on average in 5 years (Grammond, 2013).

None of the condo owner-occupiers that were interviewed have children, so their views are only perceptions of what life is like for families with children. Most respondents thought that families could live comfortably in a condo unit if the unit was at least two or three bedrooms, particularly for a baby or small kids, since space gets reduced as kids get older.

Most residents mentioned that there were kids living in their building, what seems to be more common in larger buildings, “oh yes, there are many families here in the building, more than you would think for the type of complex it is [building located at the edge of downtown], I see a lot of kids up on the terrace and pool, a lot of families with two, three kids” (OO no. 7, Le Plateau-Mont-Royal). The issue for families finding larger two or three bedroom units seems to be affordability. As one resident said, “For families you need at least two or three bedrooms, and prices are rising rapidly. So for people who can afford to pay for two or three bedroom units, yes it’s appropriate, but often people can’t afford a 3-bedroom downtown. In Verdun or Hochelaga-Maisonneuve it’s different, but it’s the cost of extra rooms that’s the big drawback, less cost-effective for developers and more expensive for families” (OO no. 3, Old Montréal).

Most units available in new buildings are studios, one or two bedrooms at the most. It is rare to see larger condo units with three bedrooms or more. Although in larger, medium-rise buildings there seems to be more variety in layouts, including apartments on the ground floor with a back yard, or two or three story town-home like with direct access to the street and a back yard. A young resident living in a large complex with condos and town homes, stated that there are starting to be a lot of babies in his building, just on his floor he had counted eight babies. According to this resident, the isolation in the building is fairly good, as he has a next-door neighbour with a baby and never hears him. One resident currently living in a 2-bedroom unit, didn’t think that condos were appropriate for families with kids, “maybe for a family with a baby or small child, but for a family with two kids... condos, you need to take care of them and keep them clean, kids will always wreck the structure and stain the walls... single-family homes are better for families, or bigger apartments with more space, kids need space” (OO no. 8, St-Michel). Another factor that is thought to motivate families to locate in a condo in a central neighbourhood, are amenities such as parks, libraries, and public transit.

In the view of real estate brokers, there’s a general sense that families with children can live comfortably in a condo with at least two or three bedrooms. Three and four bedroom units do exist but they’re more rare, and often more expensive. Only one real estate broker expressed that in his personal opinion, he did not think that it was a good idea for kids to grow up in towers, but that there are people who can manage to make it work. As one real estate broker said, “... it depends as not all condos are the same... when there are concrete walls, there’s better soundproofing”. In fact, most real estate brokers referred to it as being a question of lifestyle, and having a certain philosophy or mindset.

5.2.7 TIME PLANNING TO STAY IN UNIT

Brokers described residential trajectory in economic terms, in what makes sense financially. In a similar way as the report (What are buyers seeking?) discussed in section 2.4.2, that is, closely linked to family formation and acquiring different housing products as needs evolve, mainly due to children. According to one real estate broker, “there is no set rule, but in areas where there are a lot of new condos, after a couple of years, we see a lot of ‘FOR SALE’ signs, there’s quite a bit of turnover... in downtown there are less kids, so the population seems to be more mobile” (RE no. 1). Another real estate broker added, “when you buy a new condo, you have to at least keep it for 5 years, unless there’s an economic boom and you find that there’s a 10% to 15% increase over one year... In downtown it’s usually people who will live there [in condos] for five to eight years, once their career has expanded... in general, people who move to the suburbs are young couples but more in their forties, when they already have one or two kids and they decide to go live in neighbourhoods where the kids can play outside, ride their bike, etc. and they’ll be able to buy a bigger place than what they could get in more central neighbourhoods in Montréal... so in downtown in general it’s new generations and suburbs are more for people who are in their forties, who will want to live there for many years” (RE no. 3).

From the owner-occupier perspective, particularly for people who have been living in their condo for a short time (less than one year), they have no plans to move anytime soon. For some, they’re tied to a 5-year mortgage, so they cannot sell before, otherwise this will incur penalties. The two respondents above age 50 claimed they are settled in, but the idea of staying for the long term is not quite fixed and open to change. One respondent in his early seventies that had sold a triplex in an inner suburb mentioned that his daughter (in her late thirties) was thinking of buying a triplex, so if that happened he would consider occupying one of the units in his daughter’s triplex.

Another respondent in her fifties had sold a single-family house in an inner suburb and had made the move to a one-bedroom condo in Le Plateau, but was now encountering many problems with the property management company. For her, what she thought out as a long-term decision is now being questioned. She explained that the decision to stay or to move will depend on how the administration deals with all the issues, and will depend also on her career plans. She added that the condo might become a ‘pied à terre’ or a rental, as she considers the possibility of moving or spending extended periods of time in the Eastern Townships.

For most of the younger respondents (age 24-35), as first-time buyers, their condo unit is seen as a short to medium term living arrangement; they seem to be quite flexible and adaptable to the possibilities of a mobile lifestyle and constant change. One of the respondents who lives in a small studio mentioned that he has a new partner, so if they decide to move in together, they will need something bigger. In that case he would most likely keep the studio unit and rent it out. A respondent aged 24, still finishing up an undergraduate program, is thinking of studying a masters program abroad. If his plans come true, he would rent out his 2-bedroom unit to his siblings, but if he ends up staying in Montréal, he plans to keep the unit, as he believes that over the long term, the condo will gain value. Another respondent in his late thirties to early forties plans to stay in his 2-bedroom unit around five years and resell later. His plan is to buy something bigger, like a triplex that he could get income from.

5.2.8 HOW IMPORTANT IS HOMEOWNERSHIP?

For most owner-occupiers, homeownership was deemed to be somewhat important. It wasn't about owning a property just for the sake of it, but owning was perceived as a way to feel accomplished and having a sense of security as people age. Homeownership is also something that people tend to put pressure on themselves or by others, as one respondent stated, "when you get into your thirties there's a lot of pressure because you're supposed to buy (OO no. 6, Ville-Marie). Another respondent explained that as he was in his early to mid forties, he didn't want to feel like a 'loser' by not owning anything.

