THE INTRAMETROPOLITAN LOCATION OF HIGH ORDER SERVICES: PATTERNS, FACTORS AND MOBILITY IN MONTREAL

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ABSTRACT The issue of the interurban location of high order service activities (i.e., producer services and finance, insurance and real estate services) was one of the major areas investigated by service industries researchers during the 1980s; the spatial concentration of high order services in a relatively small number of large metropolitan areas is now a well documented fact. In the 1990s, researchers are increasingly turning their focus on the intrametropolitan location of these activities. In particular, certain studies have shown that high order services have begun to leave their “natural habitat”—the CBD—in order to locate in suburban office agglomerations. This paper explores the intrametropolitan location issue in the specific context of the Montreal Census Metropolitan Area (CMA), employing data derived from a detailed survey of 324 high order service establishments. We first examine patterns of intrametropolitan mobility, in terms of both establishments and employment; spatial stability, rather than decentralization, is evident. Next, we explore locational factors from the viewpoint of site attributes. Accessibility to the establishment for clients and land costs or rental prices emerge as the major factors. Finally, we conduct a logistic regression analysis in order to identify the principal characteristics of high order service establishments that may be used to explain their location within the Montreal CMA. The majority of the characteristics found to be statistically significant involve market linkages to clients, either in terms of the geographic distribution of clients or the types of clients served.
1. INTRODUCTION

The interurban location of high order service activities (i.e., producer services and finance, insurance and real estate services) was one of the principal issues investigated by service industries researchers during the 1980s. In virtually all developed nations, the spatial concentration of high order services in a relatively small number of large metropolitan areas is now a well documented fact. Since the end of the 1980s, however, researchers have increasingly turned their attention to the intrametropolitan location of these activities. In particular, certain studies (Cervero, 1989; Garreau, 1991; Stanback, 1991) have shown that high order service activities, as well as complementary head office functions, are beginning to leave their "natural habitat"—the central business district (CBD) of large metropolitan areas—in order to locate in suburban office agglomerations. According to these authors, this phenomenon, which began to manifest itself in the early 1980s, is in the process of profoundly modifying the space-economy of North American metropolitan areas.

In this "new suburbanization" (Stanback, 1991), the economies of certain suburban zones are becoming increasingly large and diversified, and are beginning to develop agglomeration economies of a sufficient power to attract the types of activities heretofore found uniquely in the CBD. In particular, this growth is concentrating in a limited number of "magnet areas" (Stanback, 1991) or "edge cities" (Garreau, 1991), which are increasingly in direct competition with the CBD for high order service functions.

There is little doubt that the decentralization of high order services is a reality in a wide range of North American metropolitan areas. This has led certain authors (Gordon et al., 1989; Law, 1988) to speculate on the demise of the CBD as a major zone of high order office activity. Thus, in the context of this newly emerging intrametropolitan dynamic, it is important to identify those factors that lead a high order service establishment to locate in the CBD or in a suburban location.

The Montreal Census Metropolitan Area (CMA) has not been immune to these broad trends, although the observed level of decentralization of high order services is substantially less than in its U.S. counterparts (Coffey and Drolet, 1993a, 1993b). On the one hand, the central city of Montreal, like those in other Canadian metropolitan areas, remains a highly "liveable" environment (Goldberg and Mercer, 1986). Montreal is not characterized by the same degree of social and economic problems that are found in American central cities, and that represent the principal factor in the exodus of high order office activities from the CBD (Stanback, 1991; Garreau, 1991). On the other hand, even among Canadian CMAs, there are several cogent reasons why, a priori, Montreal should be the metropolitan area that is the most resistant to the edge city phenomenon (Coffey, 1994). These characteristics combine to make the Montreal metropolitan area an excellent "laboratory" for analyzing the factors underlying the locational decision of high order service establishments—a far better case study than many U.S. metropolitan areas, where factors strictly related to the functioning of a service establishment may be far outweighed by considerations involving security, social problems and physical degradation.