MONTREAL CITY CENTRE

Report

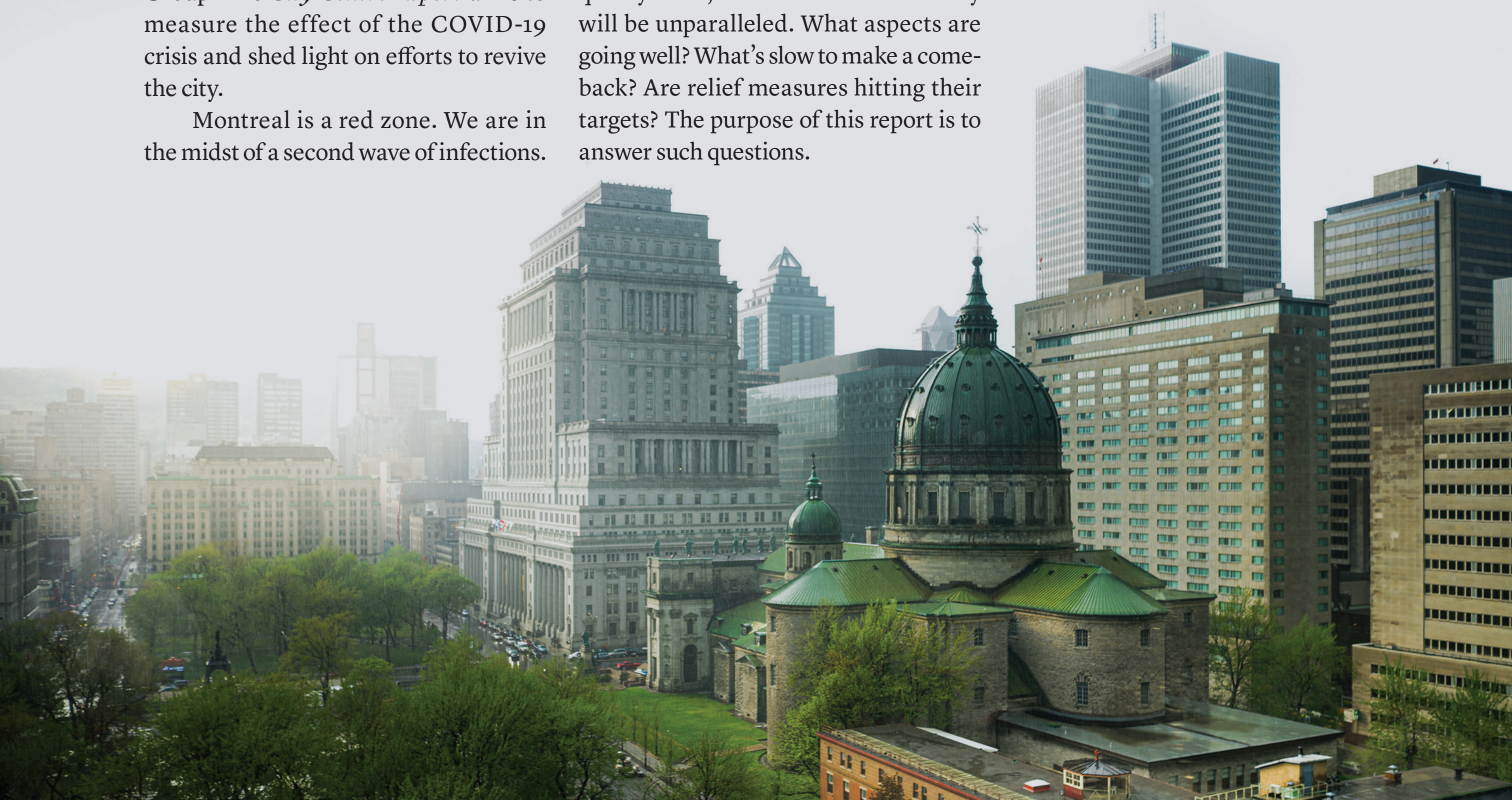
FALL 2020 1st EDITION

For more information or to view the French version ETATDUCENTREVILLE.COM

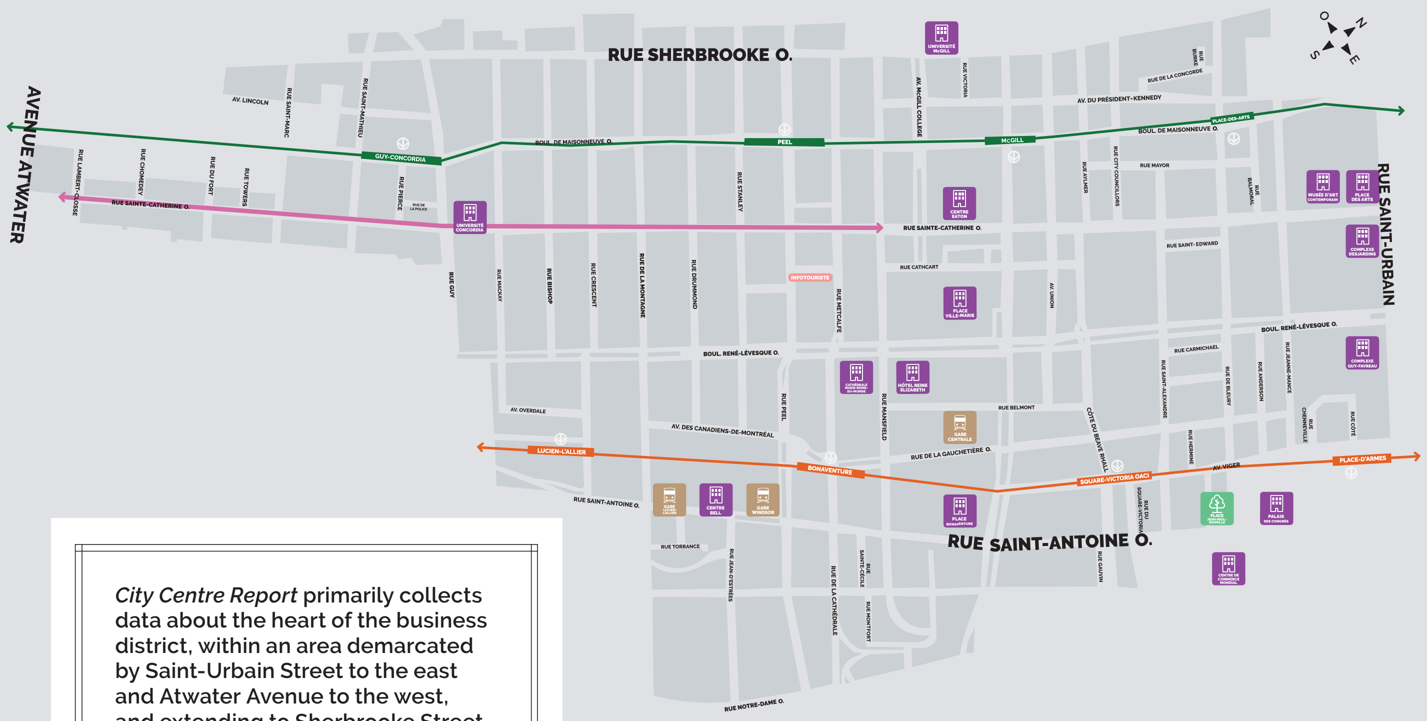
Socio-economic outlook

The *City Centre Report* (in French, *État du centre-ville*) is a free quarterly report, accessible to anyone, that provides the socio-economic outlook of Montreal's downtown core. This project is led by Montréal centre-ville and the Urban Development Institute (UDI) of Quebec (in French, Institut de développement urbain du Québec, or IDU). It is made possible through the financial support of the City of Montreal and the collaboration of public and private partners who contribute to financing the initiative or sharing the data compiled by Altus Group. The *City Centre Report* aims to measure the effect of the COVID-19 crisis and shed light on efforts to revive the city.

