

# Greater Montréal's Booming VFX Industry





# Content



01

A Leading Edge  
Ecosystem  
p.4

02

A Very Creative  
Workforce  
p.16

03

Attractive Operating Costs  
and Incentives  
p.23

04

Montréal International's  
Personalized, Free and  
Confidential Services  
p.31

# Montréal's VFX industry

## Key facts



### A leading edge ecosystem

- One of the largest hubs in the world with the highest industry concentration in Canada
- Full-service industry made up of tool developers, animation, production and post-production studios, etc.
- Global success of VFX made in Montréal: *1917*, 2020 Oscar winner for best visual effects; *Blade Runner 2049*, 2018 Oscar winner for best visual effects; *X-Men Apocalypse*; *Arrival*; *Star Wars – The Force Awakens*; *Game of Thrones*



### A very specialized workforce

- Nearly 6,000 2D/3D animation and VFX specialists in the audiovisual sector
- Nearly 17,000 university students in IT related programs and close to 2,300 in arts and cinema
- Close to 3,500 college students in arts and cinema related programs



### Competitive costs & tailored made incentives

- 29% cost advantage compared to the average of the 20 largest metropolitan areas in Canada and the U.S. for IT
- Competitive employee salaries paired with an affordable cost of living
- Up to 43% tax incentives for film production services

# 01

## A Leading Edge Ecosystem





Blade Runner 2049 © 2017 Alcon Entertainment, LLC., Warner Bros. Entertainment Inc.  
And Columbia Pictures Industries, Inc. All rights reserved

# Montréal's VFX industry

## Key metrics



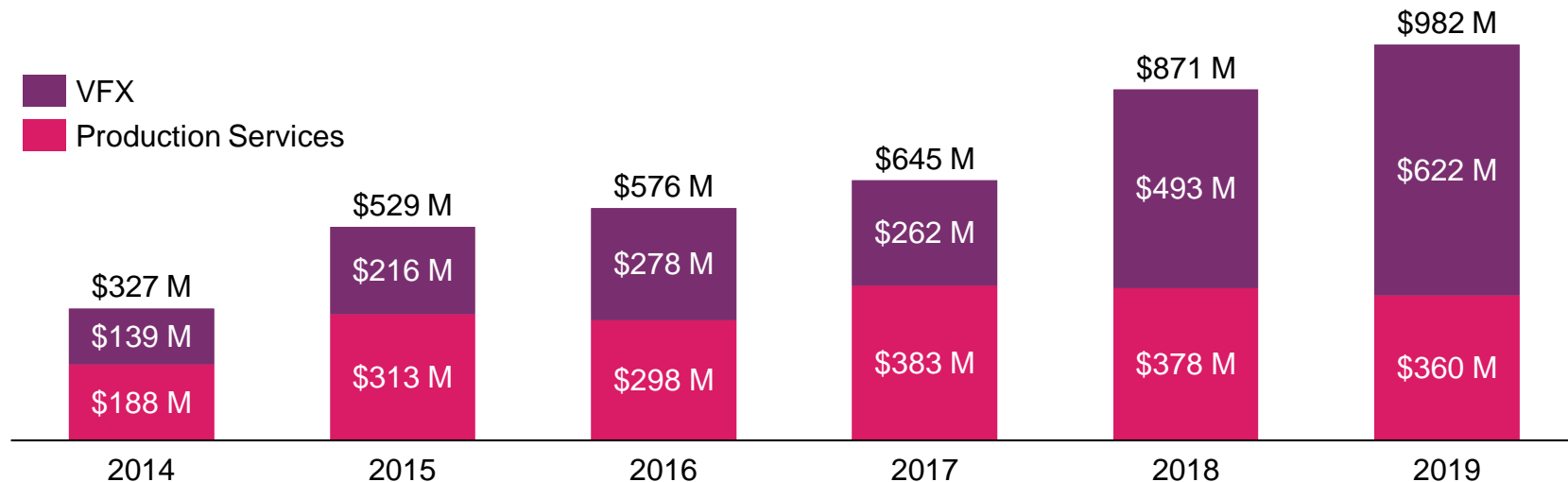
**1<sup>st</sup> city**

in Canada and a world leader  
in VFX & animation

- Nearly **6,000 2D/3D animation and VFX specialists**
- **35 animation and VFX studios** in Montréal
- More than **225 projects** done in Québec in 2019
- **Global success of VFX made in Montréal:**
  - 1917  
*2020 Oscar winner for best visual effects*
  - Blade Runner 2049,  
*2018 Oscar winner for best visual effects*
  - X-Men: Apocalypse
  - Arrival
  - Star Wars - The Force Awakens
  - Game of Thrones
- **Winner of the Gaming and Visual Effects Specialism Award**  
from the *Financial Times' fDi Strategy Awards 2019*

