

DEVELOPERS, INVESTORS, AND SUBURBAN DEVELOPMENT IN THE GREATER MONTREAL AREA:

Lessons for Planning Residential Intensification in a Financialized Housing Market

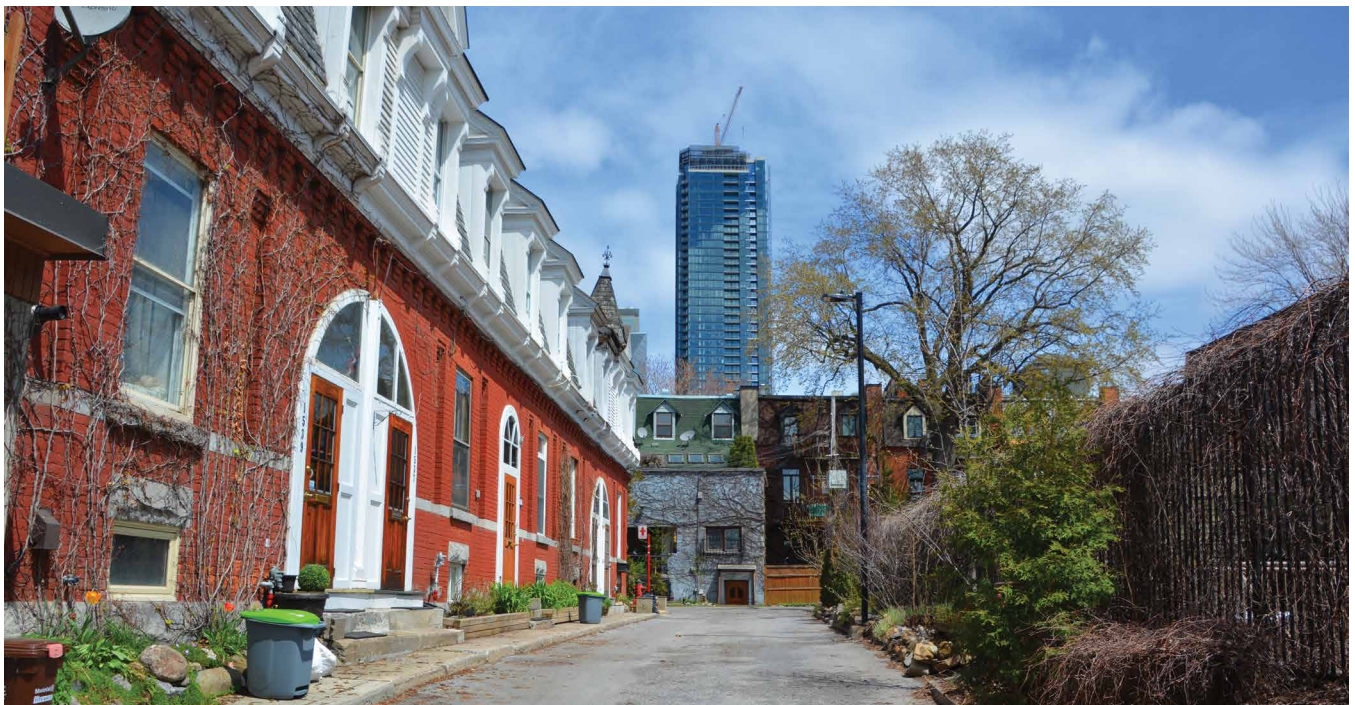
By Guillaume Lessard

SUMMARY

Using a database of 28,000 medium- to high-density residential units and interviews with developers, investors, and planners in the Greater Montreal area, this paper explores the tension between the metropolitan plan and market-driven development. While a few transit nodes seem to develop, two thirds of units are built on vacant land, often near highways and at the urban edge with weak pedestrian accessibility and continued car dependence. Findings indicate that investors' expectations push development in these locations. Still, municipal special planning programs and the new metropolitan vision built around arterial intensification and commercial redevelopments are better aligned with market preferences, hopefully creating some leverage.

SOMMAIRE

À partir d'une base de données portant sur 28 000 logements de moyenne à forte densité et d'entrevues menés auprès de promoteurs, d'investisseurs et d'urbanistes de la région métropolitaine de Montréal, cet article explore les tensions entre le plan métropolitain et le développement dicté par le marché. Bien que quelques nœuds de transport en commun semblent prendre forme, les deux tiers des logements sont construits sur des terrains vacants, souvent près des autoroutes ou en périphérie urbaine, où l'accessibilité piétonne est faible et la dépendance à l'automobile persiste. Les résultats indiquent que les attentes des investisseurs orientent le développement vers ces emplacements. Néanmoins, les programmes particuliers d'urbanisme municipaux et la nouvelle vision métropolitaine fondée sur l'intensification le long des artères et le réaménagement des zones commerciales correspondent mieux aux préférences du marché et pourraient ainsi offrir certains leviers.