Montreal is a red zone. We are in the midst of a second wave of infections. While waiting for a vaccine or remedy, we must learn to live with the virus and resume whatever activities are possible in a secure manner. The downtown core has been emptied of workers, students, and tourists. The impact is widespread. Montreal's downtown is the primary driver of wealth creation in Quebec. Its vitality affects the standard of living of all Quebecers. The low occupancy rate of the city's office towers, capped at just 25% of businesses' employees, is proving multiple impacts. Everything else is connected to it: business, culture, residents' quality of life, tax revenue... The recovery will be unparalleled. What aspects are going well? What's slow to make a comeback? Are relief measures hitting their targets? The purpose of this report is to answer such questions.



Data collection area



City Centre Report primarily collects data about the heart of the business district, within an area demarcated by Saint-Urbain Street to the east and Atwater Avenue to the west, and extending to Sherbrooke Street to the north and Square Victoria to the south. The remainder of the data is collected from the entire area of the Ville-Marie borough.

% of the agglomeration	
Population	5%
Number of companies with employees 2018	15%
Number of jobs	27%
Hotels	63.40%
Offices (sq.ft)	41.7%
Housing* (Ville-Marie)	7.2%
Property value (Ville-Marie)	14.6%
Non-residential property value (Ville-Marie)	30.6%

Help with decision-making

By compiling data in six categories of indicators—office occupancy, retail business, housing, tourism, higher education, transportation/mobility—and by surveying Montrealers on their perceptions of the downtown area, this publication aims to be a helpful tool for orienting intervention strategies, adapting relief measures, and facilitating a dialogue amongst the city's leadership. The selected indicators were inspired by similar reports produced elsewhere in the world and correspond in particular to the comparison criteria used by the firm EY in its annual classification of the best areas for business in the world (*The Attractiveness of Global Business Districts report*).

Free, accessible to everyone, unbiased

City Centre Report comes in the form of a quarterly summary report available through the site **etatducentreville.com** and a newsletter review sent to members and partners of UDI and Montréal centre-ville. The information will also be published on social media and provided as a special insert in *Montréal centre-ville* magazine. The data presented in this report will also be available on Montreal's open data website (donnees.montreal.ca). No matter what the form, *City Centre Report* is free. It was created for public decision-makers, businesspeople, university researchers, and citizens. *City Centre Report* has no political bent. It publicizes quality data, updated every quarter, which can be used by any group, citizen, or association that is concerned with the success of Montreal and of Quebec in general.

FINANCIAL CONTRIBUTORS

An initiative of Montréal centre-ville and the Urban Development Institute (UDI) of Quebec

MONTRÉAL CENTRE—VILLE

IDU Institut de développement urbain du Québec

In partnership with the City of Montreal

Montréal

DATA SOURCES

- Hotel Association of Greater Montreal
- BIXI
- Traffic counters for Sainte-Catherine Street
- Indigo, property owners, QPAREB and CMHC
- Inventory of vacancies (downtown Montreal)
- Ministère du Tourisme
- Palais des Congrès de Montréal
- Société de transport de Montréal
- Tourisme Montréal
- City of Montreal
- Web survey of 1,000 Montrealers
- Altus Group
- Montréal centre-ville

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What are the functions?

The indicator categories are referred to as the "functions" of the city centre. Every edition will include an overview in the form of a chart visualizing the evolution of key data compared to the same period in 2019 for each function. Additional charts exploring each function in isolation will provide complementary information. The data will be analyzed in general terms. *City Centre Report* may, if necessary, include expert commentary if certain situations require a more detailed explanation.