Other respondents alluded to the financial factors of owning instead of renting, as homeownership may make more financial sense and can be a way to save on expenses, if viewed as a long-term financial plan. For a respondent aged 24 who had gotten help from his parents to purchase a unit, homeownership was really important, as he saw the move as a long term investment believing that the property would gain value over the short to medium term as the neighbourhood continues to consolidate over the next five years. At the same time, for younger generations, owning a property could represent a long-term commitment that can help to 'keep them grounded', but they admit that owning is a less attractive idea for people who want to be mobile and keep that flexibility. As one respondent currently renting in a converted building explained, "... homeownership is something that I would like to do, but I'm not sure if I would be willing to trade off the mobility and flexibility you get when renting" (OO no. 6, Ville-Marie, Centre-sud).

5.3 CONDO LIVING

5.3.1 AMENITIES

Amenities such a pool, gym and rooftop terrace tend to be at the forefront of marketing strategies for new condos, particularly for medium to high-end condos in the downtown area. For most of the owner-occupiers, these amenities were not so important when choosing a condo project. In fact, for many, they intentionally avoided having these services, as they tend to hike condo fees. One resident of Le Plateau mentioned that these facilities tend to be a bit 'deficient', of bad quality or small. In his case, he mentioned having access to a free City-run pool just a couple of blocks away, so having these amenities in the building was not of interest. For another young condo owner in Old Montréal, amenities were not so important when looking for a place. He had heard there was a pool in the building, thought it was a nice feature but no more. But now that has the pool he admits he likes it a lot and goes often, "... for next purchase it's a must!" (OO no. 3, Old Montréal). Many of the buildings had a rooftop terrace, a space that is generally used and enjoyed by residents. As apartment units tend to be small, the terrace was perceived as a common space that became an extension of the private living space, a space to socialize with friends, a 'distinctive' feature and activity.

5.3.2 ADVANTAGES IN CONDO LIVING

When asked about the advantages of condo living, the most common gains mentioned were not having to deal with property maintenance of the front or back yard, or common spaces such as the pool, terrace or hallways. For some tenants who own a car, having underground parking meant not worrying about snow removal. Although there isn't a particular sense of fear, respondents in general feel safer in a condo building. One owner-occupier said she feels more protected or accompanied by having so many neighbours around. In addition, many stated the advantage of being able to 'lock it up and leave' when traveling; there is a sense that neighbours can keep an eye on the unit if something goes wrong. There is also a perception that by living under condo tenure, responsibilities and the problems and the costs of maintenance are shared with other co-owners, as opposed to being the sole owner of a property, as one respondent stated, "... you are responsible for everything, and surprises can be bigger" (OO no. 8, St-Michel).

5.3.3 DISADVANTAGES IN CONDO LIVING

Some of the disadvantages that have been encountered in condo living are were difficulties in dealing with other co-owners or the property management company, 'putting up with people' in assemblies and board meetings, and getting people to agree about certain issues. As stated by one owner-occupier, "... living in a group is not necessarily a bad thing, but it can be complicated" (OO no. 5, Rosemont-Petite-Patrie). Another respondent added, "... living in a communal environment, as responsibilities are shared, you need to share spaces with others, ie. terrace, pool, and some people don't keep common areas [hallways, garbage and storage rooms clean]... it can also be problematic when the building is not well isolated... you can have problems with noisy neighbours... plus, it's a fixed layout so you can't do any major renovations "(OO no. 8, St-Michel).

5.3.4 LEVEL OF SATISFACTION

Most of the condo residents that were interviewed were satisfied with their unit and the neighbourhood lifestyle they wanted to have. There have been few major problems with structure and the quality of the units so far. Although as one resident stated, "I love the unit, I like the concept, and I love the neighbourhood... but due to the administrative problems [with the property management company] I've had a bad experience... I'm disappointed and shocked about condo laws not protecting the resident owners, while giving too much power to the boards" (no. 7, Le Plateau-Mont-Royal).

Another owner-occupier mentioned that in general the building fits in with the lifestyle he wanted to have, and likes the apartment layout. But in terms of community life he would have liked to have stronger ties, for neighbours to talk more to each other, but he admits he doesn't talk much with them either, but he mentioned that because it's a large building, some neighbours try and do activities together. He added, "It's appalling the number of people that are living in such proximity, right across from each other... you could have access to about 100 people just by walking for two minutes within the building, but I know maybe only five by their names... I would have liked more contact with neighbours" (OO no. 5, Rosemont-Petite-Patrie).

5.4 PERCEPTIONS ON CENTRAL NEIGHBOURHOODS AND QUALITY OF LIFE

5.4.1 POSITIVE ASPECTS

Except for one respondent, all interviewees expressed that they love their (central) neighbourhood. Most people emphasized the fact that they can walk everywhere, appreciated the commercial arteries and the variety of stores and services. These are neighbourhoods that are pleasant to walk around in, where there's a presence of parks, close to libraries, and in some cases cultural venues. Two respondents living in the Quartier des spectacles (cultural district) and in Old Montréal mentioned that they really enjoy being able to walk to shows around the Place-des-arts area. One of these respondents said he even got season tickets at two downtown theaters. For the most part, all condo residents interviewed are well served by public transit, often within a 5-minute walking distance to a metro station. Other positive aspects evoke the 'urban village myth' that Charmes (2006 in Rose, 2006) discusses; knowing people around that they run into or socialize with, this was particularly true for Le Plateau residents.

'The return to the street' and the 'urban village myth' (Charmes, 2006 ; Lehman-Frisch, 2002 in Rose 2006), is the myth of a 'European lifestyle', shopping at local stores in search for 'authenticity' in the products and a more direct and personal relationship with store owners, and bumping into friends and acquaintances on the street is an integral part of the value system for gentrifiers, a rejection of modernity and homogeneity proper to suburban life (Caulfield, 1994)... Socialization of the third order (Grafmeyer, 1995)... superficial interactions with storeowners, become part of the daily routine, social relationships fostered at the neighbourhood scale, while others prefer the anonymity of urban living (Rose, 1995).

Central neighbourhoods also tend to be attractive because of the lifestyle they offer. As one real estate broker explained, "... they're lively, happening neighbourhoods, that are developing, they're opening bars, nightclubs, restaurants, very, very lively places... when you're 30 years old, living in Blainville is certainly less fun! ... it's simply cultural, for example, for me, I need downtown, I need... a bus that pollutes, this makes me feel good [laugh]... in my head, living in the countryside, I just couldn't do it. So [living in the city] it's just a question of culture" (RE no. 3).

