

Property Report: RETAIL

## Quebec mall puts West Edmonton on notice

After long delay, work set to begin on Lac Mirabel, which would boast 14 million square feet of retail space

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MONTREAL -- It's been a long time coming, and it still has a way to go until completion, but at least the heavy equipment is finally arriving at the site of what will be one of the world's biggest shopping malls.

Lac Mirabel, north of Montreal, started to come off the drawing board almost five years ago and was supposed to be completed this year but faced bureaucratic and other delays. Now, the ground is being prepared, and construction crews are expected to start foundation work soon, officials say.

The grand opening is scheduled for 2009 and, when completely finished, the mega-mall will cover an area twice the size of the West Edmonton Mall, with 14 million square feet of retail, residential and commercial space, its backers say.

To most people, developing such a huge project would be a near-impossible task, but to Rubin Stahl, Lac Mirabel's Montreal-born promoter, it's all in a day's work.

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"To develop a project of this size takes an enormous amount of time," Mr. Stahl says. "Lac Mirabel isn't just any old shopping mall. It's a destination, with many, many elements. There are dozens of planning stages to go through, before a shovel hits the ground."

Then again, Mr. Stahl is an old hand at promoting developments such as this. He cut his teeth on the West Edmonton Mall ("The world's largest shopping centre" as it bills itself), where he was president.

Lac Mirabel, he says, will create more than 3,200 jobs and generate \$6.5-million in annual property taxes for the City of Mirabel. The federal and provincial governments will benefit, too, by earning some \$40-million annually in sales taxes, he says.

Lac Mirabel will be constructed in stages, over several years, by a number of developers. An initial investment of \$475-million will be spent on constructing the first 1.8 million square feet of mall space, but over the next seven years, as the mall takes shape, investment in the project (including a residential component) is expected to top \$1.2-billion.

According to Mr. Stahl, 70 per cent of the retail space is spoken for. The jewel in the crown will be **Cabela's Inc.**, a U.S.-based outdoor supplies company whose commitment to Lac Mirabel represents the company's first foray into Canada.

Cabela's stores, which are destinations in themselves, are part retail, part wildlife museum - a formula that fits Mr. Stahl's vision for Lac Mirabel. Like the other stores south of the border, this one will be huge, occupying 170,000 square feet of space. Other retailers who have signed up include **Best Buy Co. Inc.** (35,000 square feet) and **Groupe Les Ailes de la Mode Inc.** (76,000 square feet), an upscale Montreal fashion outlet.

Three-hundred retail outlets are planned, along with a food emporium, which will border a man-made lake and a river stocked with trout. A \$100-million, million-square-foot sports complex will house an 8,000-seat arena for major junior hockey. Also planned are an indoor soccer field, aquarium, go-cart track and a 70,000-square-foot educational centre.

Such family-friendly attractions, sporting activities and entertainment could prove to be a canny move on Mr. Stahl's part. Montreal's suburbs are marching steadily northward as young families buy homes in and around Mirabel, where property is cheaper. Moreover, the region is on the doorstep of the Saint-Sauveur Valley with its cluster of ski villages and factory outlets (a major draw for weekend shoppers). And it's within an hour's drive of Tremblant, a year-round mountain resort, which offers skiing, golf and a myriad of other outdoor activities.

Lac Mirabel, its boosters predict, will attract locals and day-trippers from Montreal and tempt tourists to linger en route to Tremblant and the Upper Laurentians or, better still, stay put for a night or two.

"Lac Mirabel is going to be a hub for tourism, entertainment, accommodation, recreation and fun retailing," predicts Louis Grenier, director of Lac Mirabel.

"We're mixing the idea of a tourist attraction with shopping as entertainment, and it will be like nothing that has gone before. We anticipate attracting between 16 [million] and 20 million visitors annually from around the Montreal area and some two million visitors from outside the region."

Given that Greater Montreal is home to just over 3.6 million people, skeptics say that those figures are wildly optimistic. Naysayers point out that Lac Mirabel is much too big to be supported by the local population, but not everybody in the real estate industry takes the negative view.

"I could certainly see Lac Mirabel becoming a major destination for Montrealers" says Louis Burgos, senior managing director with Cushman & Wakefield LePage.

"There will be nothing like Lac Mirabel in or around Montreal and I'm sure that will be a major drawing card. Destination retail, combined with activities and entertainment, is becoming very popular."

Connecticut-based **Gordon Group Holdings LLC** is financing and developing much of the initial construction, and recently brought in **Morgan Stanley**, which has injected \$110-million into the project - another reason why Lac Mirabel is suddenly moving forward.

"With the financing from Morgan Stanley, it's now full steam ahead," Mr. Grenier says. "Lac Mirabel will prove that Quebec is a pioneer and, when it's finished, we'll be 10 to 15 years ahead of the rest of North America."

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