As the Communauté métropolitaine de Montréal (CMM) recently adopted its 2026-2046 metropolitan plan, it's relevant to reflect on what has been achieved so far. The first Metropolitan Land Use and Development Plan (MLUDP) set some ambitious goals for the Greater Montreal area (GMA). Adopted in 2012 by the *Communauté métropolitaine de Montréal* (CMM), it formally introduced transit-oriented development (TOD). With the objective of 40% of new households settling into TOD areas, 159 transit nodes were designated. In these nodes, minimum residential density thresholds vary according to the type of transit, and special planning programs (SPPs) were typically developed by local authorities to provide a vision for the development of the area and design guidelines. Increases to minimum residential density thresholds were also implemented in the rest of the metropolitan area. Otherwise, counties and municipalities retained considerable discretion in how TOD guidelines were implemented and in how urban development was managed. With less than 20% of new residential units built in TOD areas between 2011 and 2021 in Longueuil, Laval and the North and South rings, densification hasn't always concentrated around transit nodes as intended by the metropolitan plan.

After more than fifteen years, suburban TODs are still characterized by high levels of automobile use and car-centric design. This includes nodes with heavy transit, such as commuter rail stations, and the ends of subway lines on the Island of Montreal itself. While these limited achievements have a lot to do with the quality of the transit system and the stations' locations, significant changes in the way that housing is developed since the mid-aughts might also have contributed. In recent years, the GMA saw a sharp shift of housing production toward large multi-unit suburban rentals, which accelerated further when construction picked up again following the initial phases of the COVID-19 pandemic. However, it seems that car-dependent locations at the urban edge are often favoured for these large projects. Thus, an up-to-date understanding of developers' and investors' rationales seems essential for public policy to steer development toward more sustainable and equitable outcomes.

This contribution tries to unpack how developers' and investors' priorities have been influencing suburban intensification outcomes and to extract practical lessons for planning policy and practice in the GMA and similar metropolitan regions.

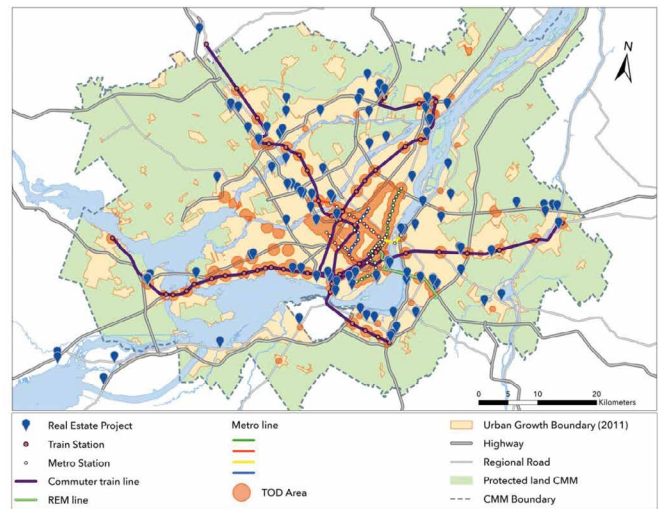


Figure 1. Location of the Real Estate Projects in the Sample.

Source: Hugues Rabellino.

Methods

The study combines quantitative spatial analysis with qualitative interviews to understand how development outcomes emerge in a specific policy context. First, a database of 111 recent residential and mixed-use real estate projects was created, using the following criteria:

- Located outside the active urban core;
- At least 50 units per project;
- Built or under construction between 2016 and 2024; and
- Developed, financed, and designed by the same actors without major pauses; large complexes with different tenure or financing were split into separate entries.

Projects were identified by cross-referencing a local development forum (*Agora Montreal*), municipal property rolls, press releases, and developers' websites. For each project, the database captured geospatial coordinates, number of units and storeys, tenure, TOD/SPP status, prior land use, WalkScore (WS), distance to highways and urban growth boundaries (UGBs), and access to transit. Spatial analysis was conducted in ArcGIS (Figure 1), complemented by a characterization of commercial forms within a one-kilometre radius, in-person visits, and twelve points-of-interest (POI) analyses for representative projects.

