



Alex Kotler and Barry Kotler

Venerable Developer

Monit's versatility and vision span the real estate spectrum from suburban subdivisions to a downtown conference centre

BY ERIC HAMOVITCH

It covers a wide gamut. It includes local landmarks familiar to generations of Montrealers, though some parts are newer. The centre of gravity lies in downtown Montreal, though it extends north to Mirabel and south to Miami Beach. We're looking here at the remarkable real estate portfolio assembled, developed and revitalized over the last half century by the Kotler family of Montreal and its corporate entities, including Monit International Inc., Monit Investments, and management unit Monit Management Ltd.

Monit's generally low-key style belies its extensive scope. The company operates buildings in Quebec and five U.S. states totalling 8.5 million square feet, not to mention more than 300 million square feet of land in Quebec (equivalent to about thirty square kilometres!) acquired for current or future development. It has been able to accumulate these holdings while maintaining independent family ownership. To understand how this company got to where it is, let's begin at the beginning.

Many Montrealers are aware of a ten-storey building at 460 Ste. Catherine Street West, a block east of Phillips Square, with branches of Future Shop and Pharmaprix occupying its first two floors. The tenant list upstairs covers an eclectic range, including high-tech startups and avant-garde art galleries. In an earlier era, this sprawling structure was home to several factories working in the needle trade. In 1948, one of these factories hired an ambitious young immigrant named Alex Kotler as a cloth cutter. He didn't stay long, moving on to other things in rapid succession. He could scarcely have imagined that he would one day own the building where he earned his first pennies in Montreal.

Alex Kotler was born in what is now Ukraine. After surviving harsh conditions in the Second World War, he wound up in Italy, where he lived a couple of years before emigrating to Montreal. After leaving his initial job

as a cloth cutter, he became a door-to-door pedlar, selling household furnishings. Soon afterwards he opened a furniture store on St. Lawrence Boulevard, serving a mostly immigrant clientele. Some of his customers were prospering in their new homeland, and they began looking for bigger homes into which to put their new furniture.

In 1950 Alex Kotler bought his first piece of land. It was situated in Laval, which then consisted of fourteen towns and villages spread around Île Jésus, with a total population of 38,000. (The number of inhabitants has multiplied tenfold since then.) He subdivi-

Monit has distinguished itself in several important ways.

For example:

- the portfolio encompasses every significant part of the real estate industry—office, industrial, retail, hotel, residential, and conference;
- high standards of management are exemplified by innovations such as being the first in Canada to offer hotel-style concierge service in its higher-category office buildings; and a private club for office tenant use;
- buildings in the portfolio undergo periodic renewal and redevelopment, demonstrating the company's long-term commitment to its properties—the opposite of a quick-flip mentality.

vided the land, selling some lots to builders and constructing houses on other lots himself. Then he bought more land, and the process continued, resulting in thousands of new houses. Later he also developed buildings with hundreds of apartments, including Sillery Plaza in Quebec City. He takes great pride in the role he played in the development of Laval. It is a role that he continues to play, with new projects moving ahead.

Monit is probably best known today for its downtown office buildings, but the company didn't branch out into commercial real estate until the early 1970s, and it was only later in

"When tenants receive the right sort of service," says Pierre Cuccioletta, Vice-president of Operations and Construction at Monit. "they're never in a hurry to leave."

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Multi-disciplinary experts: the leasing team

The leasing process in real estate is rarely anything less than an intricate undertaking. It involves guiding the tenant through the complex process of relocating existing operations; establishing benchmarks in terms of the new premises' physical requirements; and negotiating the details of what the tenant requires financially. Then the parties must draft a document that reflects the concerns of both tenant and landlord. Proof that this process works well is when a tenant of Monit moves seamlessly into one of the company's buildings—with no surprises along the way.

The "no surprise" factor is a function of experience, and Monit's leasing team is steeped in real estate training and professionalism. The five individuals who form the front line of the group are all long-term veterans of the industry, all thoroughly seasoned in the practice of taking tenants through the steps of negotiation, construction, relo-



Richard Glickman
Executive Vice-President

cation and documentation. They work in conjunction with Monit's in-house counsel and lease administrator, as well as with the company's operations and construction departments, to ensure that tenants receive precisely what they expect and that the process is smoothly managed.

"Our leasing people," says Richard Glickman, Monit's Executive Vice-President, "have to understand construction. They have to understand legal work. They have to understand the needs of the tenant, even down to an emotional level because relocations often involve a lot of stress. When someone buys a house, the house is already there, it exists. But when we sign a lease with a tenant, we're effectively creating a new product every time. It's a multi-step process, and our leasing team takes things entirely in hand."

