



VIEWPOINT *GREEN*

OTTAWA *GREEN* OFFICE MARKET REPORT | Q3 2010



**CUSHMAN &
WAKEFIELD**®

OTTAWA

Green Real Estate Practice Group

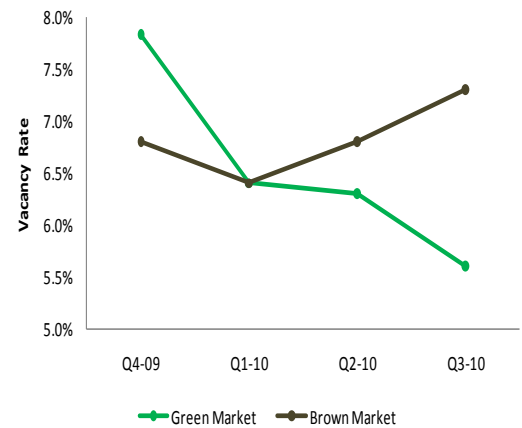
GREEN VIEWPOINT

GREEN BUILDINGS = LOWER VACANCY

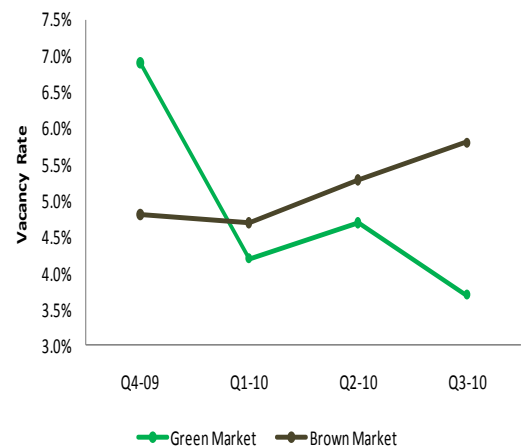
Various studies have shown that Green buildings have lower vacancy rates than their non-Green, or “Brown”, competitors. Some Ottawa landlords believe that, while this may be true in other more diverse cities with a more advanced Green building market, Greening your building would have little impact on vacancy due to Ottawa’s tenant mix and the traditionally low and stable vacancy rates. However, when comparing vacancy over the past four quarters, it turns out that this is a false assumption. Since Q1-2010, Green vacancy has trended below that of the Brown market, and furthermore, the Brown market has begun a steady climb upwards while the Green market has been heading in the opposite direction. Overall vacancy in Ottawa’s Green market, which includes sublet space, is currently 5.6% in Q3, down from 6.3% Q2, while vacancy in the Brown market is up to 7.3% in Q3 from 6.8% in Q2. When looking at direct vacancy, with sublet space removed, the Green market vacancy has dropped to 3.7% in Q3 from 4.7% in Q2, while the Brown market vacancy has risen to 5.8% in Q3 from 5.3% in Q2.

“This has been one of the missing pieces of the puzzle in Ottawa. We can now definitively demonstrate that Greening your building will translate into a better bottom line for the landlord and a safer, more stable investment for investors.” according to James McNeil, Cushman & Wakefield Ottawa’s Green Real Estate Practice Lead. “Furthermore, we anticipate that, as more buildings switch categories from Brown to Green with either BOMA BEST or LEED designations, we will see even greater disparity in this respect.”

OVERALL VACANCY



DIRECT VACANCY



GREEN HIGHLIGHTS Q2 2010

SIGNIFICANT Q3-2010 GREEN LEASE TRANSACTIONS

Building	LEVEL	TENANT	sf
1430 Blair Place	BOMA BEST 2	Rogers Communications (Renewal)	53,677
333 Preston Street	BOMA BEST 2	Sun Life Financial	27,000
1525 Carling Ave	BOMA BEST 3	Investors Group (Renewal)	9,735

GREEN MARKET TRENDS

OTTAWA GREEN REAL ESTATE MARKET

OVERVIEW

As mentioned, vacancy in the Green market continues to buck the trend of the Brown market. On a direct basis there is a 2.1% spread between the Green and Brown markets, when taking the sublet market into account, the spread is reduced to 1.7%.

Green leasing activity continues to be strong overall, with 91,773 square feet (sf) of transactions taking place in Q3-2010 and a year-to-date total of 333,748 sf in 2010. The Q3-2010 activity alone represents approximately 91% of what took place in all of 2009. The majority of this activity (81,888 sf) took place in BOMA BESt 2 buildings, where the greatest vacancy resides. Overall vacancy in the BOMA BESt 2 category dropped from 9% in Q2 to 6.1% in Q3.

