



VIEWPOINT GREEN

OTTAWA GREEN OFFICE MARKET REPORT 4Q12

YEAR IN REVIEW



**CUSHMAN &
WAKEFIELD®**

OTTAWA

Green Real Estate Practice Group

GREEN VIEWPOINT

GREEN MARKET YEAR IN REVIEW

It was a strong year for Landlords continuing to Green their portfolios and tenants upgrading the sustainability factor of the office space they occupy. Three new buildings were added to the LEED inventory in 2012, with Minto's 180 Kent Street project receiving LEED-NC Platinum certification and Bentall's two building complex, World Exchange Plaza, receiving LEED-EB:OM Gold certification, both in the fourth quarter. As of the end of the year 2012, Ottawa's competitive office inventory now boasts ten LEED buildings (including 150 Slater Street and 2611 Queensview Drive both awaiting certification as of the end of the year). In addition, Constitution Square elevated its game from BOMA BESt Level 1 for all three buildings to BOMA BESt Level 3 at 350 and 360 Albert and BOMA BESt Level 4 at 340 Albert Street. There has been an overall trend in the market to upgrade Ottawa's green building stock over the course of 2012, as buildings moved from BOMA BESt Level 1,2, and 3 to BOMA BESt 4, and LEED certification.



As we expected," says James McNeil, C&W Ottawa Green Real Estate Practice Lead, "after a huge bump at the beginning of 2012, the amount of green inventory stabilized at about one-third of the market. What we saw through the year was an upgrade in the quality of that inventory." BOMA BESt Level 4 and LEED certified buildings grew to 29% of the green inventory in 2012, up from 23% a year earlier.

Green leasing activity reached its highest level, at 163,226 sf in the fourth quarter of 2012, bringing the total for 2012 to 390,865 sf. The high level of leasing activity lead to positive Green absorption for the quarter at 13,512 sf, bringing the year-end total to 17,724 sf. This is in contrast to the traditional market, which experienced negative absorption of -81,656 sf in Q4-2012 and -77,444 sf for the year.

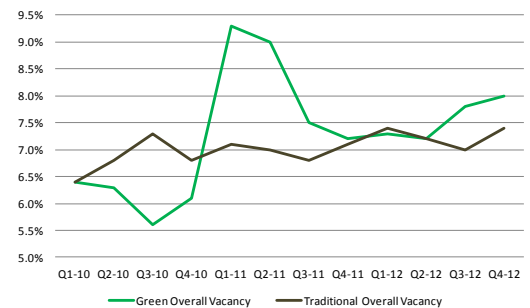
Vacancy rose across the board in the fourth quarter as Ottawa continues to work its way out of the lagging effects of the recession and resulting changes to government spending. Direct vacancy in the Green market continues to trend below that of the traditional market, increasing the spread to 20 basis points. Over the course of 2012, direct Green vacancy averaged half-a-point lower than its traditional counterpart. On the other hand, overall vacancy remained higher in the green market than the traditional market, rising to 8%. This suggests that there could be good deals to be had for tenants through the sublease market.

GREEN VIEWPOINT

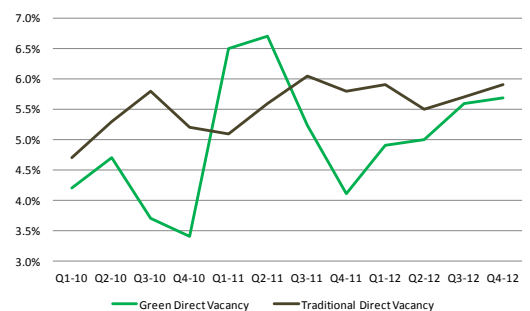
"The vacancy story is actually positive for both Landlords and Tenants in the Green market. While direct vacancy (held by Landlords) is lower in the green market than the traditional market, the overall vacancy is higher, suggesting that there is space in the sublet market that tenants can take advantage of, usually at economical rates. It is win-win scenario in the market for both tenants and landlords."

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

OVERALL VACANCY



DIRECT VACANCY



LEED SPACE

2.8 million sf

Total LEED inventory*

375,253 sf

Available LEED space in the Ottawa market*

*150 Slater Street, 2611 Queensview Drive certification pending

GREEN VIEWPOINT

OTTAWA CENTRE ECO-DISTRICT

The Ottawa Centre Eco-district (OCED) is proposed for the downtown core of Ottawa.

Started in 2012, founded by C&W Ottawa Green Real Estate Practice Lead, James McNeil, the OCED is a unique collaboration between developers, building owners, tenant businesses, employees, residents, social innovators, and the City to make the core more sustainable, competitive and vibrant; and to advance Ottawa's reputation as a dynamic capital city.

An eco-district is a neighbourhood where individual property owners, businesses and organizations work together to cut costs and reduce environmental impacts through common infrastructure or programming.