Total number of units built classified by the number of units per project										
Tallest building in the project	51-100	101-150	151-200	201-250	251-300	301-400	401-500	501+	Total	%
3-4	1072	832	1086	725	294	648	0	0	4657	16,7%
5-7	175	776	899	470	565	1084	0	1446	5415	19,4%
8-10	91	673	705	897	0	399	0	1778	4543	16,2%
11-14	82	285	773	473	254	0	500	0	2367	8,5%
15-20	0	145	172	442	831	720	873	3040	6223	22,3%
21-30	0	0	200	221	257	1092	0	2533	4303	15,4%
31+	0	0	0	447	0	0	0	0	447	1,6%
Total	1420	2711	3835	3675	2201	3943	1373	8797	27955	

Table 1. General Project Typology. Source: Author.

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POUR LES INVESTISSEURS



Figure 2. Sir Charles Condominium, Longueuil, Profitability Program for Investors. Used Under the Canadian Fair-Use Act. Source: sircharlescondominiums.com

Second, between September 2023 and December 2024, eighteen semi-structured interviews were conducted with eleven private developers, a planner specialized in accompanying developers in the pre-development phase, two non-profit development actors, and four municipal planners involved in suburban residential intensification in the GMA. The interview insights helped interpret quantitative patterns.

A Structural Shift to Large Multi-Unit Rentals

First, based on this sample, the built form of suburban residential intensification is increasingly characterized by large complexes of mid- and high-rise buildings. Small projects (50-150 units) represent about one third of projects, but only 15% of units. A quarter of units are part of mid-sized projects (151-250 units). Another quarter are part of larger projects (251-500 units). Finally, despite only twelve

projects exceeding 500 units, these very large mixed-use projects account for roughly one third of units (Table 1).

While property roll data was not available for the most recent projects, with more than half of units in the sample, tenure has shifted sharply toward rentals, with a clear concentration in larger projects. In contrast, condominiums account for about a quarter of units, mostly concentrated in the luxury segment and in smaller projects at the edge of town. Developers report that tighter financing conditions for condo projects and stagnating household incomes have made presale thresholds difficult to meet, prompting this pivot to rental projects with the support of institutional and private investors. A notable sub-pattern is the emergence of condominium projects whose units are systematically rented out via management platforms and marketed to investors (Figure 2), signalling a possible “condos-for-rent” model similar to Toronto.

Total number of units built classified by the number of units per project									
TOD/SPP	51-100	101-150	151-200	201-250	251-300	301-400	401-500	501+	Total
TOD	124	1144	1675	920	825	1492	1373	4907	12460
Out. TOD	1296	1567	2160	2755	1376	2451	0	3890	15495
SPP	215	835	2020	1576	814	1891	1373	6107	14831
No SPP	1205	1876	1815	2099	1387	2052	0	2690	13124

Table 2. Number of Units in Transit Nodes and areas with a SPP. Source: Author.

Tallest Building in the Project								
Is the project in a TOD or PPU area	3-4	5-7	8-10	11-14	15-20	21-30	31+	SUMS
TOD	1124	1674	2363	1181	3436	2682	0	12460
Out TOD	3533	3741	2180	1186	2787	1621	447	15495
PPU	1501	1854	2925	1145	3303	4103	0	14831
No PPU	3156	3561	1618	1222	2920	200	447	13124

Table 3. Tallest Building in the Project in Transit Nodes and areas with a SPP. Source: Author.

Context-Specific Success for Transit Nodes

SPPs are nearly always in place in TOD areas, suggesting proactive local planning. Transit nodes have attracted a little under half of the units in the sample, with a clear majority belonging to projects with more than 300 units (Table 2) and taller buildings (Table 3), suggesting that TODs are mainly drawing larger, denser projects. The majority of residential intensification happens outside these designated areas. Small (51-150 units) and mid-range (151-300) projects are most likely to be built outside nodes, with a preference for low- and mid-rise projects. During interviews, developers acknowledged the value of certain features associated with TODs, including proximity to amenities and transit. However, many expressed reservations about prioritizing these areas, citing longer delays, stricter design norms, poor transit quality, high minimum parking standards, and car-centric urban design. As one developer explained, some of these areas often lack key features: “TOD areas are like candy. But you have to be careful. Everyone says they’re TOD now. [...] [For our project] it couldn’t really be called a TOD, there was only this grubby supermarket and an old strip mall” (13.5d).