Monit works with outside brokerage houses, as well as with tenants directly. As Glickman puts it: "Whether it be a 250 square foot tenant, or a 200,000 foot tenant, we aim to

guide them through the process as best we can, and we treat all of our clients with respect." □

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that decade that the first major downtown acquisition was made.

Buildings owned and/or managed by Monit in downtown Montreal include two premier buildings on Sherbrooke Street between Metcalfe and Mansfield. These are the Scotia Tower, completed in 1990, and the adjacent 1000 Sherbrooke West, incorporating the Mount Royal Centre, formerly the headquarters of the International Civil Aviation Organization. The lower floors have been meticulously adapted to create a one-of-a-kind conference centre that offers an unparalleled range of facilities for meetings and conferences (see the accompanying story, *Mount Royal Centre: drawing events to Montreal*).

nearby clothing district by a new underpass. In Laval, Monit continues work on the upscale *Val des Brises* residential development in the Duvernay area, with 800 houses erected in the last five years and a total of 2,100 projected. After assembling the land, Monit created the master plan and infrastructure, with lots sold to independent builders. The company has left open the possibility of doing some construction of its own here in the future. Dubbed the Westmount of Laval, *Val des Brises* is noted for distinctive urban design elements that include extensive parkland and other green spaces.

Further north, a large plot of land along the Laurentian Autoroute

According to some industry estimates, Monit is now the third largest landlord in Montreal, after SITQ and Oxford. "We don't spend a lot of time looking at how big we are in relation to others," says Richard Glickman, Monit's Executive Vice-President. "Our goal is to be number one to our tenants. We offer them effective management, and this results in very low turnover."

The downtown portfolio also comprises upgraded office buildings at 2155 Guy, 2055 Peel and 1255 University, as well as two medical buildings, the Medical Arts Building at Sherbrooke and Guy, and the Drummond Medical Building, whose renovation won prestigious industry awards. In addition, there is that legendary building at 460 Ste. Catherine West plus a large 12-storey structure at 400 de Maisonneuve West forming the heart of the city's long-established fur district.

North of downtown, Monit is half owner of the 600,000-square-foot Place Crémazie office complex and manages the industrial building at 1625 Chabanel close to Autoroute 15, which is linked to the

in Mirabel has been set aside for a super-regional shopping centre set to house major discount outlets, with more than one million square feet of leasable space. Numerous discount malls of this calibre exist in the United States, but none yet in Canada. A well known U.S. shopping centre developer has come in as a partner, and construction is planned to begin later this year. An entertainment component is envisaged, and the centre's location along the main artery leading to the Laurentians could help make it a destination for family outings, drawing customers from well beyond the Montreal area. Nearby land is being developed for major residential purposes and an industrial park.



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1000 Sherbrooke Street West

It's an unusual building, to say the least. From the outside, it looks like a handsome if rather ordinary office tower. On the inside, it's a different story. The 27-storey building at 1000 Sherbrooke Street West, which has occupied its site across from the McGill campus for over 25 years, was designed to meet the distinctive requirements of the International Civil Aviation Organization, a United Nations body that moved to new quarters on University Street in 1996. For several years the Sherbrooke Street building sat forlorn and nearly empty. What could be done with the lower floors which were occupied by a large auditorium designed for UN-style international conclaves and by smaller meeting rooms? Normal office tenants certainly wouldn't require those facilities.

Necessity is the mother of invention, and a modicum of imagination can go a long way. Since part of the building was designed for meetings, why not simply convert it to a conference centre? That idea raised some intriguing questions. Isn't the Palais des Congrès currently being expanded to reach truly gargantuan proportions, and doesn't Montreal already possess ample exhibition space at Place Bonaventure, not to mention conference facilities at numerous hotels? All true, but the Palais des Congrès caters to larger meetings, with participants typically numbering in the thousands. Place Bonaventure is laid out for trade shows and exhibitions rather than meetings or conferences. Hotels, whose primary business is to provide somewhere to sleep, are lacking in certain facilities such as comfortable auditoriums.

The solution chosen by Monit is less obvious than it may seem. In transforming the former ICAO meeting space to create the Mount



Royal Centre, Monit has taken the approach that there does truly exist a niche for a set of facilities devoted exclusively to small and mid-sized meetings. There's nothing quite like it anywhere else in North America, particularly not in a city-centre location (although there do exist smaller-scale conference facilities in some airport or resort areas). Monit says bookings are running well ahead of projections, which suggests the approach is starting to pay off.