# Production volume in Québec has seen phenomenal growth in the last few years

Québec industry turnover:  
Production services and VFX from 2014 to 2019 (CA\$)



The VFX services turnover almost quintupled from 2014 to 2019, going from \$139M to \$622M

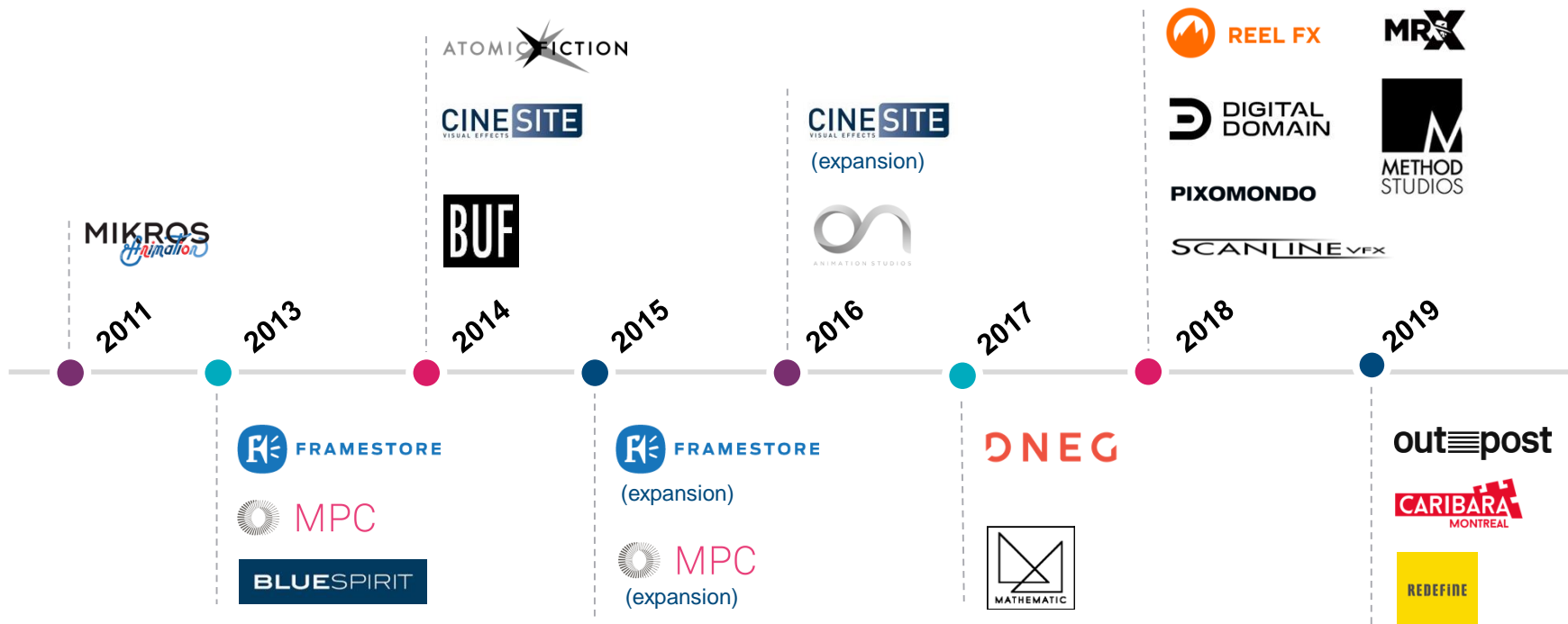
# Birth and growth of the VFX industry in Montréal

Over the past 25 years, Montréal has become Canada's most important video game, VFX and 3D animation hub



The Montréal region now represents **half the country's** 3D animation, VFX and video game **industry**

# Spectacular growth in foreign investment into Montréal's VFX and animation industries



Montréal's industry has experienced **phenomenal growth** in recent years, through both the expansion and setting up of international subsidiaries. Especially in 2018 and 2019, a total of **9 new VFX and animation studios** decided to settle in Montréal

# Examples of Montréal-based companies



**Rodeo FX:** full-service, award-winning visual effects studio



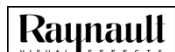
**Felix & Paul:** Emmy Award-winning immersive entertainment studio, creating VR, AR and mixed experiences

