

Now you can buy a small office downtown

Condo offices with business centre are a new concept

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SPECIAL TO THE GAZETTE

If necessity is the mother of invention, Yves Durand's needs may have spawned an innovation in Montreal's commercial real estate market.

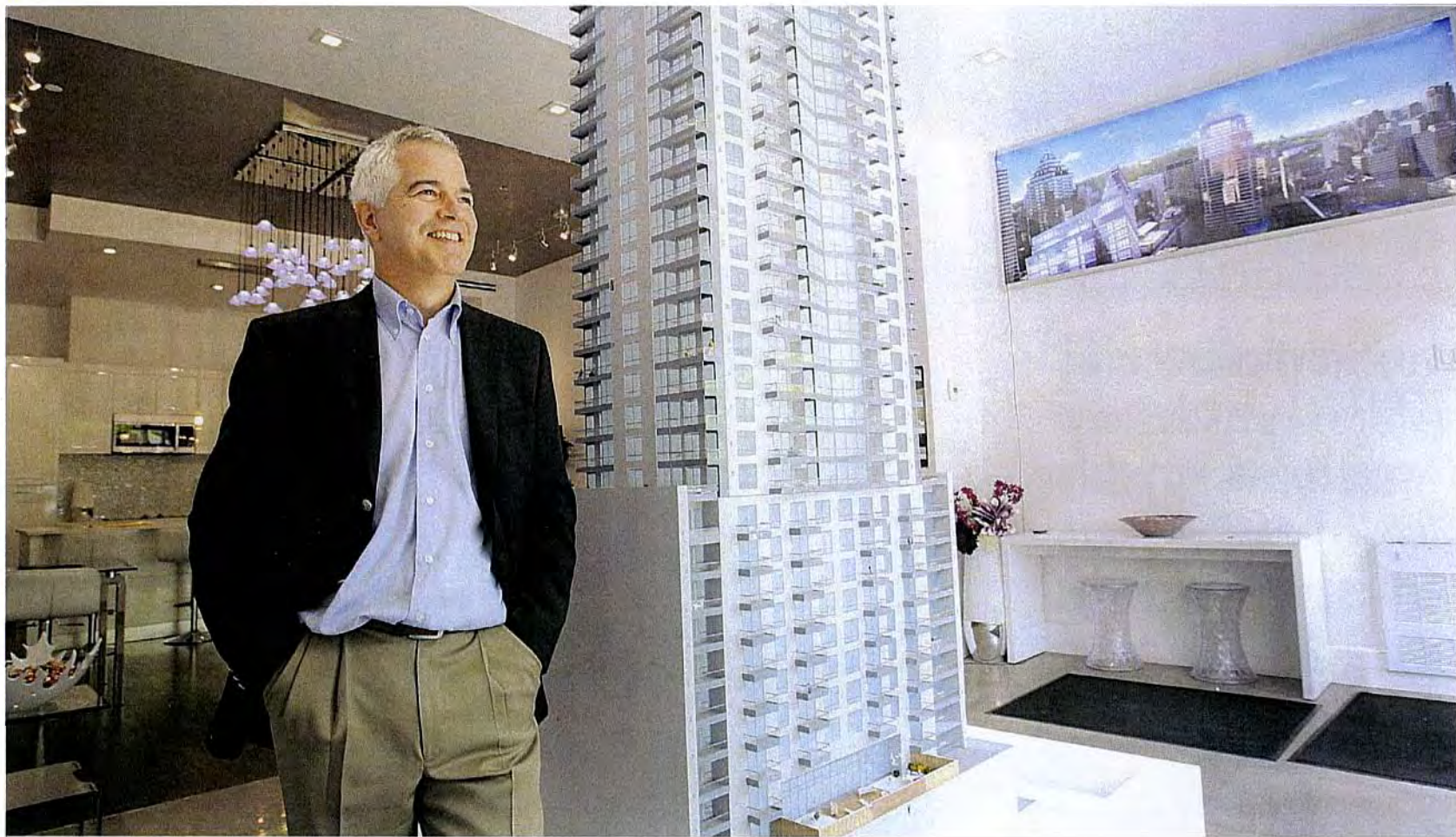
Durand, a self-employed business consultant with Société de Conseil Durany Inc., has an office in his Town of Mount Royal home. But when he's working, he prefers to experience the city's buzz, so he rents an office in a business centre in Old Montreal.