Part of Monit's strategy is based on the supposition that the unique set of facilities provided by the Mount Royal Centre will draw events that might not otherwise have come to Montreal. Meeting planners have visited the centre and come away enthralled, with the downtown Montreal location part of the attraction. These additional events may help a particular hotel sell its last 50 beds on a given night. And, as general

manager Shyam Harnal of the Mount Royal Centre notes, some nearby hotels are building a symbiotic relationship with the centre—they can draw additional guests by relying on ready access to a broader range of meeting facilities than they are able to provide themselves.

"In some cases we're in competition with hotels, but on other occasions the existence of the Mount Royal Centre gives them another way to sell rooms," says Richard Glickman, Executive Vice-President of Monit. "We've been getting business referred to us by hotels. Sometimes they need conference space to sell their guest rooms, and they've already committed their conference space for other events. Rather than lose the opportunity to sell more rooms, we give them another option. We've calculated that the extra business we bring to Montreal will add measurably to average hotel occupancy rates on a year-round basis." □



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Mount Royal Centre: comfort by design

Sitting eight hours on the chairs in a typical hotel meeting room can often create the urge to go running afterwards to a chiropractor. If this is something you've had to endure, you may develop a keener appreciation of the Mount Royal Centre's focus on comfort.

Inaugurated officially last November (though some events were held earlier), the Mount Royal Centre boasts a 730-seat auditorium with ergonomically designed seats produced by special order. Even if some of the speeches and presentations turn out to be painfully long, at least the pain will not be transmitted physically to audience members.

Besides the auditorium (divisible in two for smaller meetings) and a banquet hall (also divisible) that can accommodate up to 700, the centre offers fourteen smaller conference rooms of various sizes. All come with comfortable office chairs designed for eight-hour use. Bright, cheerful foyer spaces add to the attraction.

All facilities are also equipped with bulkheads that will provide audio-visual and Internet links and the capacity for high-quality video conferencing, direct webcasting, or transmission and reception of satellite signals. Truly, the Mount Royal Centre is designed with the 21st century in mind. Special touches include:

- a document reproduction centre, eliminating the need for visitors

- to lug crateloads of paper;

- on-the-spot production of multimedia tapes and CD-ROMs;
- insulated booths for simultaneous translation;
- delegate voting response pads;
- VIP suite for special guests, including full facilities for freshening up.

The scale of the facilities enables organizers of mid-sized events to take complete control. They can use the auditorium and the banquet halls for their main events and breakout rooms for smaller meetings. The Mount Royal Centre is completely separate from the office space above.

"Event organizers like to work in a controlled environment," says Richard Glickman, Executive Vice-President of Monit. "When they have events of about 700 people or so, the Mount Royal Centre gives them total control, because of the ease with which they can move people between different venues. They can hold their plenary in the auditorium, dine in the banquet hall, and break into meetings in the smaller conference rooms. In contrast, at a much larger centre, such control is hampered by the fact that other events are usually going on simultaneously. And in hotels, which lack auditoriums, the set-up and take-down factor in terms of both time and cost, create a considerable inefficiency. At our facility, organizers never have to worry about set-up and take-down. This is an impor-



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tant element to them."

Shyam Harnal, General Manager of the Mount Royal Centre, arrives with decades of experience in the hotel and restaurant business. Other key members of his team also come from the hospitality industry, with its strong service orientation.

"As far as I know, you won't find anything quite like the Mount Royal Centre elsewhere in North America, not even in New York," says Harnal. "In Europe there are some comparable facilities, but they tend to be linked to specific government, UN or corporate bodies."

South of the border, the Kotlers own and manage the Roney Palace Resort and Spa in Miami Beach. Built in 1971 on the site of the earlier Roney Plaza (which dated back to 1926), this landmark once housed 1,162 apartments. It has since been converted to condo and hotel use, and boasts top Hollywood stars among its regular guests. The hotel was upgraded to four-star status as part of a US\$25 million-plus renovation program to be completed

As part of its makeover of 1000 Sherbrooke Street West, Monit has replaced all the elevators and windows, has installed escalators, and has modernized the building's lobby.

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Monit's Regal Business Center in Texas

this year. Monit is also the owner of 1.2-million-square-foot of industrial space in the Dallas area and the Kotlers own shopping centres in the states of New York, Pennsylvania and Nebraska.

Monit is run today by a small, tightly-knit management team headed by Alex Kotler, Chairman of the Board, and his son Barry Kotler, who holds the titles of President. Several top executives have been with the company for decades, providing a strong sense of continuity. They include Richard Glickman, Executive Vice-President, Pierre Cuccioletta, Vice-President of Operations and Construction, and Alex Krancberg, Vice-President of Finance.