In terms of access to transit, about one fifth of units are within 750 metres of a higher-order rail station (metro or REM), with a similar proportion near commuter rail. For the most part, projects relied on a limited bus service, and 10% of units had no higher-order transit nearby or only a shared taxi service. In short, proximity to higher-order transit seems most relevant for larger high-density projects, but it is not the only driver of suburban intensification.

Land Availability and Highways Trump Transit

Significantly, two-thirds of units in the sample were built on previously vacant land, split roughly evenly across TOD and non-TOD, and SPP and non-SPP areas, and between smaller and larger projects. One fifth of units are on former commercial land, and only about a tenth on former industrial sites. This seems in line with interviews where, when explaining their locational preferences, developers repeatedly emphasized the appeal of large vacant suburban parcels which are easier and cheaper to develop than central locations: “The large parking lots that we had downtown have been mostly developed [...] So we have to go outside of Montreal” (13 d).

Half of units are located within 500 metres of a controlled-access highway, and a quarter are within 500 metres of the urban edge. Large projects are particularly likely to be near highways and the urban edge, partly because of suburban nodes’ locations. A municipal planner also explained that, in the suburbs, proximity to highways makes densification more socially acceptable: “People expect to see towers there [...] They know that we’ll have development in the area because of highways’ proximity” (8 m). In line with previous analyses, commercial form, WS, POI, and fieldwork analyses show that pedestrian accessibility remains low. With multi-lane boulevards, big-box retail, and large parking lots dominating the streetscape, residential intensification doesn’t reduce car dependency on its own. Even projects with the highest WalkScores that are next to a subway station are typically surrounded by multi-lane arterials and vast parking spaces, such as with Espaces Montmorency in Laval (Figure 3, Figure 4).

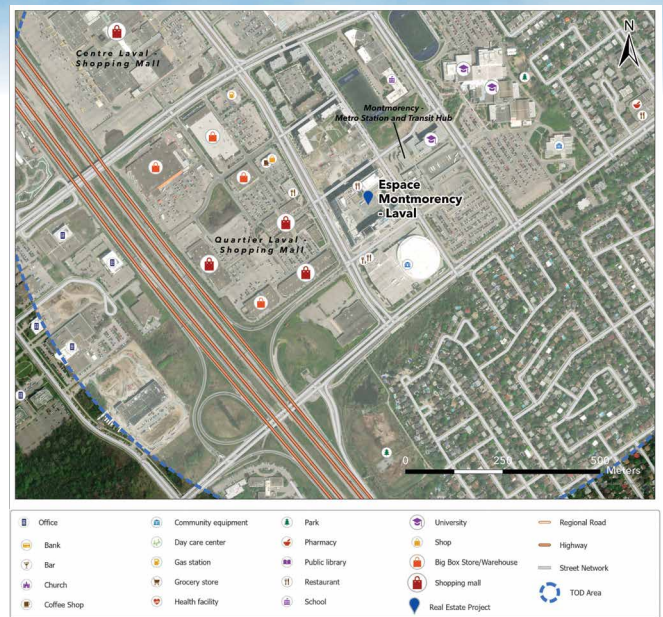


Figure 3. Espace Montmorency, Laval, POI Analysis. Source: Hugues Rabellinot.

