



VIEWPOINT *GREEN*

OTTAWA *GREEN* OFFICE MARKET REPORT 3Q12



**CUSHMAN &
WAKEFIELD®**

OTTAWA

Green Real Estate Practice Group

GREEN VIEWPOINT

GREEN MARKET UPDATE

Overall market conditions in both the traditional and green markets continue to be anemic at best. Leasing activity in the green market has remained fairly stagnant throughout 2012, making only slight gains quarter over quarter. Leasing activity in the third quarter sits at 78,056 square feet across the green market. Despite the leasing activity that did occur in the third quarter, green market absorption was -11,062 square feet, and year-to-date green market absorption is -41,518 square feet.

Both overall and direct vacancy in the green market rose slightly in the second quarter of 2012, with overall vacancy rising sixty basis points to 7.8%, its highest level in over a year. Direct vacancy also rose sixty basis points to 5.6%, just below that of the traditional market at 5.7%.

While the information came too late to affect the third quarter statistics, it is pertinent to mention that the Federal Government leased and took immediate possession of approximately 78,000 square feet at Sun Life Financial Centre in late September, which is both LEED EB:OM Gold and BOMA BEST 3.


Another interesting point of note. 200 Kent Street was sold in the third quarter. A 387,183 square foot, BOMA BEST Level 2 office building managed by Morguard, and fully leased by the federal government was sold to Great West Life Assurance Company at a price tag of over \$143 million.


GREEN VIEWPOINT

“Ottawa is at a moment of change, the LRT, changes in the Federal Government accommodations strategy, Transit oriented Development, urbanization of the Technology industry and the Ottawa Centre Eco-District are opportunities to align the City, Community and Business to position Ottawa as a leader in the Green Global Economy provided we have a clear economic development strategy that links it all together.”

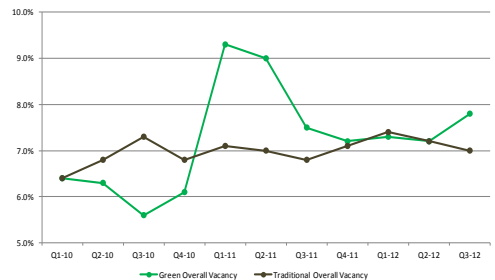
-James McNeil, Associate Vice President
C&W Ottawa Green Real Estate Practice Lead

MARKET DYNAMICS

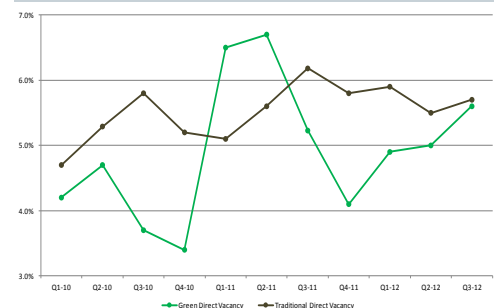
VACANCY rose in the green market in Q3. Both overall and direct vacancy moved up sixty basis points. 

LEASING ACTIVITY remained fairly stable, increasing only slightly over last quarter. 

OVERALL VACANCY



DIRECT VACANCY



GREEN MARKET OUTLOOK

“Both the green and traditional markets, overall, have effectively stalled,” according to Scott Brooker, C&W Ottawa Green Practice member, “activity has been lackluster all year. We are seeing contraction from many tenants across the market due to various economic factors. We believe that we are heading into an adjustment period in the market. As space comes back to the market we believe that organizations will see an opportunity to upgrade their accommodations and that we will see a flight to quality, which bodes well for the green market.”

SIGNIFICANT Q3-2012 GREEN SALE TRANSACTIONS

Building	LEVEL	Buyer	Purchase Price/\$PSF	sf
200 Kent Street	BOMA BEST 2	Great West Life Assurance Company	\$143,400,000/\$370	387,183

GREEN VIEWPOINT

GREEN HIGHLIGHTS

SIGNIFICANT Q1-2012 GREEN LEASING TRANSACTIONS

Building	LEVEL	TENANT	sf
99 Bank Street	LEED Gold/BOMA BEST 3	Ernst & Young	27,721
411 Legget Drive	BOMA BEST 2	Semtech	11,454