Eco-district initiatives engage residents, employees and community groups in decision-making and produce measurable benefits, create jobs and drive economic development. <http://www.ottawaecodistrict.org/>

OCED



MARKET FORECAST

We anticipate that the overall green inventory will remain fairly stable throughout 2013, hovering around one-third of Ottawa's office inventory



We expect LEED certifications to be on the rise in 2013. Several new construction projects are awaiting certification at the end of 2012, as well as a number of LEED EB:OM projects.



Vacancy levels are expected to hold relatively stable for 2013, however we do project a drop in vacancy levels towards the end of the third quarter and into the fourth quarter of 2013.



GREEN MARKET OUTLOOK

We anticipate overall growth in the Green office inventory to remain stable through 2013. However with a number of buildings having submitted for LEED for Existing Buildings: Operations and Maintenance, and 37 buildings up for recertification under the BOMA BEST program (including BOMA BEST Level 1 buildings) we expect to see a continued push towards higher levels of certification.

We expect Green leasing activity to continue to improve in 2013 as the overall market continues to gain strength, leading to stable vacancy levels with downward movement towards the end of the year.

GREEN MARKETPLACE



150 Slater Street

Target: LEED Gold
Available Space: 80,000 sf
Can be subdivided

Scan with the QR-Code Reader on your mobile device



2611 Queensview Drive

Target: LEED Silver
Available Space: 38,000 sf, can be subdivided



GREEN VIEWPOINT

GREEN HIGHLIGHTS

SIGNIFICANT Q4-2012 GREEN LEASING TRANSACTIONS

Building	LEVEL	TENANT	sf
99 Bank Street	LEED Gold	PWGSC	32,732
50 O'Connor Street	LEED Gold	PWGSC	45,313
55 Metcalfe Street	BOMA BEST 2	Assembly of First Nations	16,146

SIGNIFICANT GREEN PROJECTS UNDER CONSTRUCTION

Building	LEVEL TARGETED	MAJOR TENANT	COMPLETION
395 Terminal Avenue	LEED Gold	PWGSC	Q1 2013
150 Elgin Street	LEED Gold	Canada Council for the Arts	Q1 2014
90 Elgin Street	LEED Gold	PWGSC	Q4 2014

OTTAWA GREEN MARKET STATISTICS – Q4 2012, by Certification Level

Certification Level	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q4 Leasing Activity (sf)	Weighted Average Class 'A' Asking Net Rental Rate	Weighted Average Class 'A' Gross Rental Rate
LEED Platinum	1	355,000	0%	0%	-	-	-
LEED Gold†	6	2,025,535	15.7%	7.4%	86,776	\$28.00	\$53.58
LEED Silver	2	293,317	45.8%	34.1%	0	\$19.36	\$36.55
LEED Certified	1	150,000	25.7%	0%	0	-	-
BES ^t 4	3	776,000	2.6%	1.2%	10,810	\$28.00	\$53.18
BES ^t 3	22	4,821,687	3.6%	2.7%	22,115	\$21.59	\$43.98
BES ^t 2	30	3,933,849	9.0%	7.7%	43,525	\$19.31	\$38.82
Total Green Market	61	11,367,033	8.0%	5.7%	163,226	\$23.70	\$44.24

†150 Slater Street, 2611 Queensview Drive certification pending

OTTAWA GREEN MARKET STATISTICS – Q4 2012, by Market/Submarket

Market/Submarket	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q4 Leasing Activity (sf)	Q4 Absorption (sf)	Weighted Class 'A' Average Gross Rental Rate
Downtown Core†	29	7,910,985	6.3%	4.3%	129,970	53,552	\$49.56
Byward Market	1	81,075	7.6%	7.6%	0	(6,173)	\$40.73
Gloucester	6	792,492	4.2%	4.0%	0	0	\$34.91
Ottawa East	3	348,071	8.0%	8.0%	0	0	\$31.63
Kanata	12	1,331,553	13.4%	10.4%	11,917	(20,071)	-
Ottawa West	4	346,397	29.4%	27.1%	8,739	(17,455)	\$34.97
Nepean	6	556,460	10.1%	2.0%	12,600	3,659	\$29.07
Total Green Market	61	11,367,033	8.0%	5.7%	163,226	13,512	\$44.24

†150 Slater Street, 2611 Queensview Drive certification pending

TEAM PROFILE



James McNeil , RPA ,LEED AP
Vice President*
Green Real Estate Practice Lead
Tel: 613-780-1567
jmcneil@cwottawa.com

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 .



Scott Brooker
Sales Representative
Green Real Estate Practice Group
Tel: 613-780-1582
sbrooker@cwottawa.com

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](#)

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



This report is printed on 100% recycled, chlorine-free paper



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.

CONTACTS

Cushman & Wakefield Ottawa
99 Bank St. Suite 700
Ottawa, Ontario, K1P 6B9

Brokerage, Independently Owned and Operated

James McNeil Vice President* Green Real Estate Practice Lead Tel: 613-780-1567 Cel: 613-668-7738 jmcneil@cwottawa.com	Scott Brooker Sales Representative Green Real Estate Practice Group Tel: 613-780-1582 Cel: 613.866-6780 sbrooker@cwottawa.com
--	---

*Sales Representative



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