5.4.2 NEGATIVE ASPECTS

Although residents do not feel particularly threatened or in danger, some of the negative aspects about central neighbourhoods that were described were related to drug use and transactions, theft and break-ins. One Le Plateau resident expressed that there had already been a break-in in his building, and that he prefers a third floor unit, as ground units tend to have more break-ins. Ongoing condo construction sites in the downtown make the environment dusty, noisy, and can complicate circulation within the area.

5.4.3 NEIGHBOURHOOD IMPROVEMENT

In general there is an idea that more density in certain areas currently being redeveloped will bring better services, and better bus route options. One Old Montréal resident mentioned that he would like to see more commercial activity, particularly grocery stores. Most people think that there could be more green spaces, more trees, bike paths; this was coming from residents of Parc Extension, Rosemont-Bellechasse, and Centre-sud neighbourhoods. One resident of Rosemont-Petite-Patrie mentioned that there are a few parks around the area, but that barriers like the train track and the Van Horne viaduct create enclaves making nearby parks less accessible. A resident of Le Plateau would like to see more cleanliness and public toilets that are safe and can't be abused around Carré St-Louis, mentioning that safety [in Carré St-Louis] is not an issue, despite the fact that there are a lot of homeless, alcoholics and drug addicts that use the Square, but they have never harmed neighbours. Her building has cameras and it is fenced in the back, so she claims she has never felt unsafe, adding, "... what we need are places where they [homeless, drug addicts] can go" (OO no. 7, Le Plateau-Mont-Royal). Likewise, a resident of Quartier des spectacles in his early seventies explained, "I love the neighbourhood, I feel very much at ease, it's the Quartier des spectacles, so there are pros and cons... it's close to all the shows so we can go by foot, but sometimes it's a bit noisy, sometimes we're a bit annoyed by the noise, especially in the summer... there are quite a number of homeless but they're not aggressive... at first it was natives, after it became blacks, and drug dealers... sometimes it gets a bit heavy, but it's OK... it's a pleasant environment, I find" (OO no. 2, Ville-Marie, Quartier des spectacles).

A resident of St-Michel said that the neighbourhood is not so dangerous but there are a lot of street gangs that are looking to steal, as he expressed, "I've heard that some people have had their car stolen, we tend to think that it never happens, but in a big city... It's like that... but it's not something that holds me back particularly, I think there's some security

missing, I would like to see more police presence... maybe surveillance cameras would help with safety... but I like my neighbourhood surroundings, it's residential, it's very nice (OO no. 8, St-Michel).

5.4.4 TRANSPORTATION AND ACCESSIBILITY

Half of the people interviewed do not own cars. One of them doesn't have a car but uses Communauto (a car-sharing system) once or twice a month. Among car owners, they only use it occasionally, sometimes for groceries or heavy errands, or to get out of the city, depending on needs. Two car owners have an indoor garage. Only one person said he uses the car on an everyday basis for work, a resident of the St-Michel area, which is less central. Many people tend to walk to their everyday activities; if things are within a 30-minute walk it's considered to be acceptable walking distance. One Le Plateau resident, who used to drive everyday to work in Laval, expressed that he is making less use of the car since moving and finding new employment also in Le Plateau. He now walks to work (35 min) when the weather is fair and says that his health and level of stress have improved without the everyday car commute.

Two residents said they bike to work in the summer and use the subway in the winter. When asked if accessibility to public transit had an influence on location choice, most residents answered yes, that this was one of the main criteria considered when choosing their condo unit. Many condo buildings are within a 5 min walking distance to a metro station, and/or close to a bus stop. One resident of Rosemont-Petite-Patrie pointed out that it was not just about being close to the subway; it had to be a well-located station, which had good connection with other lines. Another resident living close to Sherbrooke metro and the 24 bus, stated she also appreciated being close to the Berri bus terminal, where she could catch the 747 bus to the airport. A resident of St-Michel explained that good public transit access is important not only for him as a condo resident but also for his larger network of friends who don't own a car, "we like to have people over, so it's very important [easy access to public transit] so that people could go back home a bit later... we are Latino, we like to have fun until late at night so public transit helps a lot!" (OO no. 8, St-Michel).

5.4.5 CONDOS, NEIGHBOURHOOD CHANGE, AND ECONOMIC VITALITY

When asked if condos brought about neighbourhood change, one real estate broker explained, "... definitely new condos have brought in a certain clientele; often it's couples that

have two jobs, interesting salaries, so definitely this brings in a certain level of consumer... when we rebuild or redevelop neighbourhoods this 'relaunches' these areas and this gives a boost to the economy, the employment market... there are little boutiques that open, restaurants, etc... so businesses will agglomerate in the same sector... business owners manage to locate in these areas and residents saw that they could do their shopping close to home, so finally these neighbourhoods became popular over the years" (RE no. 3). When referring to the Mile End/Le Plateau area, one real estate broker explained, "... there are some changes around the neighbourhoods, but it's not significant... in Griffintown on the other hand, it's another context... it's places that used to be industrial, that had died off, now it's a different neighbourhood life that is being created, they're planning to make parks, it's enormous as a development" (RE no. 1).

5.5 PERCEPTIONS ON THE CURRENT STATE AND FUTURE OF THE CONDO MARKET

5.5.1 TOO MANY CONDOS?

More than the quantity, respondents are concerned that the market is saturated, and from an economic perspective, condo owners 'may harm themselves economically', as one real estate broker explains, "we would be better off stopping construction and selling the condos that are currently available, rather than leaving them empty, they're losses in rental revenue for the owners, it obliges owners to sell their buildings at a loss because they don't get enough rental income, and they have apartments that are vacant, and they themselves have trouble making mortgage payments... and it escalates like that" (RE no. 1).

There is general consensus among owner-occupiers that there are too many new condos being built. One Plateau resident stated that he is in favour of density, but against 40-story towers. In his view, the ideal density for central neighbourhoods could be between five and ten storeys, under the logic that having more people around would be good for business and security. He then added, "the problem is that [condo] units are too expensive for everyone to live in them, but the option of living in the suburbs is more expensive, you need two cars, you need to drive everywhere, it's bad for your health" (OO no. 1, Le Plateau-Mont-Royal).

