



# VIEWPOINT *GREEN*

OTTAWA *GREEN* OFFICE MARKET REPORT | Q1 2011



**CUSHMAN &  
WAKEFIELD**®

OTTAWA

Green Real Estate Practice Group

# GREEN VIEWPOINT

## GREEN MARKET OVERVIEW

As anticipated, green vacancy shot up in the first quarter of 2011. This is due mainly to “rightsizing” and relocations by HP and Sun Life out of the downtown core and into the suburban market, leaving behind over 200,000 square feet of vacancy at Sun Life Financial Centre.

The rightsizing undertaken by HP and Sun Life is indicative of what is happening throughout the market in response to the economic downturn of 2008. Ottawa, for various reasons, has lagged in its response to the recession, but we can clearly see the impact as both the overall Green and Brown office markets experienced negative absorption in the first quarter, indicating a contracting office market.

Leasing activity in the green market dropped from the high of 153,460 square feet experienced in the 4<sup>th</sup> quarter of 2010 to 67,902 square feet in the first quarter of 2011. Kanata was responsible for over 50% of the green leasing activity in the first quarter, despite having only 18% of the green inventory. The downtown core followed up with just over 27,000 square feet of activity, most of which is attributed to PWGSC leasing close to 22,000 square feet at Sun Life Financial Centre.

### BETTER BUILDINGS BREAKFAST

The next Better Buildings Breakfast will be held on May 18<sup>th</sup> at the Empire Grill. This breakfast will follow up on our “What Every Tenant Needs to Know About Green Buildings” breakfast that was held on April 14<sup>th</sup>, and is titled “The Tenants’ Experience of Green Buildings”. It will feature Charles Billington, Director of Community Relations at the Rideau Valley Conservation Authority talking about their move into a new LEED-Gold building in Manotick, and Debbie Baxter, VP CSR & FM/Chief Sustainability Officer at LoyaltyOne. She will be sharing, from a tenant’s point of view, their experience building a double-gold LEED certified call centre with the largest rooftop solar panel installation in Ontario.

## GREEN HIGHLIGHTS

### SIGNIFICANT Q1-2011 GREEN LEASING TRANSACTIONS

Building	LEVEL	TENANT	sf
99 Bank Street	BOMA BEST 3	Public Works & Government Services Canada	21,722

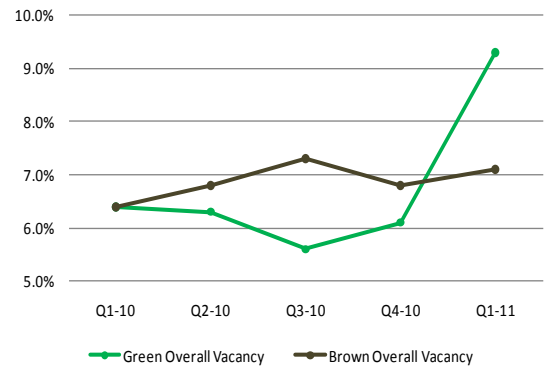
### SIGNIFICANT Q1-2011 GREEN SALES TRANSACTIONS

Building	LEVEL	BUYER	PURCHASE PRICE
1601 Telesat Court	BOMA BEST 2	Morguard Investments (50% interest)	\$18,500,00

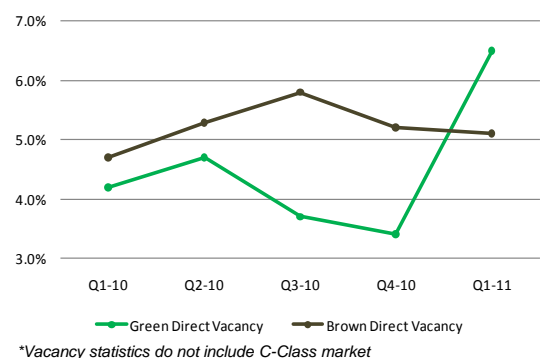
### SIGNIFICANT GREEN PROJECTS UNDER CONSTRUCTION

Building	LEVEL TARGETED	MAJOR TENANT	COMPLETION
150 Slater Street	LEED-GOLD CS	EXPORT DEVELOPMENT CANADA	11/11

### OVERALL VACANCY



### DIRECT VACANCY



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## OTTAWA GREEN REAL ESTATE MARKET OUTLOOK