"We seek to position ourselves as a service-oriented company," says Barry Kotler. "We wanted to differentiate ourselves, and we could do this by enhancing the service we give our tenants. We aim for a visionary approach. We like to be ahead of the times."

It was Barry Kotler who initiated hotel-style concierge service in Montreal at 1255 University, later extending it to other buildings in the Monit portfolio. A similar service was offered earlier at certain buildings in New York, but not in Canada. It has been imitated since then in Toronto and elsewhere. Kotler also created a private club for office tenants in an elegant greystone on Guy Street.

The Mount Royal Centre, officially inaugurated last November, is Monit's latest pride and joy. A major challenge lay in converting the high-security design of the former ICAO meeting facilities at 1000 Sherbrooke Street West from a single tenant use to something better suited to public use. To this end, a new entrance was created on the Mansfield Street side of the building, and escalators were added to improve vertical flow. Many other changes were made to improve circulation, augment comfort, and handle other considerations such as new-generation telecom hookups.

"There exists a real niche market for an urban conference centre of this sort," says Kotler. "As far as we know, there's nothing comparable elsewhere in North America. We're not competing directly with the Palais des Congrès. They're going after conventions and meetings in the thousand-plus range. We aim for events involving smaller numbers of people. We can be the icing on the cake for the Palais. We can hold side conferences while the main events are going on at the Palais. The two facilities are complementary. Together they will strengthen the convention business in Montreal."

The conference centre occupies close to 50,000 square feet on the lower floors. On the upper 22 floors of the building are 270,000 square feet of office space, nearly all leased. DMR, the well known systems integration firm, is the lead tenant with five floors.

Amidst indications of an economic slowdown, the local real estate industry is in good health, says Glickman. "Buildings have leased up, and consequently net rental rates have risen even though mortgage rates have remained low. While there may be expectations of an economic slowdown, to date all real estate sectors still show strength in demand."

What lies in the future? Monit makes a practice of making sure a project is firmly established before talking publicly about it, but there are sure to be some fascinating moves from a company that has shown such versatility and drive. □

Eric Hamovitch is a Montreal writer.

Maintenance: A Long-Term Approach

When Monit includes a building in its commercial portfolio, it's nearly always for the long term.

"We own and keep our buildings," says Pierre Cuccioletta, Vice-President of Operations and Construction. "We're not a management company that comes and goes. Everything we do is for the long term. There is no short-term thinking."

Cuccioletta's responsibilities include making sure each property is maintained superbly. There are two strong reasons for having this job done well. One is to help buildings keep their value over the years. The second reason, perhaps more important than the first, is to help keep tenants happy. If tenants are happy, then turnover is lower, and this makes the landlord even happier.

"We have to make sure the tenant has nothing to worry about," Cuccioletta says. "I make sure our building managers understand our philosophy, which is that tenant retention begins the day they move it. We need to avoid disappointments and to make sure that every surprise is a pleasant one. You have to keep working at it, just like a marriage."

Little things can make a big difference. To keep building exteriors clean and sparkling, they are hosed down every morning, except on cold winter days. Washrooms have to be cleaned regularly, and not just at night. Because more people are now visiting their offices on weekends, an extra cleaning is done on Sunday nights. When construction or renovation is going on, delivery of building materials



Pierre Cuccioletta
Vice-President of Operations
and Construction

is restricted to certain hours to keep common areas clear. And Monit was the first to initiate a tenant hot line for service calls.

"Alex Kotler [Monit's founder and chairman] bought the right pieces of the Monopoly board, and we want to make sure we deliver an excellent product for the money," says Cuccioletta.

"Management here takes a hands-on approach. You'll sometimes see a senior manager standing on a chair to examine the ceiling if there's any hint that a contractor is not coming through. All our construction managers are architects, and this is a big plus. We don't just build something and pass it on to someone else. We can't accept something that will be a nightmare to operate."

Monit calls in outside parties to conduct mechanical audits to ensure proper maintenance of its buildings' equipment. When equipment is being purchased, longevity is a key consideration. Materials are studied closely to make sure, for instance, that they are resistant to vandalism.

"People elsewhere in the industry have learned from us. There is a recognition that our systems work, and it has been adapted by others. Our properties reflect good management skills. We've won awards for building management."

Cuccioletta has been a Monit employee for nearly a quarter-century, and family ownership has been part of the reason. "The Kotlers make us feel like participants in the company. They worked hard to keep things going through the recession and shifted tasks to avoid having to let people go. There's a real feeling that we're family members." □

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