With too many condos being built and many of them being empty, the perception is that it will take a while to sell them, as the market seems too saturated. Another resident thinks that Montréal is currently going through another wave of development, as we had seen in

the 1970s in the downtown area, so eventually this wave will slowdown and regulate itself. Some others believe that the recent condo boom has to do with the offer and demand dynamic; believing that if there's a market, it's because people are interested in buying. But as one resident pointed out, "... for those who are not interested, maybe then they think that there are too many condos being built... but it's true that there are more now than there were before" (OO no. 4, Parc Extension). A resident of Rosemont said that he agrees that there are too many condos in general in Montréal, but for the neighbourhood [Rosemont-Bellechasse], he doesn't think necessarily that there are too many.

A resident who is currently a tenant in a reconverted condo building in Ville-Marie / Centre-sud, expressed that from a tenant's perspective, there are not enough new rental units. When looking for a rental property in a new building, he found that there were not that many units available. He added that he understands the argument from a buyer's perspective, as there's a preference for developers to sell directly to the owner, because they don't want to deal with tenants themselves, "... for buyers there's a huge supply, they're on every corner!" (OO no.6, Ville-Marie / Centre-sud). For another resident, she agreed that there are too many condos in general, but she specified that it depended on what market segment was being looked at (high, medium or low end condos), and who these projects are geared towards, i.e. students, single families, etc. She expressed that she was not sure if the current condo development was responding to the demand for housing, "I think it's just developer driven... it just seems like there's so many" (OO no. 7, Le Plateau-Mont-Royal). One condo owner thinks that condos are good for the city, bringing renewal to the housing stock, "...we see more and more condos, so I think it's a good thing because it renews the city... there are areas where there are very old homes and old apartment buildings, so this hinders the quality of the city" (OO no. 8, St-Michel).

With a general perception that there are too many condos under construction and on the market, many condo residents worry that there might be a housing bubble being created, although they're not alarmed that it will burst. One resident said that there would always be a market for smaller scale projects, as he thinks they can work if they're well situated, "... mid-rise buildings in neighbourhoods like Outremont, Côte-des-Neiges, Verdun, Le Plateau, are more reasonable products, you have a market for that, even if the economic situation is destabilized, they will still find a way to make them work, these intermediate units have a more stable value, central neighbourhoods tend to do okay even if there's a housing bubble that bursts, they tend to not lose as much value. But at this moment there are too many properties on the market and under construction, I think the City lost a bit of control, espe-

cially considering that condo construction in Laval and in the South shore is not slowing down" (OO no. 7, Le Plateau-Mont-Royal). Likewise, real estate blogs such as DuProprio advise at buying within central areas as it is believed to be a more stable market, "as there tends to be a greater demand in downtown than in the suburbs, the growing price curve tends to be more stable, which makes buying a property in a central area a safer investment (Ringuet, 2012). Another resident added, "... there's a lack of overall vision in comparison with the infrastructure available and the amount of people moving in, i.e. parking spaces and people that own cars in new buildings, just imagine the circulation and traffic problems this would create" (no. 5, Rosemont-Petite-Patrie). One resident considers that since there are many people on the rental market, many projects will be transformed over the long run into rental buildings.

When it comes to the value of new condos, it is generally believed that in the short term prices will stagnate or diminish because there will be too many units on the market, but expected to pick up in the long-term, while recently built units are progressively absorbed by the market. One resident mentioned that maybe families will adapt more and more to living in smaller spaces, instead of going to the suburbs. Another resident pointed out that it's still to be seen the tolerance people have to live with other people, how this will evolve over time. But there is a sense that because there are many very similar products on the market, units will be hard to rent or sell. There are mixed ideas whether these condos are responding to a demand for housing or not. One resident explained that it already started happening that some developers and a lot of projects have been forced into bankruptcy and to their creditor's hands, so she thinks that this is going to continue in over built areas, forcing prices down.

5.5.2 CONDOS AND HOUSING DEMAND

One real estate broker expressed that condos are not really responding to a housing demand, giving as an example that there are currently many condo units that are empty, in what are considered 'older' buildings (more than 3 years old), but that construction continues, with newer condos that will also remain empty, "... no, not really [condos do not respond to the demand], we see on the market that there are many properties that remain unrented or unsold for many years, and this is due to the price of the market... for now we're in a buyer's market, many houses that are for sale, owners are having trouble finding buyers because they are having difficulty obtaining a mortgage, but nonetheless, it's the buyers who have the upper hand on the market" (RE no. 3). Another broker thinks that new

condos respond to one part of the housing demand, but they don't respond to all needs, "... there are people for whom it's important to plant flowers, and that we can never change... there will always be someone who will want to plant flowers somewhere, and a condo balcony is not always big enough to do that... well... sometimes yes, sometimes no... I would say that condos responds to younger people and older segments who are autonomous" (RE no. 1).

5.5.3 THE FUTURE OF THE CONDO MARKET

For some developers and investors, provincial politics continue to play a role in investment decisions. Some of the key factors seen as keeping the condo market prolific are continued low interest rates and Montréal's risk-averse development community that is perceived to build smaller-scale, midrise projects (Starr, 2013).

While there is a general consensus that the condo market will and is already stagnating due to saturation, and there should be a damper put on construction, there's some disagreement with what will happen with real estate prices over the next 10 years. As one broker said, "housing prices will not go up as much as they did in recent years, and there will be some stagnation with prices, we are already seeing it... we are not completely in a buyers market, it's more balanced now, but we're certainly not in a sellers market, like we were three, four or five years ago... currently the bank says yes and boom, the condo project goes up, but it's not all sold... so eventually... we're starting to feel it now, it's going to slow down... and if the economy is going well eventually, the interest rates are going to rise, and it's really going to slow down... because presently it's the Federal government who has tightened the criteria, they shortened the amortization period... so I think it will slow down, but in the long term, for sure the prices will be higher, in 25 or 40 years" (RE no. 3). Another real estate broker added, "... someone who lives in their apartment long enough, will get a return on their investment systematically, if you buy an apartment today, even if it's expensive, it's alright, because from the moment that you repay the mortgage and you get rid of the debt, your housing cost diminishes significantly, you will only have the taxes, the condo fees, and that's it..." (RE no. 1).

