

Montreal Real Estate Gets Fancy

Cranes bloom across the Canadian city's skyline as prices rise, homes sell and new luxury developments come on the market.

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Sept. 28, 2017 10:18 a.m. ET

By

Leigh Kamping-Carder

For the first time in years, Montreal is a seller's market.

Homes, particularly luxury condos, are selling in unprecedented numbers. Prices are inching upward. And [Canada's second-largest city](#)—long considered underdeveloped [compared with Toronto and Vancouver](#)—is seeing a burst of high-end development thanks to a booming economy and increased interest from Chinese buyers and empty nesters.

A record-setting 13,764 homes sold in the Montreal metro area in the second quarter of 2017, an 8% increase over the same period a year ago, according to the Greater Montréal Real Estate Board. Condo sales jumped 17% to 4,487—a record for the second quarter in a row—and the median sales price increased 3% to 245,084 Canadian dollars, or \$196,312.

Bonjour, Montreal

Canada's second largest city is seeing a high volume of home sales and a burst of high-end development

Montreal, which celebrates its 375th anniversary this year, is seeing an unprecedented number of home sales and a burst of high-end condominium

development. In Old Montreal, narrow streets and brasserie patios evoke the city's European feel.

Valeria Bismar for The Wall Street Journal

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Much of the gain is at the high end: Sixty-five condos priced over C\$1 million, or \$801,000, sold in the first half of 2017, a 51% increase compared with the first half of 2016, according to Sotheby's International Realty Canada. At developer Daniel Revah's latest project, Le 1420 Boulevard Mont Royal, about 1,000 potential buyers registered on a teaser site in just over a month after presales started in the spring, he said. The average asking price for the development's 200 apartments tops C\$1 million, or \$801,000, with penthouses asking C\$5.5 million, or \$4.41 million—high prices for Montreal.

Cranes are blooming across downtown. And more expensive projects are being built with gyms, indoor pools, built-in retail space and other perks designed to lure affluent families and downsizing baby boomers.

Sonia Ah-Kye, a 35-year-old anesthesiologist, and her husband Christopher Aguba, a 35-year-old application analyst, paid \$1.05 million for their three-bedroom apartment in late 2015, excited to live steps from restaurants, shops and their workplaces. But when the couple learned a baby was on the way, "all our priorities changed," Ms. Ah-Kye said. So they listed the 2,300-square-foot unit for \$1.24 million in March—about 18% more than they paid. They have since rejected several offers, content to wait for the right price, Ms. Ah-Kye said.



Sonia Ah-Kye and Christopher Aguba have listed their three-bedroom apartment for \$1.25 million. Photo: Oliver Parini for The Wall Street Journal

A historically French-speaking city, Montreal can feel more like Europe than North America. Old Montreal's twisty brick streets and brasserie patios evoke Paris. Street signs are in French. One of the skyline's most distinctive features is the green dome of St. Joseph's Oratory of Mount Royal, an imposing Catholic monument.

The city's history also explains its relative lack of real-estate development. In the 1970s, the rising popularity of the Quebec separatist movement, which supports the French-speaking province's independence from majority English-speaking Canada, prompted an exodus of English speakers and businesses, many of whom relocated to Toronto, enshrining that city as Canada's financial capital.

The movement has waxed and waned over the years. Recently, residents and businesses faced uncertainty in the lead-up to the 2014 provincial election, as the incumbent Parti Quebecois, which ran candidates promoting separatism, faced the Quebec Liberal Party. The Liberals prevailed, quelling fears of a referendum on the issue. An accompanying drop in oil prices also slowed the outflow of Quebec residents to oil-producing provinces, and a drop in the Canadian dollar and interest rates boosted the housing industry, said Robert Kavcic, a Toronto-based senior economist at BMO Capital Markets.

In July, Quebec's unemployment rate fell to 5.8%, the lowest rate since Statistics Canada began tracking comparable data in 1976. Public-private partnerships are investing in infrastructure, including the revamped Champlain Bridge and McGill University Health Centre's new hospital complex.



The couple listed the 2,300-square-foot unit for \$1.24 million in March. Photo: Oliver Parini for The Wall Street Journal

A younger generation has embraced bilingualism, a shift from decades of language-related tension. Most people in the city speak both French and English, making it less daunting for foreigners to invest. While foreign buyers account for less than 2% of home purchases in the Montreal metro area, the number was up 37% in the first quarter of 2017 versus the same period in 2016, according to the Canadian Mortgage and Housing Corporation.

Air China launched the city's first direct flight to China in 2015 with its non-stop route to Beijing, and in February Air Canada introduced a direct flight to Shanghai. And attention has turned to Montreal after provincial governments imposed a 15% foreign-buyer tax on residential sales in [Toronto](#) and [Vancouver](#).

One of the city's most ambitious projects under construction is the Four Seasons Hotel and Private Residences Montreal. "There's a bit of a void in the

marketplace” at the ultraluxury end, said Andrew Lutfy, chairman of Carbonleo, the developer.



Historically French-speaking, Montreal can feel more like Europe than North America. Photo: Valeria Bismar for The Wall Street Journal

The \$200 million development will include 210,000 square feet of luxury retail and dining, 166 hotel rooms and 18 residences ranging from 2,886 to 6,910 square feet and priced from about \$2.8 million to \$12 million—what local real-estate professionals say would be a record price for the public sale of a Montreal condo.

With its contemporary look, the project’s appeal skews slightly younger than other luxury projects, with potential buyers ranging from 45 to 65 years old, building officials said.

In 2017, real-estate investor and developer Andre Diamond closed on the \$5.99 million purchase of 14 planned apartments in an under-construction tower in the downtown luxury shopping district known as Golden Square Mile. He then combined the units—all on one side to capture views of Mont Royal—into six: One three-bedroom, two two-bedrooms, two duplex three-bedrooms and a single-level penthouse spanning 2,100 square feet. Mr. Diamond chose elements like free-standing tubs with skyline views to appeal to buyers accustomed to Miami-style finishes. He left the duplexes and penthouse raw to court choosy shoppers. The units range from \$1.02 million to \$2.18 million.

Still, real-estate professionals don't predict the kind of frenzy that has taken hold of other cities. Bidding wars are occasional; open houses typically don't attract round-the-block lines.



Stephen Kucer and Rona Katz listed their house in February for \$1.28 million.
Photo: Oliver Parini for The Wall Street Journal



The couple say they will likely stay in Montreal. Photo: Oliver Parini for The Wall Street Journal

“The upward pressure on the price in Montreal is much more modest when compared with the same dynamic in Toronto and Vancouver,” said Sotheby’s president and CEO Brad Henderson.

“Are you going to have a bubble? No, unlikely. But the market is strong,” said Amy Assaad of Royal LePage Heritage, who is listing Ms. Ah-Kye’s home.

Stephen Kucer, a 57-year-old engineer at a building-products manufacturer, and Rona Katz listed their house in February for \$1.27 million.

The couple moved into the 3,200-square-foot home about 15 years ago, but their two daughters are grown and their son might move out next year. The family rarely uses the formal living and dining rooms or extra bedrooms, said Ms. Katz, 56, a digital-content manager.

Still, they will likely stay in Montreal. "The Montreal Canadiens haven't won the Stanley Cup in a couple years," he said. "But there's always hope."