**MELS**

**Mels:** Canada's largest provider of services to the film and television industry with 18 purpose built stages, visual effects, video and audio post-production, etc



**Digital Dimension:** animation studio specialized in creating and delivering content from the very start of designs to storyboards to animatics through full 3D production & animation



**Raynault FX:** VFX services such as CG environments, Concept Art, Compositing, Digital Matte Painting, FX, VFX, CG Crowd, CG Asset Creation



**L'Atelier Animation:** studio specialized in series and feature-length 3D animation



**Folks VFX:** high-end visual effects studios offering full spectrum of VFX services for films and TV Series

**MOMENT  
FACTORY**

**Moment Factory:** multimedia entertainment studio specializing in the conception and production of immersive environments combining video, lighting, architecture, sound and special effects



**Squeeze Studio Animation:** 3D animation services for creators and producers of animated films, TV series, commercials and video games (cinematics, trailers, in-game scripted scenes)



**Real by Fake:** cinematic production company offering an integrated workflow of digital invisible VFX and post-production worldwide services for films and series

# Montréal is reinventing VFX, thanks to its expertise in AI and gaming

## Examples of tech tool developers based in Montréal



A leading software development company specialized in 3D design software and technology. HQ of Autodesk's media & entertainment division is based in Montréal



Widely-used real-time 3D development platform. Montréal office is at the core of Unity's animation systems and emerging AI technology



Advanced real-time 3D creation platform for photoreal visuals and immersive experiences created by Epic Games and used in real-time in-camera VFX for next-gen filmmaking



2D animation & storyboarding software for creatives and professionals

Greater Montréal is among the world leaders in AI and in the top five largest video game development hubs in the world



**1<sup>st</sup>**

concentration of deep learning researchers in the world  
*Close to 19,000 AI workers*