In general, the condo residents that were interviewed confirm the trends mentioned in the academic literature, press and professional reports. The interviews provided a better picture of the diversity of condo projects and diversity of owners and occupiers, usually neglected in the media and some academic literature. The limitations of this research

study only allowed us to conduct a partial assessment of the residential trajectories, motivations, and satisfactions of condo dwellers. New avenues of research could include a structured survey with a broader sample of randomly selected respondents combined with in-depth interviews to gain further insight.

CHAPTER 6

CONCLUSION

Condos are not only modifying the urban landscape, they also are a reflection of changing demographics, economic and urban trends, and the evolving spatial geographies of cities. Over the last decades, urban policies have attempted to counter sprawl by favouring intensification and dense urban environments, and as a result, many North American cities have had a resurgence of downtowns and a revitalization of central, post-industrial neighbourhoods. To a great extent, condominium development has been triggered by place-marketing and real estate development strategies that have fostered local economic growth and municipal competitiveness. In this study, we analyzed the primary factors that created the conditions for the rise in condominium projects in Montreal, and the motivations and demographic profiles of condo owners and occupiers. As in other cities, the Montreal condo boom can be attributed to global urban trends, and a local municipal context shaped by political, social, and economic factors.

In a context of growing municipal austerity and with a high dependency on property taxes as a source of revenue, Montreal's housing policy has been geared towards countering the outflow of households (particularly families) to off-island suburbs in the greater metropolitan area. The recent launch of the Plan de fidélisation des familles program seeks to reverse this trend by providing incentive measures for homeownership and for developers to build larger units (more than two bedrooms) in central neighbourhoods through the Habitations urbaines pour familles program. In addition, the Habiter Montréal campaign has concentrated on promoting homeownership in Montréal's 19 boroughs based on lifestyles and consumer values, with a great emphasis on the convenience factor of "urban," central neighbourhoods—attractive milieux de vie—for their diversity and proximity to places of work, accessible and frequent public transit, and the variety of services and cultural amenities offered at the neighbourhood scale. While these programs offer only inciting measures, the future will tell what the outcomes of these programs may be. The Habiter Montréal program has managed to offer a certain choice in housing tenure and to maintain

a balance in housing supply that sustains economic development and housing options, complemented by other external initiatives that ensure social development by means of cooperative housing and non-for-profit housing projects. For example, the Accès Condos program managed by the Société d'habitation de Montréal SHDM has constructed more affordable condo projects at the outer rim of central neighbourhoods. However, the larger, high-rise, high-end projects located in downtown and in Griffintown do not make use of this program, since they are geared towards a higher-income clientele. What is particular about Montreal is that although some high-rise luxury condominium projects have been built in the central core, housing programs like Accès Condos have enabled the creation of housing projects that offer more “affordable” options and lower density construction patterns than in other Canadian urban areas.

In-depth interviews with condo owners and occupiers enabled us to gain a better understanding of who is moving in to condominiums in Montreal's central neighbourhoods and the motivations that led them to choose this housing option. Our findings reinforce those presented in academic writings and real estate reports that on one hand, new-build condos are being bought primarily by young professionals, couples, and young families who want access to a first property and seek out the benefits of a central neighbourhood; and on the other, by retired or semi-retired empty nesters who have traded their home in an inner Montreal suburb for a more central and maintenance free lifestyle. The choice for locating in a condo is closely linked with residential trajectory, lifestyles, consumer values, and the personal stories of each household. The interviewees' motivations are echoed in the What Are Buyers Seeking Study, which revealed that buyers in central neighbourhoods tend to buy for their immediate needs and not in anticipation of their future needs. As the real estate brokers explained, new condos tend to have a high turn over rate. For example, particularly in the case of young first-time buyers, the condo may respond to needs and desires in the short-term, but as needs evolve, often linked to family formation, the owner may decide to put the condo up for sale. In this sense, condo consumer profiles are not fixed; a condo owner today may be a single-family homeowner later in life, and vice versa. In addition, while they represent a reduced segment of the condominium market, a general perception exists that families can live comfortably in a condo unit (particularly for families with younger children), since this decision is based more on preference and lifestyle choices rather than space. Nonetheless, a desire exists for larger units to be built to better accommodate families. For developers, building units with more than two bedrooms while maintaining affordable prices can be a challenge.

In addition, condo products are diverse, ranging from low-rise to high-rise, and from medium to high-end products. Nonetheless, gaps exist in the representation of people who are actually living in new condos and who they are believed to be. Just as in the rental market, and the single-family home market, condos vary in quality, size, and consumer values. A tendency exists to believe that condo owners are wealthy individuals who are indifferent to the neighbourhood context and local culture. Local housing rights activists and community groups who see these new dwellers as threats and enemies spurring gentrification often articulate this polarization. While all the condo owners/occupiers who were interviewed hold university degrees and professional occupations (what are often attributed to a “gentrifier” profile), their attitudes towards the neighbourhood and social mix were not particularly hostile or entitled. In fact, many owners/occupiers rented in the same neighbourhood or in an adjacent central neighbourhood prior to moving into their condo, therefore, eliminating the possibility of displacement.

As was discussed, neighbourhood change is the result of many factors that combine economic, social, and political reconfigurations. New-build condos do have an influence in changing central neighbourhoods, although they are not the sole factor (the same could be said about rental, renovated, or reconverted buildings), new populations moving in tend to attract a renewed set of local businesses, what is often associated with the collateral effects of gentrification. Condos not only “rejuvenate” and diversify housing stock; they also are indirectly linked with public realm improvement and the revitalisation of commercial arteries. The City of Montreal’s housing policy still depends largely on the fiscal gains collected from homeownership and the stimulation of the construction industry. Conversion of rental property into divided condominium ownership presents another risk for more vulnerable populations by affecting the rental stock. As was expressed in the *Démain Montréal* (2013) document, the City of Montreal should avoid “leaving things to the market”; rather, it should put in place measures to counter land speculation and find better urban tools to regulate the rise in property values. While new-build condominium projects can bring benefits that can contribute to creating mixed-used multifunctional central neighbourhoods, more attention should be paid to offset the negative effects of income polarization resulting from neighbourhood change.