OUTLOOK

We anticipate leasing activity within the Green market to remain stable into Q4. This should pick up in Q1-2011 as we expect more Greening of existing product resulting in increased options for tenants seeking to achieve their sustainability objectives.

Joining the ranks of Sun Life Financial Centre, Place DeVille, and the Jean Edmonds Towers, the Standard Life Centre located at 275 Slater Street has also registered for LEED EB:OM, which will bring another 226,966 sf of Green office space to the market upon its certification.

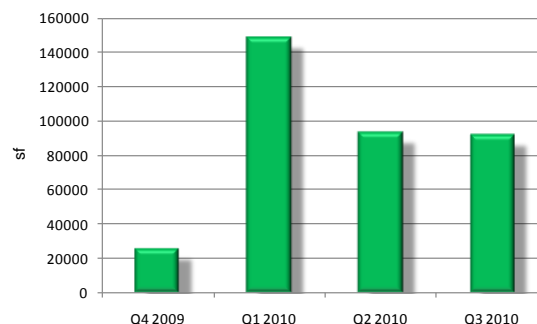
We expect the number of Green buildings to steadily increase into the future.

GREEN VIEWPOINT

“The strength of the Green market continues to surprise us. It seems that every quarter something is happening that makes you stand back and say ‘Wow’. The speed at which both the landlord and tenant communities are buying into it is really exciting. There is no longer any debate. Ottawa is definitely in the midst of a Green Shift.”

-Scott Brooker, Founding Member
C&W Ottawa Green Real Estate Practice Group

GREEN LEASING ACTIVITY



OTTAWA GREEN MARKET STATISTICS – Q3 2010

Certification Level	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q2 Leasing Activity (sf)	Average Asking Net Rental Rate	Gross Rental Rate
LEED Gold [†]	1	355,000	8.3%	8.3%	2,200	\$26.00	\$44.75
LEED Silver [†]	1	104,000	0%	0%	0	-	-
LEED Certified	1	150,000	30.7%	0%	0	-	\$25.00
BES ^t 4	1	152,918	0%	0%	3,500	\$26.00	\$46.51
BES ^t 3	16	3,447,549	4.1%	2.6%	7,685	\$22.29	\$43.25
BES ^t 2	24	3,407,523	6.1%	4.8%	81,888	\$11.69	\$28.54
Total Green Market	44	7,616,990	5.6%	3.7%	91,773	\$18.74	\$41.56

[†]Pending certification



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TEAM PROFILE



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James is President of the Ottawa Chapter Canada Green Building Council and a Director of the Ottawa Chamber of Commerce Environment Committee. James is uniquely positioned to align your real estate with your business objectives of creating a sustainable workplace. James has received the Leadership in Business Award from Earth Day Ottawa for his commitment to the environment and was nominated as Corporate Citizen of the Year by the Kanata Chamber of Commerce. He has lectured on leasing and market-related topics to industry stakeholders. James holds the designation of Real Property Administrator (RPA) and is a LEED Accredited Professional (LEED AP).



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Scott sits on the Canmet Energy Policy Advisory Committee for the Development of Methodologies and Tools for Sustainability Reporting in the Commercial & Institutional Buildings Sector and the CaGBC-ORC Existing Buildings Committee. He holds a Bachelor of Commerce Degree in International Business from Dalhousie University & the Copenhagen *School of Business School. He is focused on driving sustainable value for his clients. As a founding member of the Cushman & Wakefield Ottawa Green Real Estate Practice Group he provides clients with sustainable real estate solutions that create value for their overall operations.

LinkedIn Group:

[OTTAWA GREEN BUILDINGS AND SUSTAINABLE WORKPLACES](#)

Twitter:

<http://www.twitter.com/CWOGreen>



ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield was founded in 1917. Today the firm has 231 offices throughout the globe in 58 countries. C&W employs 13,000 talented professionals who create, optimize, and protect value for clients in every region of the world. We assist clients in every stage of the real estate process, representing them in buying, selling, financing, leasing, managing, valuing assets, providing strategic planning and research, portfolio analysis, site selection, and space location, among other advisory services.

ABOUT THE OTTAWA GREEN REAL ESTATE PRACTICE GROUP

Cushman & Wakefield Ottawa's Green Real Estate Practice Group works with organizations who have made a commitment to sustainable business operations. We assist them in navigating Ottawa's commercial real estate landscape to find workplace solutions that align with their environmental commitments and contribute to sustainable bottom lines.

Our team provides corporate tenants and building owners with the expertise to understand and evaluate the benefits and cost savings of buildings designed with sustainable high performance design features.

Our value proposition is our ability to assist organizations in matching real estate solutions to their quest to go green.

CONTACTS

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Cushman & Wakefield Ottawa is a proud member of the Canada Green Building Council