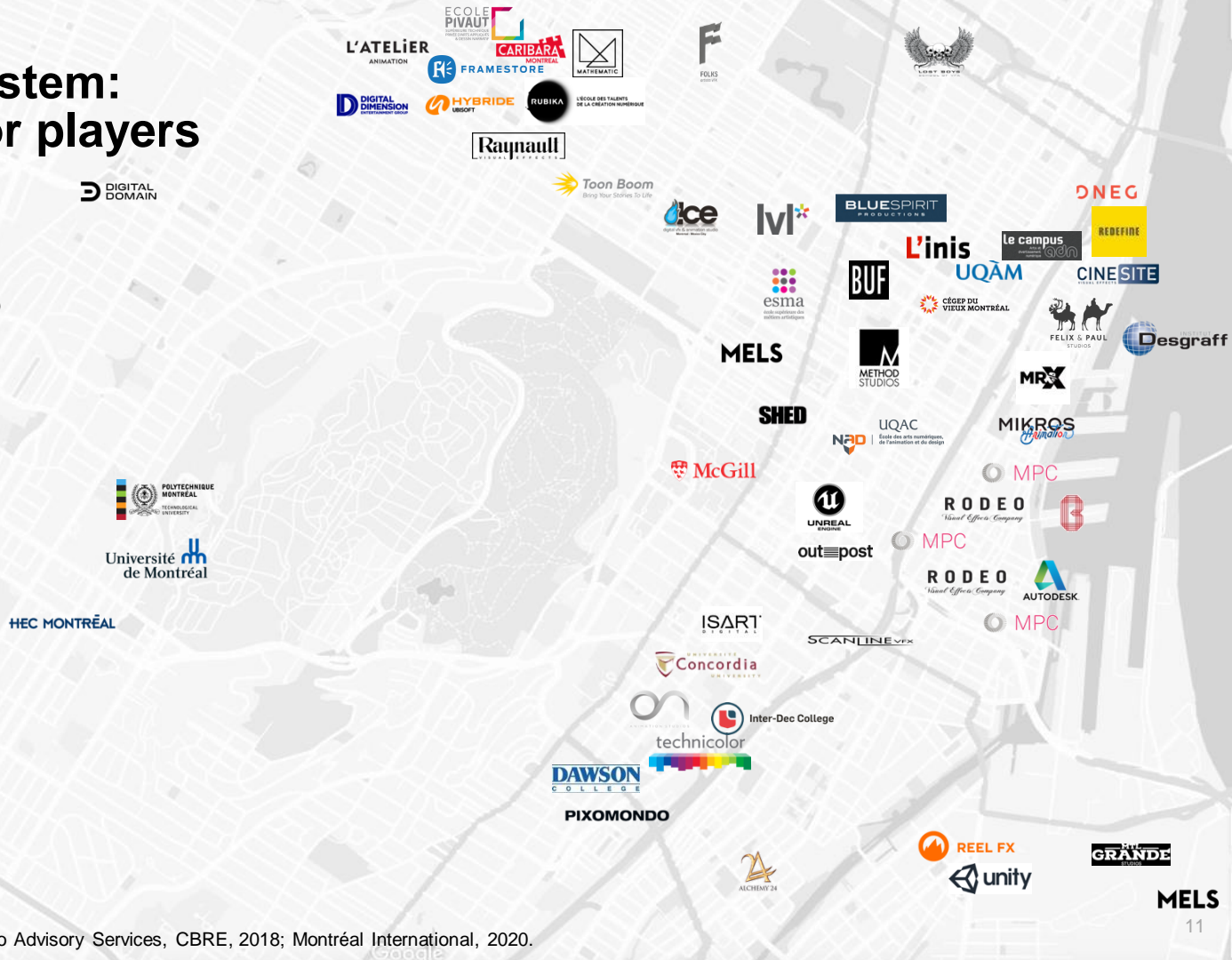


**Top 5**

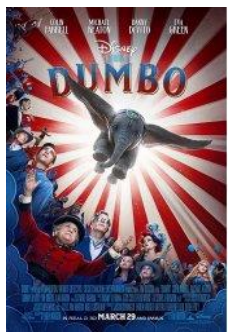
video game development hub in the world  
*140+ studios, 15,000 workers*

# Montréal's ecosystem: some of the major players

Full-service industry made up of academia, tool developers, animation, sound, production and post-production studios, etc.



# Sample of VFX produced in Montréal



# Sample of animation produced in Montréal

Greater Montréal also stands out with the production of animation productions



**Animation Studio:**  
Mikros  
**Year:** 2020



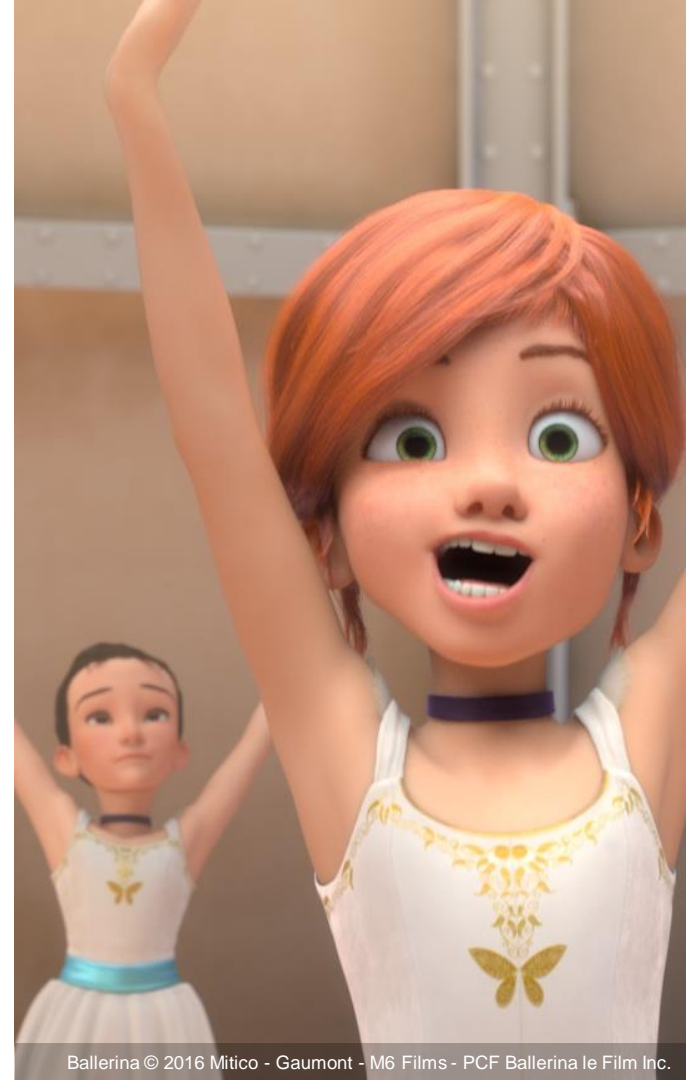
**Animation Studio:**  
Reel FX  
**Year:** 2020



**Animation Studio:**  
Cinesite  
**Year:** 2019



**Animation Studio:**  
Digital Dimension  
**Year:** 2018



Ballerina © 2016 Mitico - Gaumont - M6 Films - PCF Ballerina le Film Inc.