The limitations of this research study only allowed us to get the perspectives of a small number of condo owners or occupiers (eight people) and real estate brokers (four people), which resulted in a partial assessment of the residential trajectories, motivations, and satisfactions of condo dwellers. New avenues of research could include a structured survey

with a broader sample of randomly selected respondents combined with in-depth interviews to gain further insight. To get a clearer perspective on how condos are perceived, this type of study could be applied either solely to condo owners and investors or to a broader population. This study did not include the direct perspectives of families with children who own or occupy a condo. Interviews with this market segment could be useful in evaluating how condos actually respond to the needs of families on the ground. In addition, with many new-build and reconversion condo projects being developed in formerly industrial sites, such as Griffintown, it will be interesting to see how these areas evolve into neighbourhoods over time. Many other questions remain to be explored, for example, it is still questionable to what extent new-build condominiums are responding to Montreal's housing demand, or if they are a housing commodity model led by developers.

Ultimately, the questions to keep asking are not an attempt to continue the polarizing debate “for or against” condos or “for or against” suburbs or central neighbourhoods. The essential question is how can we provide better housing options for the needs of a broader population. With rising housing prices, homeownership is becoming more difficult, particularly for young households. Although not the sole alternative, condos are a response to the creation of more affordable housing in central areas, but more attention must be paid to how we deal with the competing city-suburb dynamic in terms of other challenges that may arise such as transportation and infrastructure costs from a metropolitan perspective.

If condos are a response to rising land values and a way to create denser neighbourhoods in highly accessible locations, we need to ensure better quality dwellings and integration within the urban landscape. How can condominium living be more accessible for those who desire an entry into homeownership, while keeping a balance with new rental housing and other housing alternatives? Finally, further reflection is required on how to make the best use of underutilized lots, since not all vacant lots are deemed for housing. In order to avoid ‘condo ghettos’, a neighbourhood-oriented planning vision should be favoured over a project-centric development approach. Condo development in new neighbourhoods undergoing change needs to be complemented with corresponding services and facilities such as schools, grocery stores, public transportation, clinics, green space, and cultural centers— assets in the creation of vibrant and healthy communities.

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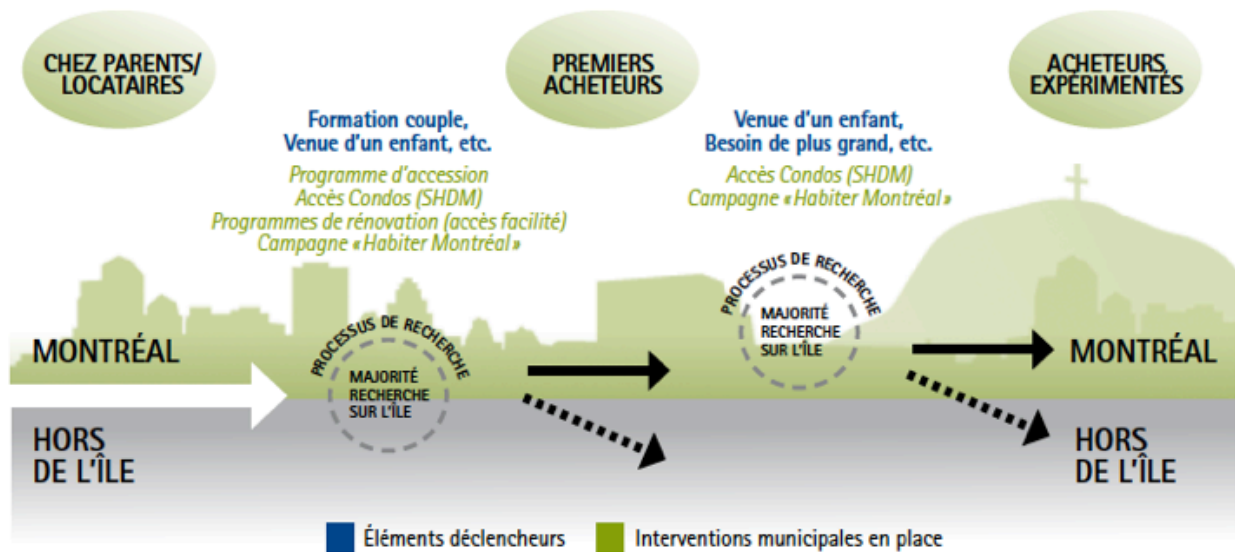
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APPENDIX