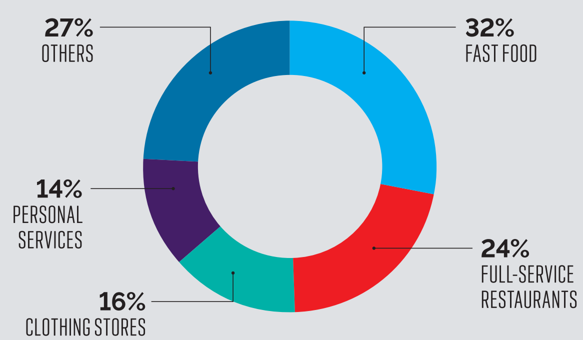
01

Business

THE SELECTED INDICATORS ARE: NUMBER OF OPEN BUSINESSES, NUMBER OF CLOSED BUSINESSES, NUMBER OF VACANCIES.

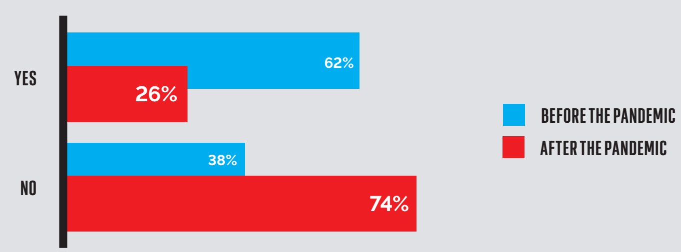
In this category, we're particularly interested in the evolution of activities based on business type in order to get an idea of which activities are in recovery or in decline. In this first issue, we've particularly highlighted the devastating effect of the crisis on the restaurant sector, as shown in the chart below. Overall, 36% of respondents stated they had ceased or reduced their patronage of downtown businesses or restaurants, which explains why, in August, 26% of all downtown businesses were vacant.

Temporary or definitive closures



Data source: Field survey by Altus Group, August 20, 2020

Do you patronize businesses or restaurants in downtown Montreal occasionally or regularly?



Data source: Web survey of close to 1,000 respondents in the census metropolitan region (CMA) of Montreal, Altus Group, August 2020

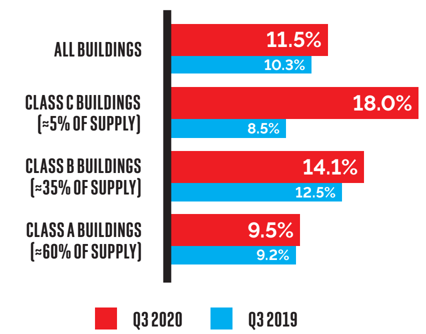
02

Offices

THE SELECTED INDICATOR IS THE VACANCY RATE IN OFFICE BUILDINGS, INCLUDING SUBLETS.

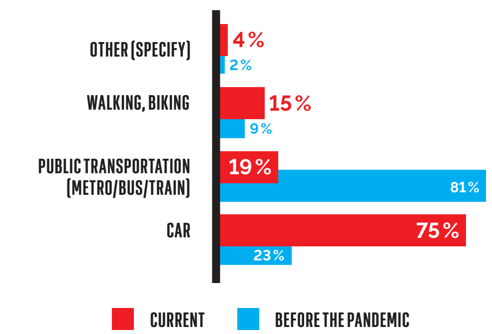
For the time being, the long-term effect of the crisis is hard to predict. However, comparisons of the third quarters of 2019 and 2020 reveal the magnitude of the impact. The following tables present three measurable phenomenia: the significant change in the vacancy rate of office buildings; the strong desire (92%) of survey respondents to continue working from home after the pandemic; and the almost direct relationship between the decline of public transportation use and the increase in the use of a personal vehicle to get to work in the downtown area. Only time will tell if this will remain the same post-pandemic.