# A collaborative VFX ecosystem



Organization contributing to the development of Québec's competitiveness as a world-class film and television production centre



Government agency promoting and supporting the development of cultural enterprises in Québec and abroad



Platform dedicated to promoting internationally Montréal and Québec's visual-effects production centres and members of the Québec Film and Television Council (QFTC)



Initiative of the Québec Ministry of Education and Higher Education to support the growth and training of cutting-edge expertise in the digital creation sector and to create better synergy between the various players

# Montréal welcomes three major events focused on the VFX and multimedia industry



## May and October

**Montreal Digital Spring** is an international event showcasing the digital arts sector and Montréal's creativity



## June

**Effects Montréal** is the biggest international conference for the VFX & animation industries on the North American East Coast



## November

**HUB Montréal** is an international business accelerator event for creative industries in the entertainment, cultural and experiential marketing sectors



Montréal Digital Spring

# 02

## A Very Creative Workforce



# Montréal, where creativity and technical expertise meet

Greater Montréal counts  
23,000 2D/3D experts:

**6,000**

**VFX and animation  
specialists**

**15,000**

**3D specialists active  
in video games**

**2,000**

**VR/AR experts,  
which represents half the  
Canadian total**

These numbers are increasing fast, thanks to the large number of graduates the region's colleges and universities provide every year combining expertise in the digital arts and tech.



# State-of-the-art programs for VFX

Greater Montréal offers both technical and higher education degrees



# A rich pool of technical college students with specific expertise in VFX

Technical college programs related to animation and arts	Students enrolled in 2018-2019	Students graduates in 2017
Animation 2D/3D and Game Design	1,008	403
Visual Arts	1,145	278
Graphic Arts	1,219	259
<b>Total</b>	<b>3,372</b>	<b>940</b>

Technical college programs related to film production	Students enrolled in 2018-2019
Film Production	77
Sound and Audio Studies	22
<b>Total</b>	<b>99</b>

Greater Montréal boasts **close to 3,500 college students** enrolled in technical programs related to visual effects, animation and film production

The depth of Montréal's talent pool has allowed the region to remain at the avant-garde in the VFX industry, including in new trends such as virtual and augmented reality

# A rich pool of university students that combines creativity and technical knowledge

Greater Montréal boasts more than

**2,300** university students in arts and cinema related programs

As well as close to

**17,000** university students enrolled in IT related programs

A large contingent of new university graduates in arts and IT joins this growing visual effects and animation workforce every year

University programs related to arts and cinema	Students enrolled in 2018-2019	University graduates in 2018
Cinema	1,390	318
Fine Arts	923	157
Plastic Arts	566	150
Graphic Arts	710	118
Arts (pluridisciplinary)	135	46
<b>Total</b>	<b>2,334</b>	<b>471</b>

University programs related to IT	Students enrolled in 2018-2019	University graduates in 2018
Computer Sciences	9,381	1,719
Electric and Electronic Engineering	3,374	759
Computer Engineering and Computer Science	2,193	460
Mathematics	1,427	286
Applied Mathematics	132	31
Probabilities and Statistics	195	42
<b>Total</b>	<b>16,703</b>	<b>3,297</b>

# Multiple international mobility programs to attract the best international talents

Immigration programs	1 - Obtain a LMIA* and CAQ**	Processing time	2 – Work permit application	Processing time
<b>Intra-company transfer</b>	These procedures are not applicable in this case	.	Have worked at least one year for the company before the transfer, be an executive or have specialized and proprietary knowledge	0 to 2 weeks***
<b>NAFTA</b>	These procedures are not applicable in this case	.	Belong to one of the 60 professions recognized under NAFTA	0 to 2 weeks***
<b>International Experience Canada</b>	These procedures are not applicable in this case		Be 18 to 35 years old (may vary according to the country of citizenship) and coming from one of the 35 countries and territories having signed an agreement with Canada. 3 possible categories according to country agreements: Working Holiday, Young Professionals and International Co-op Internship	Up to 8 weeks
<b>Global Talent Stream</b>	Exemption from the obligation to make efforts to hire and recruit locally. 12 professions are on the list of professions eligible for this program.	Approx. 2 weeks	Submit the application to the visa office outside Canada or to Canada customs if the applicant is exempt from the entry visa requirements.	0 to 2 weeks
<b>Québec Simplified Process</b>	Process offered exclusively to businesses in Quebec. Exemption from the requirement to demonstrate that efforts to hire locally were unsuccessful. More than 200 professions are on the list of professions eligible for simplified processing.	Approx. 12 weeks	Submit the application to the visa office outside Canada or to Canada customs if the applicant is exempt from the entry visa requirements.	Canadian Visa Office (BVC) timelines
<b>Regular process</b>	Demonstrate that reasonable efforts have been made to hire locally	Approx. 15 weeks	Submit the application to the visa office outside Canada or to Canada customs if the applicant is exempt from the entry visa requirements.	Canadian Visa Office (BVC) timelines

