



VIEWPOINT *GREEN*

OTTAWA *GREEN* OFFICE MARKET REPORT 3Q11



**CUSHMAN &
WAKEFIELD®**

OTTAWA
Green Real Estate Practice Group

GREEN VIEWPOINT

GREEN MARKET OVERVIEW

GREEN OFFICE SPACE IN OTTAWA CHEAPER THAN “BROWN” ALTERNATIVE based on Class ‘A’ weighted average gross asking rental rates across the city. Driven by lower operating costs Green Buildings will, on average, save tenants close to \$1 per square foot per annum at \$42.76 per square foot versus their Brown counterparts at \$43.63 per square foot. Average asking net rental rates are virtually identical at \$23.72 per square foot and \$23.62 per square foot for Green buildings versus Brown buildings, respectively, however Green buildings will save tenants nearly \$1 per square foot on operating costs at \$19.04 per square foot versus brown buildings which average \$20.01 per square foot.

The green office inventory rose by 13% in the third quarter to 9.3 million square feet across the city. This is due mainly to Export Development Canada beginning to occupy their new LEED-Gold (pending certification) facility at 150 Slater Street and the recertifications of 427 Laurier Ave. West and 344 Slater Street at Minto Place to BOMA BEST level 3.

Vacancy dropped sharply this quarter after the spike we saw in the first quarter of 2011. As we anticipated, tenants are now taking advantage of the increased green space available in the market driving overall vacancy in the green office market down 1.5% to 7.5% and direct green vacancy down 1.6% to 5.1%.

GREEN BUILDING NEWS

Green construction is now underway at 2611 Queensview Drive, where Windmill Developments, one of Canada’s greenest developers, has begun building the new headquarters of engineering giant Genivar. Construction is also underway at the Ottawa Train Yards for PWGSC at 395 Terminal Avenue. Both projects are registered under the LEED Core & Shell program.

GREEN HIGHLIGHTS

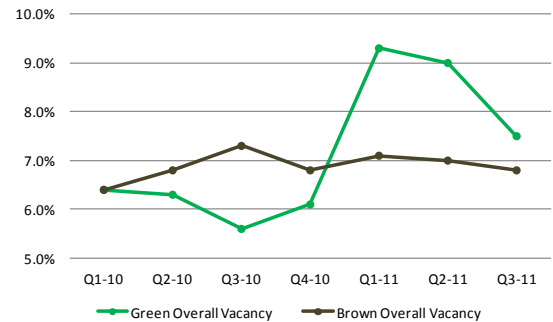
SIGNIFICANT Q3-2011 GREEN LEASING TRANSACTIONS

Building	LEVEL	TENANT	sf
180 Kent Street	LEED Gold (<i>pending</i>)	PWGSC	20,734
750 Palladium Drive	BOMA BEST 3	Spirent	10,000

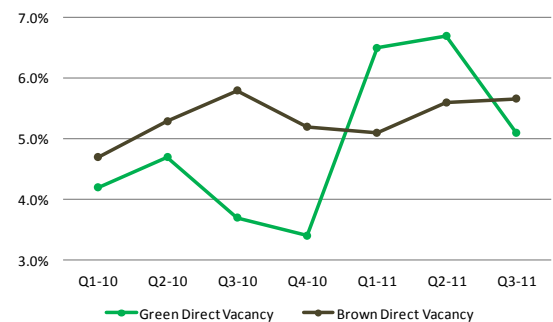
SIGNIFICANT GREEN PROJECTS UNDER CONSTRUCTION

Building	LEVEL TARGETED	MAJOR TENANT	COMPLETION
150 Slater Street	LEED-GOLD CS	EXPORT DEVELOPMENT CANADA	11/11
2611 Queensview Drive	LEED CS	GENIVAR	04/12
395 Terminal Avenue	LEED CS	PWGSC	01/13

OVERALL VACANCY



DIRECT VACANCY



MARKET FORECAST

INVENTORY increased this quarter to 9.3 million sf after a slight drop in Q2.



VACANCY fell sharply in Q3 as tenants are taking advantage of the space that opened up in Q1.



GREEN VIEWPOINT

GREEN MARKET OUTLOOK

We anticipate green office vacancy to continue to trend downward into the fourth quarter of 2011. Overall, we expect activity to remain strong into 2012 as tenants continue to take advantage of green opportunities currently in the market. With a return to global economic uncertainty we anticipate that organizations in the National Capital Region will look to take advantage of both the lower hard and soft costs of locating in Green buildings in the City.

Green growth in the existing building sector is likely to slow as we enter 2012 as we begin to hit somewhat of a saturation point. Continued growth will likely be driven by the new building market, as any new construction will likely target LEED certification, while the existing buildings look mainly to upgrade their certification level.

GREEN VIEWPOINT

"It is incredible that we can finally put to rest the myth that green buildings cost more. While \$0.87 per square foot may seem like small peanuts over the course of a 5 or 10 year lease, for say a 12,000 square foot tenant, it would save them \$60,000 to \$135,000 dollars. That's real money, not to mention reductions in absenteeism, increases in productivity, and the impact on recruiting and retention and the overall brand. It just goes to show that going Green will make you some *Green*."

-Scott Brooker, Sales Representative
C&W Ottawa Green Real Estate Practice Group

OTTAWA GREEN MARKET STATISTICS – Q3 2011, by Certification Level

Certification Level	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q3 Leasing Activity (sf)	Weighted Average Class 'A' Asking Net Rental Rate	Weighted Average Class 'A' Gross Rental Rate
LEED Gold†	3	934,000	3.3%	0.2%	20,734	\$26.00	\$44.81
LEED Certified	1	150,000	31%	0%	0	-	-
BES ^t 3	21	4,652,060	7.5%	5.7%	24,439	\$25.35	\$48.20
BES ^t 2	28	3,601,652	7.6%	5.7%	41,540	\$16.46	\$31.22
Total Green Market	53	9,337,712	7.5%	5.1%	86,713	\$23.72	\$42.76

† 180 Kent Street and 150 Slater Street certification pending

OTTAWA GREEN MARKET STATISTICS – Q3 2011, by Market/Submarket

Market/Submarket	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q3 Leasing Activity (sf)	Q3 Absorption (sf)	Weighted Class 'A' Average Gross Rental Rate
Downtown Core	18	5,298,668	5.9%	4.1%	29,629	469,891	\$51.37
Byward Market	2	130,755	5.8%	5.8%	2,336	0	\$40.53
Gloucester	6	792,491	2.9%	4.0%	0	0	\$34.39
Ottawa East	1	147,070	0%	0%	0	0	-
Kanata	14	1,562,553	12.0%	10.4%	24,298	340	-
Ottawa West	7	914,314	8.9%	4.1%	32,786	24,864	\$34.73
Nepean	5	491,860	15.4%	4.6%	0	16,356	\$29.07
Total Green Market	53	9,337,712	7.5%	5.1%	86,713	511,451	\$42.76

TEAM PROFILE



James McNeil
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James is the Past 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.

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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.

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