SIGNIFICANT GREEN CONSTRUCTION COMPLETIONS

Building	LEVEL TARGETED	MAJOR TENANT	COMPLETION
2611 Queensview Drive	LEED Silver	GENIVAR	09/12

SIGNIFICANT GREEN PROJECTS UNDER CONSTRUCTION

Building	LEVEL TARGETED	MAJOR TENANT	COMPLETION
395 Terminal Avenue	LEED CS	PWGSC	01/13
150 Elgin Street	LEED Gold	TBD	01/14
90 Elgin Street	LEED Gold	PWGSC	Late 2014

OTTAWA GREEN MARKET STATISTICS – Q2 2012, by Certification Level

Certification Level	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q3 Leasing Activity (sf)	Weighted Average Asking Net Rental Rate	Weighted Average Gross Rental Rate
LEED Gold†	4	1,496,180	19.9%	10.7%	27,721	\$28.00	\$53.00
LEED Silver	2	293,317	33.3%	21.6%	12,254	\$19.57	\$36.05
LEED Certified	1	150,000	25.7%	0%	0	-	-
BES† 4	3	776,000	3.6%	1.7%	5,085	\$28.00	\$52.29
BES† 3	24	5,738,867	5.7%	4.6%	47,877	\$25.53	\$49.55
BES† 2	32	4,378,814	8.0%	6.9%	12,840	\$21.05	\$40.83
Total Green Market	62*	11,811,998*	7.8%	5.6%	78,056	\$23.35	\$43.73

†150 Slater Street certification pending, *Buildings with dual certification included once in total market statistics

OTTAWA GREEN MARKET STATISTICS – Q2 2012, by Market/Submarket

Market/Submarket	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q3 Leasing Activity (sf)	Q3 Absorption (sf)	Weighted Gross Rental Rate
Downtown Core†	30	8,274,950	6.7%	4.5%	69,124	7,617	\$49.27
Byward Market	1	81,075	0%	0%	-	-	-
Gloucester	6	792,492	4.2%	4.0%	1,198	(1,044)	\$34.91
Ottawa East	3	348,071	8.0%	8.0%	-	-	\$35.63
Kanata	12	1,412,553	11.2%	9.8%	5,294	(54,346)	\$28.39
Ottawa West†	4	346,397	24.3%	24.3%	-	33,479	\$34.97
Nepean	6	556,460	10.8%	0.4%	2,440	2,440	\$29.07
Total Green Market	62*	11,811,998*	7.8%	5.6%	78,056	(11,062)	\$43.73

†150 Slater Street, 2611 Queensview Drive certification pending, *Buildings with dual certification included once in total market statistics

TEAM PROFILE



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With 25 years experience in commercial real estate James McNeil is one of the most experienced & competent commercial realtors in the Ottawa market. He is recognized internationally as a leading expert in green buildings and sustainable workplaces. James specializes in Tenant Representation for office, industrial and retail clients, office leasing, facilities dispositions and the marketing and leasing of LEED certified buildings. As a leading advocate of green buildings and their effects on climate change and the greater economy, James is a keynote speaker and regularly consulted and quoted by local and national media on green buildings and related issues. James is the Past President of the Ottawa Chapter Canada Green Building Council and a Director of the Ottawa Chamber of Commerce Environment Committee .



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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. 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](#)

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Green Real Estate Practice Group
Aligning Green Tenants with Green Buildings
Aligning Green Buildings with Green Tenants

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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

The Cushman & Wakefield Ottawa Green Real Estate Practice Group is the only brokerage that has evaluated the level of sustainability of all office buildings in the National Capital Region. We track all of Ottawa's green buildings, the availability of leased space in these buildings and the overall growth of the green market, providing clients with qualitative and quantitative metrics of features that reduce operating costs, reduce tenant's capital requirements for both initial and ongoing leasehold improvements, as well as design features that specifically increase employee productivity and reduce absenteeism. We integrate sustainability into the traditional commercial leasing process

ABOUT THE BETTER BUILDINGS BREAKFAST SERIES

It's important to create a more sustainable Ottawa CWO GREPG along with RENX.ca host the Better Buildings Breakfast Series which is an opportunity for to learn about sustainable buildings and network with peers in the green real estate sector. The breakfasts serve an exciting line up of speakers, leaders in real estate, with informative presentations about how to create a sustainable built environment.

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