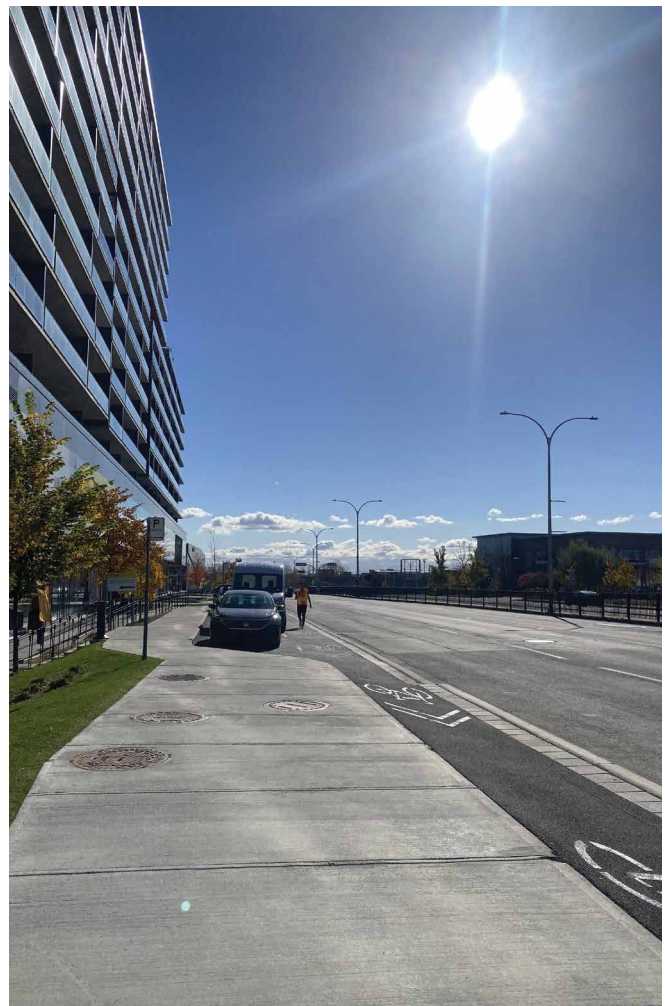


Figure 4. Espace Montmorency, Laval, From Le Corbusier Boulevard. Photography: Mathilde Tardio.

A Diverse Development Ecosystem

To try and understand these trends from a private sector rationale, we further analyzed developers' profiles and financing models. The sample reveals a diverse development ecosystem where the seven largest firms account for just under one third of units, each responsible for a thousand units or more, and the thirteen largest firms together account for nearly half of units. Still, mid-size to large firms with a production ranging from 250 to 500 units delivered a quarter of units. The remaining third was delivered by smaller developers with fewer than 250 units.

The profile of these actors varies significantly and so do the types of locations they tend to develop. Smaller firms typically deliver low-rise projects of around 100 units, about half of which are rentals. Interviews suggest that the federal *Multi-Unit Loan Insurance program* (MLI Select) introduced in 2022 was pivotal in making these projects financially viable.

In contrast, mid-size to large firms specialize in development, with some also owning and managing assets. A typical project includes 200-500 rental units over multiple phases. According to developers, this size allows certain economies of scale and helps them provide on-site services: "The threshold for a janitor in a building is around a hundred units. [...] you'll end up with 500 units and three janitors, so at first you lose a bit of money [...] I don't really build under 350 units" (39d). The upper limit seems defined by a need to limit their exposure in a given area: "We're going to build one or two buildings, between 250 and 500 units in one place, no more, because we want to mitigate our risk" (36d). Finally, only a handful of very large firms with substantial land holdings, diversified in-house expertise, and strong financial partners can develop megaprojects with thousands of units, and a mix of residential, commercial, and public spaces.

Financialization and Local Investors

To meet the capital requirements of financial institutions, multi-unit rental projects are generally financed through limited partnerships combining different mixes of developers' equity with capital from wealthy families, private equity, real estate investment trusts (REITs), and institutional investors such as pension funds. Developers stated that they work with multiple partners and that each firm has its own financing model: "We have private and institutional partners, it's a mix [...] We work with everyone, we build a different financial structure depending on the project and our objective" (36d). Unlike global cities where financialization is driven by international capital, there was a consensus among participants that investors in the GMA remain mainly local and regional, although the increased presence of capital from Toronto was often noted: "More Canadian investors are coming to Quebec and institutional investors play a larger role. However, for the most part, developers are still quebecers" (2l). Since they generally offer better conditions, participants expressed preferring to work with institutional investors, such as the Fonds immobilier de solidarité FTQ, a pension fund associated with one fifth of the sample.

Developers report that investors have become more organized and demanding in the last few years. Shorter return-on-investment (ROI) horizons seem to be a source of tension for some development firms: "We have a hard time with investors who just want a high ROI [return

on investment] [...]. We want to build good projects for everyone involved. Ultimately, the city and society at large need to benefit as well" (37d). In response, suburban sites that can be developed quickly, with less risk of conflicts and lower land costs, have become more attractive than central locations, pushing intensification toward large, standardized rental projects on readily available suburban land.

Lessons and Reflections for Planning Practice

1. Market-Led Intensification is Not Always TOD-Friendly in Suburbs

The GMA experience demonstrates that metropolitan TOD designation and density targets are not sufficient to align market-led suburban residential intensification with the planning goal of concentrating development around transit nodes. In the absence of robust suburban transit service, fine-grained pedestrian networks, a diversity of opportunities and amenities, and strong policy levers, development tends to follow land opportunities, highway accessibility, and investor logic. For planning practice and policy, this means that TOD designation and increased density thresholds must be accompanied by concrete transit upgrades and urban design interventions. These findings also suggest that a close monitoring of where medium- and high-density projects tend to locate depending on market cycles can help adjust policies over time. In the current cycle, investors appear to favour sites with fewer uncertainties and shorter timelines, which often means greenfield parcels near major roads, requiring an adaptation of planning tools and metropolitan targets.