Notes:

\*LMIA: Labour Market Impact Assessment.

\*\* CAQ: Québec Acceptance Certificate.

\*\*\*Priority processing within 14 days (in 80% of cases) only for a qualified position at level 0 or A according to the National Occupational Classification.

**“Cinesite Montréal’s success has exceeded all our expectations. And five years later, the things that make Montréal so great are still there. The city’s got talent, creative potential and a vibrant tech culture. Add to that business cost competitiveness and Montréal International’s constant support and you’ve got a perfect ecosystem for innovative businesses like ours.”**

– François Sansregret, COO, Cinesite



**“After a year of planning and coordination, we’re very proud to finally have a studio in Montréal, a city known worldwide for its unique culture. We considered other cities before choosing Montréal, where we received a welcome second to none and where we already have a number of friends.”**

– Steve O’Brien, President and CEO of Reel FX



**“Montréal is fueled by creativity and innovation, and was an obvious choice for the next studio location for Digital Domain. Given the strong animation and visual effects talent pool in Montréal, we are stacking the deck to make this studio location an attractive offering to partners, molding the future of Digital Domain.”**

Daniel Seah, Executive Director and CEO, Digital Domain



**“We’re very excited to be setting up our new studio in Montréal. There is an amazing creative and technical community in this city, and the quality of the work that is being created here is on a par with the work we are seeing coming out of London, Vancouver and LA. Our new Montréal studio will work closely with our other international locations on our biggest film projects, and will provide a cutting-edge working environment for our staff.”**

– Ellen Walder, COO, Double Negative



**“Having a studio in Greater Montréal means we can reach a larger market, especially movie production houses in North America, and grow our international customer base, which currently accounts for about 30% of our business.”**

– Guillaume Marien, Founder and Executive Producer, Mathematic Studio



**“Montréal has a lot of visual effects artists and technological architects with unprecedented talent.”**

– Thilo Kuther, founder and CEO, Pixomodo

**“We can only applaud the governments’ efforts and support to encourage foreign investors, while providing VFX film tax credits and incentives for companies like Pixomondo... The decision to enter the Montréal market was a no-brainer for us.”**

– Sara Mustafa, COO, Pixomondo



# 03

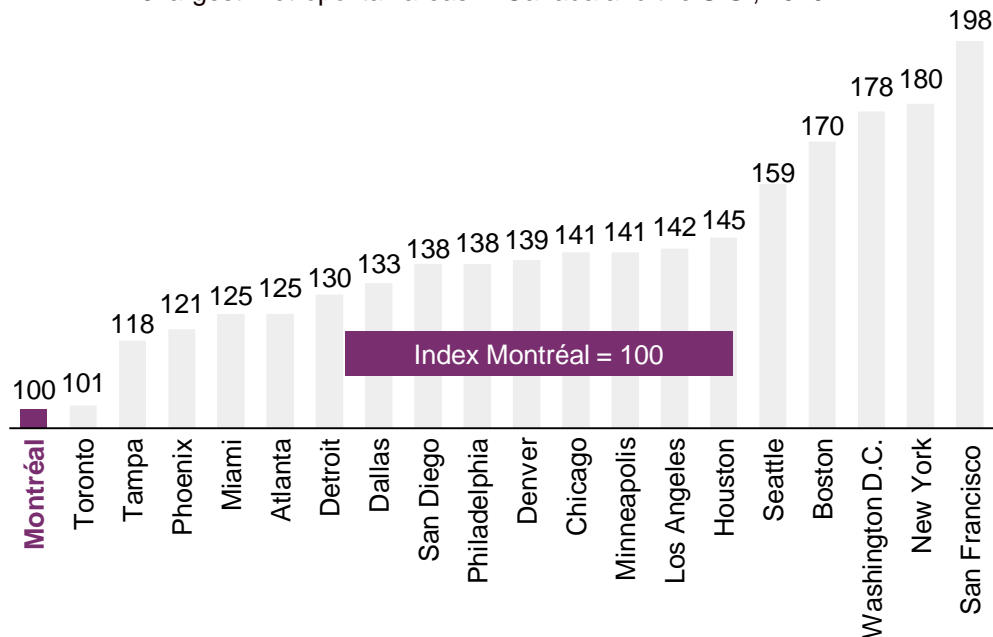
## Attractive Operating Costs and Incentives