Availability of office space as % of supply



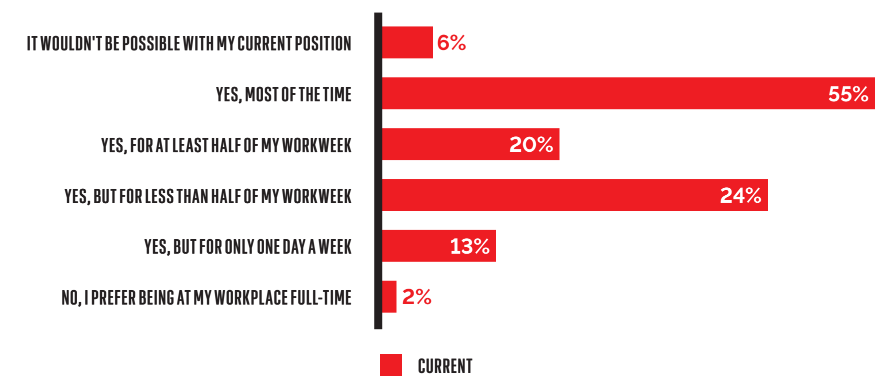
Data source: Altus Group InSite, October 2019 and 2020 (quarterly)
Vacancy rate: Availabilities as % of supply

Preferred method of transportation for getting to work



Data source: Web survey of close to 1,000 respondents in the census metropolitan region (CMA) of Montreal, Altus Group, August 2020

Would you like to continue working at home?



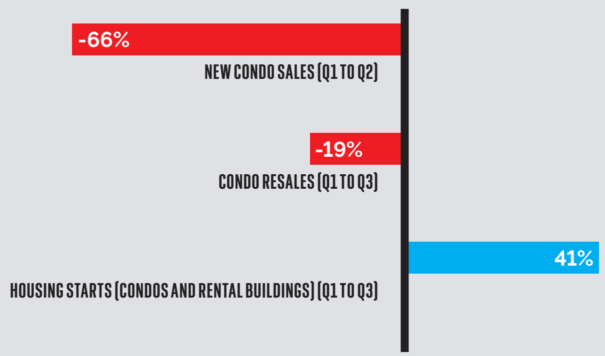
Data source: Web survey of close to 1,000 respondents in the census metropolitan region (CMA) of Montreal, Altus Group, August 2020

03 Housing

THE SELECTED INDICATORS ARE: THE NUMBER OF HOUSING STARTS, THE NUMBER OF SALES, AND THE NUMBER OF RESALE MARKET LISTINGS.

The housing market was hot before the crisis. What state is it in now? The following graph presents varying situations that require further details. The increase in housing is due to decisions made before the pandemic. Regarding the sharp fall in condo sales or resales, two phenomena may be contributing factors. It could be due to a temporary slowdown in the market due to restrictions on travel or the expression of a loss of interest in the downtown area as a residential location. The coming months will clarify the situation.

Evolution of the residential market



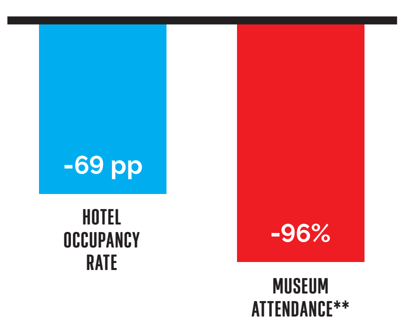
Data sources:
- QPAREB by Centris® - Ville-Marie borough – Q1 to Q3 2020 vs. Q1 to Q3 2019
- Altus Group Condo Apartment Monitor – Downtown Montreal, Q1 to Q2 2020 vs. Q1 to Q2 2019
- CMHC – Housing starts –Ville-Marie borough – Q1 to Q3 2020 vs. Q1 to Q3 2019

04 Tourism

THE SELECTED INDICATORS ARE: MUSEUM ATTENDANCE, OCCUPIED ROOMS, AVERAGE DAILY RATES, REVENUE PER AVAILABLE ROOM, AND NUMBER OF TOURISTS AT HOTELS.

In this category, we attempt to evaluate how Montreal is recovering as a destination, both for business tourism and for leisure travel. Currently the summer of 2020 is obviously a lost season as seen opposite, with a collapse in visits to museums and a sharp decline in hotel occupancy.