We anticipate Green market vacancy to peak in the 3<sup>rd</sup> quarter of 2011, then decline through the fourth quarter of 2011 and first quarter of 2012. We anticipate that with a growing green market and increased availability, more and more tenants will make green a mandatory part of their leased space criteria as the overall commercial real estate market in Ottawa picks up.

Furthermore, we expect Federal Government leasing activity to pick up, specifically in the downtown core, over the next 6-18 months in response to a Request for Information published on March 16<sup>th</sup> for six separate requirements ranging in size from approximately 20,500 square feet to 70,000 square feet with occupancies from late 2011 into 2012.

### GREEN VIEWPOINT

“Organizations are starting to understand that sustainability yields both bottom-line and top-line returns. Progressive organizations realize that their workplace is critical for employee health and wellness leading to a more productive workforce and an increased bottom line. The challenge Ottawa has faced is the lack of available buildings that align with a company’s sustainability strategies. This has changed and there are now solid opportunities for tenants looking to locate in a green building.”

-James McNeil, Green Real Estate Practice Lead  
C&W Ottawa Green Real Estate Practice Group

## OTTAWA GREEN MARKET STATISTICS – Q1 2011, by Certification Level

Certification Level	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q2 Leasing Activity (sf)	Weighted Average Asking Net Rental Rate	Weighted Average Gross Rental Rate
LEED Gold <sup>†</sup>	2	459,000	5.6%	5.6%	0	\$26.00	\$44.52
LEED Certified	1	150,000	31%	0%	0	-	-
BES <sup>t</sup> 4	1	152,918	11.3%	11.3%	0	\$21.00	\$40.97
BES <sup>t</sup> 3	19	4,317,142	8.1%	7.1%	27,968	\$26.62	\$50.50
BES <sup>t</sup> 2	28	3,668,637	10.1%	6.1%	39,634	\$16.52	\$34.53
<b>Total Green Market</b>	<b>51</b>	<b>8,747,697</b>	<b>9.3%</b>	<b>6.5%</b>	<b>67,902</b>	<b>\$25.41</b>	<b>\$48.48</b>

<sup>†</sup> 180 Kent pending certification

## OTTAWA GREEN MARKET STATISTICS – Q1 2011, by Market/Submarket

Market/Submarket	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Leasing Activity (sf)	YTD Absorption (sf)	Weighted Average Gross Rental Rate
Downtown Core	17	4,583,848	7.2%	6.2%	23,852	(221,426)	\$51.98
Byward Market	2	130,755	5.8%	3.7%	3,800	(3,779)	\$40.53
Gloucester	6	792,491	2.9%	4.0%	0	(1,793)	\$34.53
Kanata	14	1,568,108	16.9%	12.4%	36,134	(25,901)	-
Ottawa West	7	914,314	9.2%	6.5%	4,116	(8,139)	\$34.64
Nepean	5	491,860	19.1%	1.3%	0	(28,749)	\$29.07
<b>Total Green Market</b>	<b>51</b>	<b>8,747,697</b>	<b>9.3%</b>	<b>6.5%</b>	<b>67,902</b>	<b>(289,787)</b>	<b>\$48.48</b>

## TEAM PROFILE



James McNeil  
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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 is an internationally recognized expert in the field of green commercial real estate. He has been quoted in various publications on the topic and is a green real estate contributor for Monster Commercial. He sits on the CaGBC-ORC Existing Buildings Committee and is a founding member of the Better Buildings Breakfast Series. 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>



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## 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