# Operating a business costs less in Greater Montréal than in any other major metropolitan area in Canada and the U.S.

## Operating costs index for software development

20 largest metropolitan areas in Canada and the U.S., 2020



**29% cost advantage**

compared to the average  
20 largest metropolitan  
areas in Canada and  
the U.S.

# Competitive salaries

## Median annual salaries \* (US\$) for 8 typical professions in VFX in 3 North American hubs

	Montréal**	Vancouver	Los Angeles
Animator 3D	\$54,838	\$57,515	\$91,805
Compositor	\$31,508	\$33,946	\$42,845
VFX Producer***	\$68,802	\$111,803	\$76,621
Illustrator	\$42,953	\$45,316	\$68,607
Art Director	\$71,035	\$73,992	\$129,503
3D Motion Designer	\$52,022	\$54,633	\$83,485
UX Designer	\$53,846	\$56,573	\$83,478
VFX Supervisor***	\$111,087	-	\$192,008

\*Base salaries based on 5 years of experience.

\*\*Before tax credit.

Currency exchange based on the monthly average of March 2020: US\$1.00 = CA\$1.3953; US\$ = 0.87€; US\$ = 0.76£.

Computer systems design and related services (NAICS 541510)

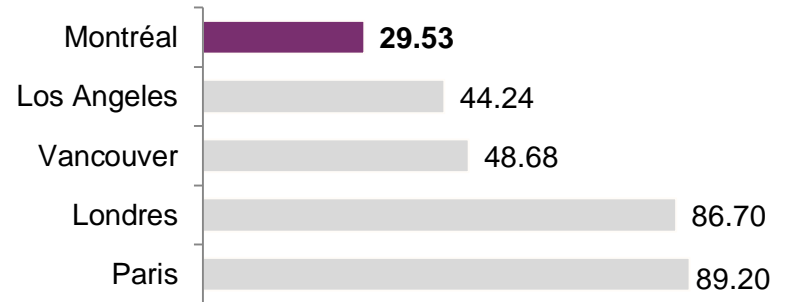
Source: Economic Research Institute Inc., April 2020, \*\*\*Glassdoor, 2020.



## Affordable office rent

Office spaces are available at highly competitive rates compared to almost all other large cities in North America and Western Europe.

**Average asking rent CBD**  
(all classes - USD/sq.ft/yr)



Average asking rent (all classes) in downtown Montréal is US\$ 29.53 and US\$ 44.81/sq.ft/yr for a Class-A office building.

# Generous government support for film production services

Québec offers some of the most advantageous cash rebates available: up to 43%.

Companies are eligible to 2 tax credits for Film Production Services (at the provincial and federal levels).



**Québec  
Level** (provincial)

- 20% of qualified expenditures (total of the qualified labor cost and the cost of qualified properties);
- 16% labor-based computer-aided special effects and animation & shooting of scenes in front of a chroma-key screen activities<sup>1</sup>;
- No minimum spending, no caps.



**Canada  
Level** (federal)

- Additional 16% refundable tax credits for eligible labour costs from the government of Canada.<sup>2</sup>

## Financial requirements:

While it is true that there is no cap, there is a minimum total worldwide budget amount:

- **Québec** : CA\$250,000;

- **Canada** :
  - Film: CA\$1,000,000;
  - Series : Over CA\$100,000 per episode (less than 30 minutes);
  - Series: Over CA\$200,000 per episode (exceeding 30 minutes).

Note:

1: For the purposes of calculating the combined rate of the credit, the tax credit from the government of Québec is applied against the federal tax credit.

2: Labor expenses must be paid to persons who were resident in Canada at the time the payments were made in order to be eligible for tax credit purposes.

Source: Raymond Chabot Grant Thornton, 2019.