TRAJECTOIRE RÉSIDENTIELLE DES MÉNAGES SONDÉS



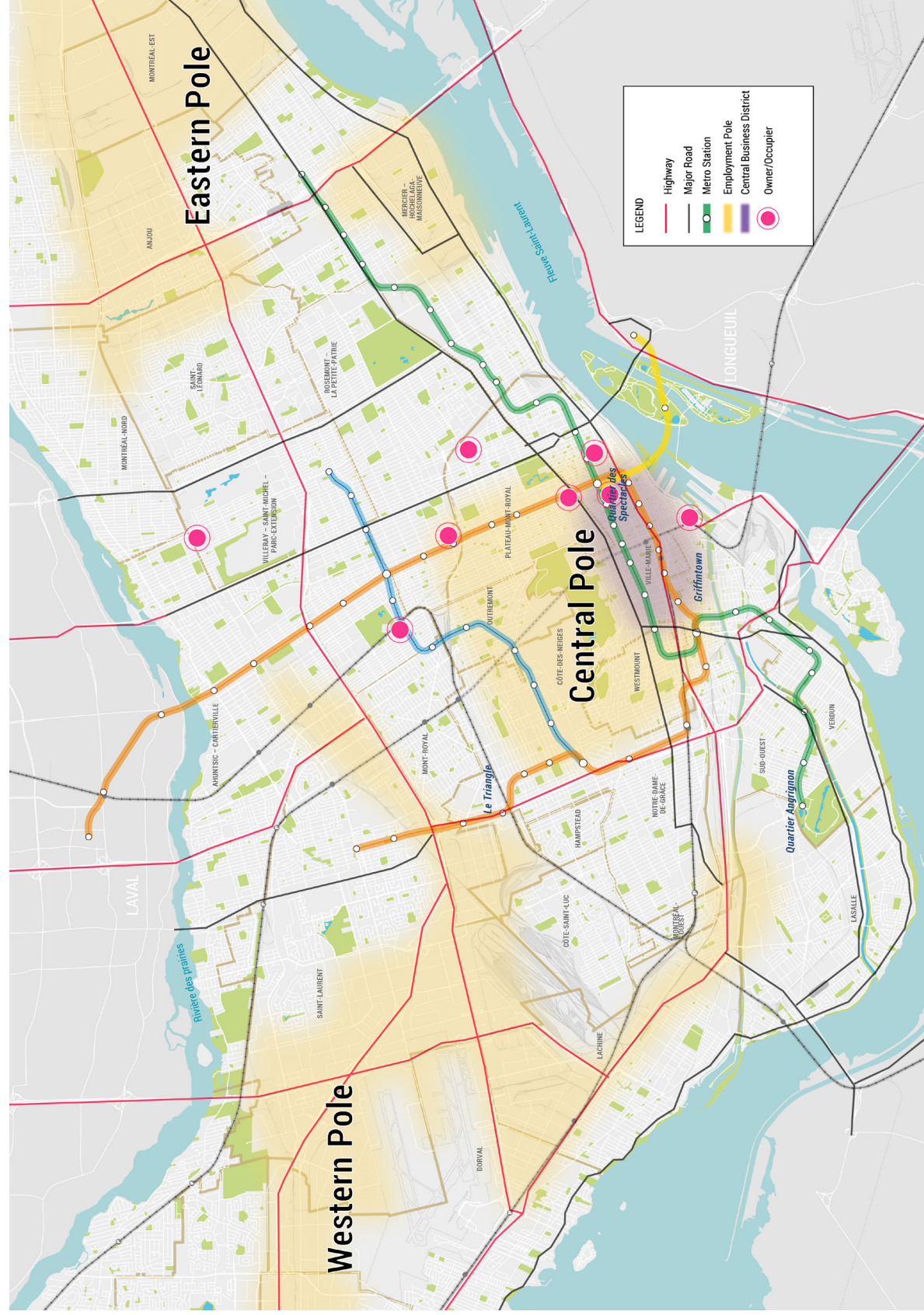
Source: CMHC, Statistics Canada - Housing Market Outlook - Montréal CMA - Fall 2014

Figure 18: Residential trajectory of surveyed households

	01	02	03	04	05	06	07	08
Gender	Male	Male	Male	Female	Male	Male	Female	Male
18-24						x		
25-34			x		x			
35-44	x			x				x
45-54								
55-64							x	
65-74		x						
75-84								
85 or more								
1 live alone			x	x		x	x	
2 people	x	x			x			x
3 people								
4 people								
5 people								
Less than \$20 000						x		
\$20 000 - \$39 999								
\$40 000 - \$59 999			x	x			x	
\$60 000 - \$79 999		x						x
\$80 000 - \$99 999	x				x			
\$100 000 or more								
Recent immigrant to Canada	2 yr	N/A	N/A	10 yr	N/A	N/A	N/A	6 yr
Building year of construction								2005
Years living in building	8 months	7 yr	2 yr	1 yr	8 months	2 yr	1 yr	2 yrs (2nd owner)
Unit size	2 br	2 BR / 2 bath	studio	1 br	2 br	2 BR	1 br	2 BR
Neighbourhood	Plateau-est, Plateau Mont-Royal Borough	Faubourg St-Laurent, Arrondissement Ville-Marie	Old Montréal, Arrondissement Ville-Marie	Parc Extension, Arrondissement Villeray, St-Michel, Parc Extension	Centre-sud, Arrondissement Ville-Marie	Arrondissement La Petite-Patrie, Arrondissement Rosemont-Petite-Patrie	Arrondissement Le Plateau Mont-Royal	Arrondissement Saint-Michel
Market segment/category	professional	Retired (empty nester)	young professional	young professional	young professional	student	professional	professional but works in lower qualified job