2. Adapting Planning Tools and Targets

The revised MLUDP approved in June 2025 introduces two new priorities for suburban redevelopment. It supports intensification and diversification of bus corridors, aiming to transform large suburban multi-lane arterials. It also encourages commercial redevelopment. Based on my findings, this better corresponds to current developer and investor preferences and represents an encouraging new direction from metropolitan authorities, despite the challenges inherent in transforming these car-oriented areas into complete neighbourhoods. With nearby commercial functions, there could be room for supporting utilitarian walking and cycling for intra-neighbourhood trips. This reorientation is also timely considering that further metropolitan transit expansion is unlikely due to the major investments which were required for the REM and the expansion of the Montreal Metro Blue Line.

3. Working with Developers' Diversity

These findings also highlight the importance of understanding the distinct profiles, risk tolerances, and business models of private sector actors. Large development firms can handle multi-phase TOD megaprojects or regional shopping mall redevelopment, but they are relatively few. Small and mid-range firms may have limited capacity to manage large, complex sites, yet they deliver a large share of housing. They will also play a key role in corridor intensification and in the redevelopment of shopping strips.

Accordingly, a few measures could help aligning planning intentions and private sector capacity. First, providing a clear, tailored vision for an area through an SPP appears to be one of the most effective ways to align municipal objectives with developers' risk tolerance. However, to work properly, SPPs need to be regularly

updated to reflect evolving market conditions. Moreover, planning authorities should consider that smaller firms and projects have a limited ability to absorb delays, and adjust their demands accordingly. Second, upstream conversations about planning intentions for an area and a project's design are perceived as beneficial by both public and private actors and should be encouraged. Third, since federal programs like MLI Select shape where and how smaller firms build rentals, they could be better aligned with metropolitan development goals to support intensification in strategic areas.

4. Make Investors Visible in Planning Discussions

Finally, based on these findings, investors are central to the current suburban intensification regime. However, they often remain invisible in policy, planning, and public debates. While planning frameworks cannot address investors directly, to make informed policy decisions, municipalities and metropolitan agencies can support research to characterize the local investment ecosystem.

Conclusion: Suburban Retrofitting in the New Housing Production Regime

The GMA case illustrates how a TOD-oriented metropolitan vision interacts with a diversified development industry and increasingly financialized housing production. Residential intensification in the suburbs is increasingly dominated by large and very large multi-unit rental projects shaped by investor expectations which are often at odds with planning intentions. For planning practice, combining

node-based planning with other tools seems promising. In the GMA, the Communauté Métropolitaine de Montréal (CMM) now also encourages intensification along bus corridors and strategic commercial redevelopments, an approach which better matches where investors and developers have been willing to build since the mid-aughts. Hopefully, this will allow planning authorities the necessary leverage to fulfill their vision for these areas. Bringing investors into the conversation, directly or indirectly, by understanding their constraints and using planning and financial instruments to align their return targets with long-term public objectives should also be a priority in the coming years.

Ultimately, steering suburban intensification in a more sustainable direction will require treating policy, property, politics, and financing as intertwined, context-specific systems rather than separate spheres. The GMA experience offers both a warning about the limits of TOD policy and offers some suggestions for a set of practical levers for working more effectively with the new realities of suburban (re)development.

Guillaume Lessard is interested in real estate development, densification, planning/market relations and housing policies. He is currently a researcher at the Observatoire du développement urbain et immobilier at the University of Montreal. ■



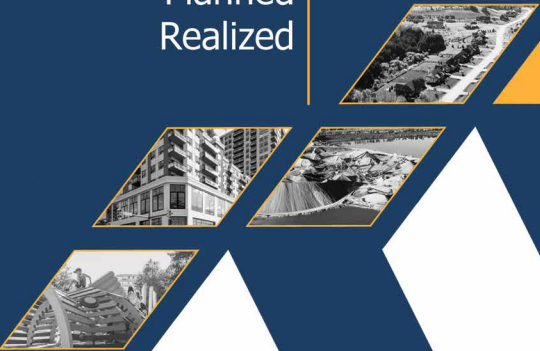
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