# Comparison Montréal, Toronto & Vancouver – tax credits

Live action production with bonification (VFX, Green screen or animation)

## Case 1

### Production services tax credits analysis example

	Montréal	Toronto	Vancouver
Cost of contract	\$1,000,000	\$1,000,000	\$1,000,000
Labour included in the contract	\$650,000	\$650,000	\$650,000
Labour related to VFX/Animation*	\$650,000	\$650,000	\$650,000
Provincial tax credit	(\$360,000)	(\$332,000)	(\$286,000)
Federal tax credit	(\$66,560)	(\$62,920)	(\$58,240)
<b>Total tax credit</b>	<b>\$426,560</b>	<b>\$394,920</b>	<b>\$344,240</b>
<b>Effective total tax credit rate</b>	<b>42.66%</b>	<b>39.49%</b>	<b>34.42%</b>

\* Assumption that 100% of the labour is related to VFX/Animation.  
Source: Raymond Chabot Grant Thornton, 2019.

**Case 1 - Producer is incorporated in Québec and claims the tax credit:**

Up to

**43%**  
**tax credit**

# Comparison Montréal, Toronto & Vancouver – tax credits

Live action production with bonification (VFX, Green screen or animation)

## Case 2

### Production services tax credits analysis example

	Montréal	Toronto	Vancouver
Cost of contract	\$1,000,000	\$1,000,000	\$1,000,000
Labour included in the contract	\$650,000	\$650,000	\$650,000
Labour related to VFX/Animation*	\$650,000	\$650,000	\$650,000
Provincial tax credit	(\$234,000)	(\$256,750)	(\$286,000)
Federal tax credit	(\$66,560)	(\$62,920)	(\$58,240)
<b>Total tax credit</b>	<b>\$300,560</b>	<b>\$319,670</b>	<b>\$344,240</b>
<b>Effective total tax credit rate</b>	<b>30.06%</b>	<b>31.97%</b>	<b>34.42%</b>

**Case 2 – Producer is not incorporated in Québec**  
so the tax credit is claimed by the VFX/animation studio

\* Assumption that 100% of the labour is related to VFX/Animation.

Source: Raymond Chabot Grant Thornton, 2019.

# An easy access to highly advantageous Incentives

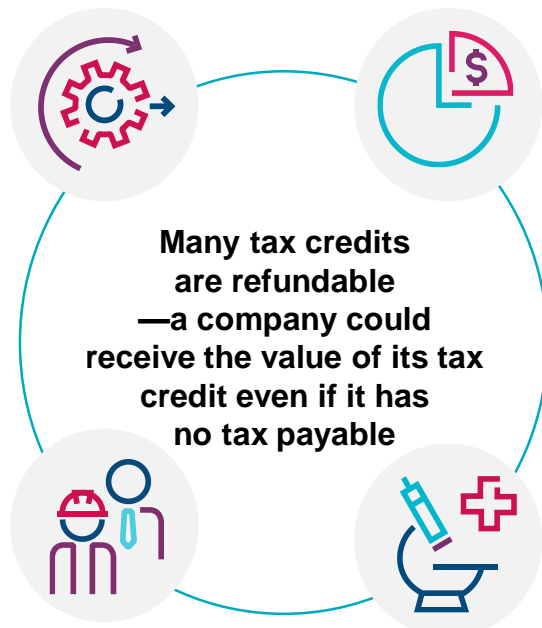
## Major projects and innovations

Grants and interest-free loans  
such as **ESSOR** and **Canada Economic Development** Programs

## Labour development

*Grants such as:*

- **25% of costs** to implement training programs
- **50% of costs** to create a HR department



## Sector tax credits

*Such as:*

- **Up to 37.5%** for multimedia production
- **Up to 32% of eligible labor costs** and an effective rate of 16% of total eligible production costs for co-production

## Research and development

- **Up to 30%** tax credit on R&D

# 04

## Montréal International's Personalized, Free and Confidential Services



# Montréal international, a single point of access to a series of personalized, free and confidential services



**Long-term  
strategic support**



**Economic data  
and communication  
services**



**Government  
relations facilitation**



**Incentive programs  
assistance**



**Foreign workers  
immigration  
assistance**



**International  
recruiting solutions**



## Contact us



Montréal  
International

**Montréal International**  
380 Saint-Antoine Street West  
Suite 8000  
Montréal, Québec H2Y 3X7

**t** +1 514-987-8191  
[www.montrealinternational.com](http://www.montrealinternational.com)

This document is the property of Montréal International. You are authorized to reproduce this document, in whole or in part, provided that its content is not modified and that Montréal International is clearly identified as the originator of this material. You shall not, in any circumstances, use the material in a manner that could create a false or misleading impression with respect to the source of the material, including but without limitation, by means of a mark or mention that does not refer to Montréal International.