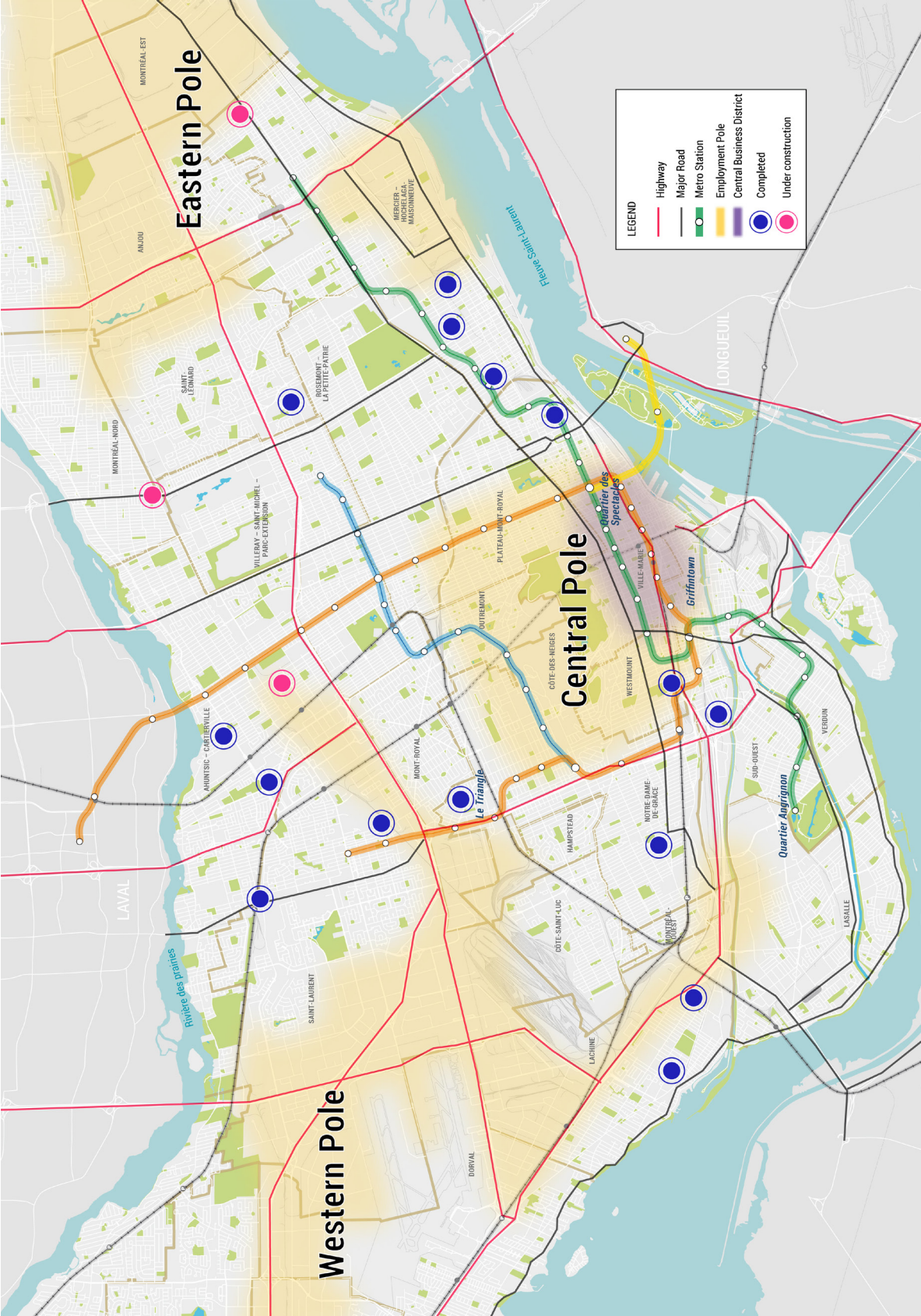
Source: Author

Table 6: Socioeconomic profile of condo owners / occupiers that were interviewed



Source: Author. Based on Carte 8 – Pôles économiques de l'agglomération de Montréal, Schéma d'aménagement.

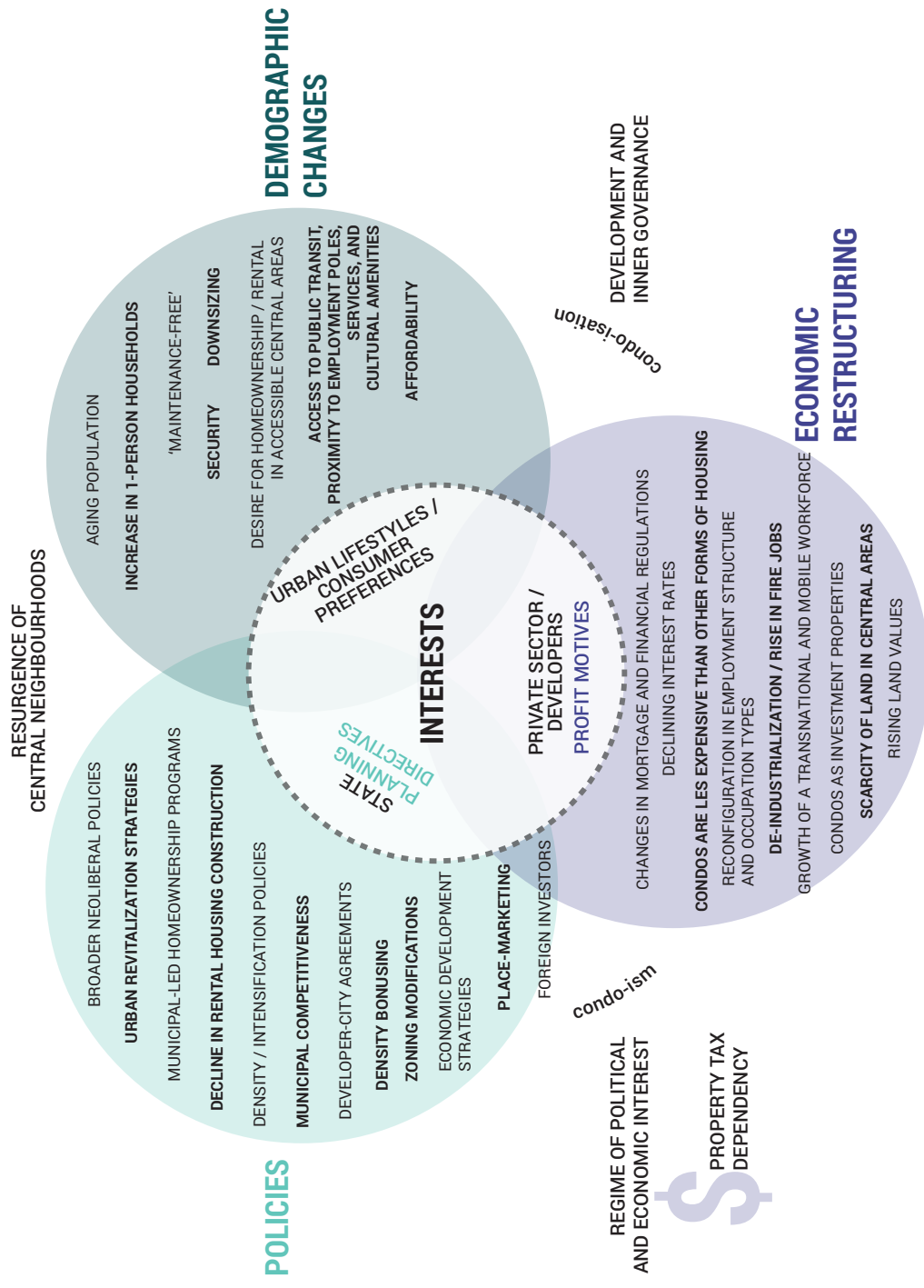
Figure 19: Residential location of owner/occupiers interviewed, employment poles and major transportation networks



Source: Author. Based on Carte 8 — Pôles économiques de l'agglomération de Montréal, Schéma d'aménagement.

Figure 20: Accès Condos projects completed and under construction, employment poles and major transportation network works

A DIVERSITY OF FACTORS CONTRIBUTING TO THE MONTREAL CONDO BOOM



Source: Author. Based on literature review.

Figure 21: A diversity of factors contributing to the Montréal condo boom