Hotel occupancy and museum attendance



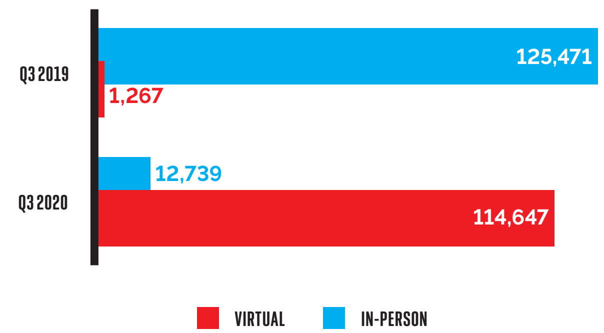
Data sources: Tourisme Montréal and number of people attending museums
**Château Ramezay (ticket office), Bonsecours Market, Marguerite-Bourgeoys Museum and Notre-Dame-de-Bon-Secours Chapel, McCord Museum and Musée d'art contemporain

05 Higher education

THE SELECTED INDICATOR IS: THE NUMBER OF STUDENTS ENROLLED IN ONLINE AND ONSITE COURSES.

As a hub for universities with international influence, Montreal has been emptied of its student population. While the third quarter does include the summer period, the number of students present in the downtown core has still fallen by 90% this past summer. Note that the data here are incomplete—our extrapolation is based on information obtained from Concordia University and the Bureau de coopération interuniversitaire (BCI).

In-person or virtual enrolment at higher learning institutions



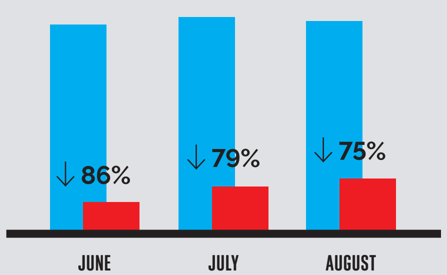
Data source: estimation based on data provided by the Bureau de coopération interuniversitaire (BCI), August 2020

06 Traffic and mobility

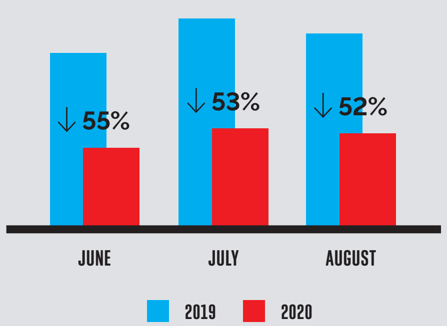
THE SELECTED INDICATORS ARE: NUMBER OF TRIPS MADE WITH BIXI, USE OF PARKING SPACES, THE NUMBER OF USERS OF THE SOCIÉTÉ DE TRANSPORT DE MONTRÉAL, AND THE REVENUE FROM PARKING METRES.

In this category, we measure the transportation methods by which people come and go from the city centre in order to understand the evolution of their behaviour. The following charts show significant declines in trips into and out of the city, irrespective of the transportation method, while a preference for cars as the preferred method of transportation is obvious during the summer period of the pandemic, based on the use of parking meters. The revenue from downtown parking metres in August 2020 was 17% lower than the previous year.

STM – Number of users/month



BIXI – Number of users/month



Summary chart

In each issue of *City Centre Report*, we will present the following summary table showing the series of key indicators we will be tracking for each quarter.

Offices **Availability as % of supply**	**Results**		**Variation**	**Indicator**	**Date**	**Monthly/ Quarterly**
	Q3 2019	**Q3 2020**				
Class A buildings (≈60% of supply)	9.2%	9.5%	0.3 pp	↔	October	Monthly
Class B buildings (≈35% of supply)	12.5%	14.1%	1.6 pp	↗		
Class C buildings (≈5% of supply)	8.5%	18.0%	9.5 pp	↑		
All buildings	**10.3%**	**11.5%**	**1.2 pp**	↗		