"It's an ordinary, practical space and there's no opportunity to personalize it because I don't own it," he said of his rented space. "I'd like to put my nice home office there, but you can't find homey offices in business centres. The only way I can have that is to build it."

His consulting experience specializing in condo hotel, hotel residence and fractional ownership investments in Canada and abroad gave Durand the idea of adapting the condo hotel model to Montreal's commercial office market. He recently announced the launch of 1188 Union, the city's first condo office project.

"Right now, you can rent a small office, but you can't buy 500 square feet of office space for a small business," he said. "We'll sell spaces of 200, 300 or 400 square feet. When you're not in the office, you can rent it out. It's the same concept as a condo hotel."

For a central downtown location, Durand turned to Les Développements Pandev Inc., which is building the TOM residential condominium project on University St. at



MARIE-FRANCE COALLIER/THE GAZETTE

Yves Durand says his 1188 Union project, selling condo office units, could spawn a trend in the commercial real estate market.

René Lévesque Blvd., across the street from Place Ville Marie. He bought the fourth and fifth floors with a view to building 46 offices that will congregate around a full-service business centre.

The market for the offices, he says, is self-employed people who don't want to work at home, professionals who need attractive office space in which to meet clients, out-of-towners who visit Montreal periodically to conduct business, and investors who will rent out their spaces and benefit from rental revenues and ownership equity.

"I'm an investor. I invested in a condominium at the St-Sulpice, a condo hotel in Old Montreal," he said. "I liked the concept and was on the board of directors of the con-

do association." Durand says the 1188 Union project could spawn a trend in the commercial real estate market. In fact, without any marketing, he has already sold 16 of the 22 units on the fourth floor through word of mouth.

"I think this concept will evolve in Canada and the rest of North America," he said. "People's needs have evolved in the past 30 or 40 years and although the residential condo market has kept up, the commercial office market hasn't. This is a product that doesn't exist yet."

While doing some market research, Durand called the sales office of a new condo building under construction to ask if he could buy office space in it.

"They didn't understand

what I was talking about because it's not a paradigm here," he said, adding that there is a condo office building in Toronto, but it has no business centre services.

He says the 1188 Union project will permit buyers to decorate their offices as they wish. Units can include a wet bar and a powder room with a shower; some will have loggias or balconies.

"You could even put a sofa bed in it in case you end up working late and want to sleep there," he added. "The idea is to have the comforts of a home office in a downtown commercial office."

Units will range in size from 180 square feet to almost 600; prices will range from \$87,000 to \$400,000, which includes furnishings. Monthly

fees will cover the communal spaces in the business centre, which will offer receptionists and an answering service, a concierge service, administrative assistants and conference rooms. Owners will also have access to the fitness facilities, spa and swimming pool in the TOM residential building. Monthly condo fees will be 33 cents per square foot and the cost of the business centre will be \$1.11 per square foot.

Durand estimates the units that are rented out can generate revenue of between \$6 and \$11 per square foot.

One buyer who works in Montreal's hotel industry says he bought a unit in the project to "diversify my investment portfolio. Also, I was looking for possible ways

of working when I'm semi-retired. I am a chartered accountant by trade and could do some consulting." Meanwhile he will use his condo office as an investment that he believes will accrue in value.

"I bought two adjacent units, a small one of 125 square feet and another of 325 square feet in case I want to work there with an assistant. I'd have the option of joining the two offices."

Durand has partnered on the project with consultant Hélène Béique, architect Jacques Béique and François Guité, a co-founder of Groupe Immobilier Celico. The 1188 Union is expected to be ready for occupancy by 2015.

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Condo offices offer small businesses and the self-employed a chance to own space downtown. Page C3



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