Source: Altus InSite

Commercial **Vacancy rate - By sector**	**Temporary closure (%)**	**Vacant premises (%)**	**Date**	**Monthly/ Quarterly**
Ste-Catherine Street	7%	11%	August 20	Quarterly
Shopping malls	10%	8%		
Office buildings/station	53%	1%		
Elsewhere	17%	11%		
Average	**16%**	**10%**		

Commercial **Vacancy rate - By type**	**Temporary closure (%)**	**Vacant premises (%)**	**Date**	**Monthly/ Quarterly**
Fast food	28%	4%	August 20	Quarterly
Full-service restaurant	15%	9%		
Clothing stores	6%	10%		
Personal services	11%	3%		
Other	10%	17%		
Average	**16%**	**10%**		

Source: Altus field survey

Housing (Ville-Marie)	**Results**		**Variation**	**Indicator**	**Date**	**Monthly/ Quarterly**
	Q1 to Q3 2019	**Q1 to Q3 2020**				
Condo starts	1035	1267	22%	↑	January to September	Monthly
Rental building starts	988	1578	60%	↑		
Housing starts (condos and rental buildings)	2023	2845	41%	↑		Quarterly
	Q1 to Q2 2019	**Q1 to Q2 2020**	**Variation**	**Indicator**		
New condo sales	1482	498	-66%	↓	January to June	Quarterly
	Q1 to Q3 2019	**Q1 to Q3 2020**	**Variation**	**Indicator**		
Condo resales	1301	1056	-19%	↓	Jan. to September	Monthly
	Q3 2019	**Q3 2020**	**Variation**	**Indicator**		
Condo resale listings	917	1295	41%	↑	June to September	Quarterly

Source: QPAREB by Centris® - Borough of Ville-Marie - Q1 to Q3 2020 vs. Q1 to Q3 2019 / Altus Group Condo Apartment Monitor - Downtown Montreal Q1 to Q2 2020 vs. Q1 to Q2 2019 / CMHC - Housing starts - Borough of Ville-Marie - Q1 to Q3 2020 vs. Q1 to Q3 2019

Tourism	**Results**		**Variation**	**Indicator**	**Date**	**Monthly/ Quarterly**
	August 2019	**August 2020**				
Occupancy rate	88%	19%	-69 pp	↓	August	Monthly
Occupied rooms	443,648	97,483	-78%	↓		
Average daily rates*	$213	$139	-35%	↓		
Revenue per available room*	$187	$26	-86%	↓		
Number of tourists at hotels*	665,472	146,225	-78%	↓		
Museum attendance**	228,254	8,054	-96%	↓	July / August	Monthly

Source: Tourisme Montréal / * Montreal Island/urban area, 68.3% of rooms in the borough of Ville-Marie out of the total for the Island of Montreal /
** Château Ramezay (ticket office), Bonsecours Market, Marguerite-Bourgeoys Museum and Notre-Dame-de-Bon-Secours Chapel, McCord Museum and Musée d'art contemporain

Higher Education **Number of students based on geographic origin (universities and Cégep)**	**Results**		**Variation**	**Indicator**	**Date**	**Monthly/ Quarterly**
	Q3 2019	**Q3 2020**				
Quebec & Canada	102,552	104,934	2%	↔	September	Quarterly
International	24,186	22,452	-7%	↘		
Total	**126,738**	**127,386**	**1%**	↔		
Number of registered students (full-time and part-time present in downtown Montreal)	**T3 2019**	**T3 2020**	**Variation**	**Indicator**	**Date**	**Monthly/ Quarterly**
In-person	125,471	12,739	-90%	↓	September	Quarterly
Virtual	1,267	114,647	8946%	↑		
Total	**126,738**	**127,386**	**1%**	↔		

Source: BCI and administrations of McGill, Concordia and UQAM as well as the Cegeps Dawson and LaSalle College / Fall 2019 vs. Fall 2020

Lots of the data presented in this report will also be available on Montreal's open data website, at: **donnees.montreal.ca**