

VIEENPOINT

The image shows a modern, multi-story office building with a large glass facade. The reflection in the glass clearly shows the green copper domes and intricate stone carvings of the Canadian Parliament buildings across the street. The sky is blue with some white clouds.

OTTAWA GREEN OFFICE MARKET REPORT 4Q11

YEAR IN REVIEW

GREEN VIEWPOINT

GREEN MARKET YEAR IN REVIEW

As we prognosticated at the end of last year there was moderate growth in the Green office market in Ottawa in 2011. We saw the Green office inventory peak in the 3rd quarter of 2011 at 9.3 million square feet (sf), representing approximately 25% of the overall office market, before falling slightly to 8.7 million sf, or 23% of the market, to close out the year due to a number of BOMA BESt 2 certifications expiring. "With the BOMA BESt program requiring recertification every three years we will continue to see peaks and valleys in inventory quarter to quarter," notes James McNeil, C&W Ottawa Green Real Estate Practice Lead, "but as we look at the numbers year over year, we continue to see growth and more importantly owners are taking this as an opportunity to upgrade the certification of their buildings." LEED inventory increased by 1.4 million sf in 2011, over 300%, and BOMA BESt 3 and 4 certifications rose by 1.2 million sf, over 30% in that same time.

As anticipated, Green market vacancy peaked in the first-half of 2011 due in large part to two large tenants, HP and Sun Life Financial, reducing their operational footprint and vacating the downtown core. However, activity remained strong throughout the year with over 300,000 sf in Green leasing activity and over 250,000 sf in positive absorption. Direct Green market vacancy ended the year at only 4.1% a full 1.7% lower than the Brown market, while the overall vacancy (including sublet space) finished the year at its lowest point for 2011 at 7.2%.

Green leasing activity was fairly consistent throughout 2011 totaling 332,665 square feet, 83,178 square feet of which took place in the fourth quarter. Strong leasing activity drove positive absorption over the year of 254,861 square feet, even though we saw slight negative absorption of -18,897 square feet in Q4. The fourth quarter negative absorption was driven by the downtown core, particularly due to the 80,450 square feet available for sublease at 150 Slater Street being added to the Green market statistics.

GREEN MARKET OUTLOOK

We anticipate moderate growth in Green inventory in 2012. We will likely see up-and-down movement quarter over quarter, as buildings are required to recertify under the BOMA BESt program, with some growth overall over the year. Where we will likely see the biggest impact is buildings continuing to upgrade their current certification level as the bar continues to rise. The bulk of Green inventory currently is BOMA BESt 3 and above and we anticipate that trend will continue through 2012.

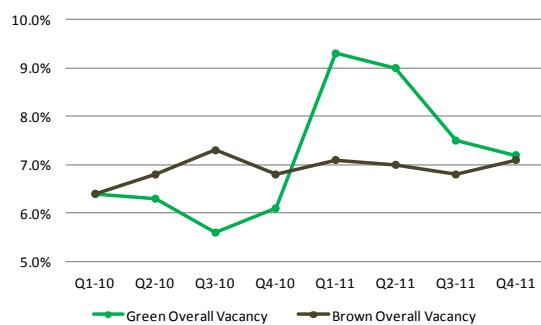
We anticipate that Green vacancy will fall slightly and stabilize in 2012 continuing to trend below that of the Brown market as tenants continue the flight to sustainability.

GREEN VIEWPOINT

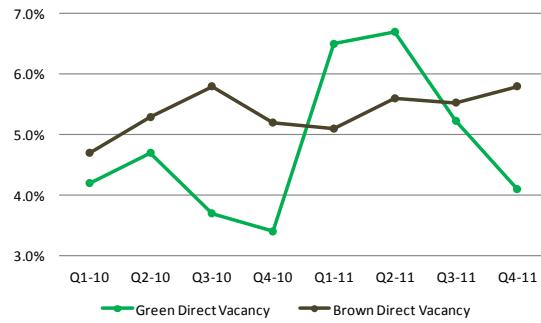
"2011 was quite the year in the Green office market. Landlords and building owners continue to up the ante and provide increasingly greener options for Ottawa's office tenants. Tenants are responding by continuing to take advantage of sustainable options in the marketplace and driving green vacancy ever lower. Vacancy in the green office market is poised to hit it's lowest levels ever in 2012 so my advice to tenants is 'get it while you still can'."

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

OVERALL VACANCY



DIRECT VACANCY



MARKET FORECAST

INVENTORY fell slightly in the Q4 as several BOMA BESt 2 buildings certifications expired. We anticipate moderate growth over the course of the year for 2012.



VACANCY fell again in Q4 as progressive tenants are taking advantage of the many benefits of locating in a green building. We anticipate this trend to continue through 2012.



GREEN VIEWPOINT

LEED-ING NEWS

Landlords and building owners were busy on the LEED front in 2011. Ottawa received its first LEED for Existing Buildings: Operations and Maintenance (EB:OM) certified buildings in the last quarter of 2011. Sun Life Financial Centre, an A-class, two-building, one million square foot complex 50% owned by Sun Life Financial and managed by Bentall Kennedy, was certified LEED EB:OM Gold. 275 Slater Street, a B-class, 220,000 sf building managed by Colonnade Management, received its LEED EB:OM Silver certification. "These two recent certifications illustrate the breadth of green options available to tenants in the Ottawa market," says Scott Brooker, "there are sustainable options for tenants in various classes of buildings, at various price points, in every corner of the city. There is no need for tenants to be discouraged thinking that they can't upgrade the sustainability factor of their workplace because it doesn't make sense to be downtown or the economics don't work. The space is out there and we can help them find it."

Construction is well underway at 2611 Queensview Drive, West Ottawa's newest LEED targeted development. The building will serve as the new headquarters for engineering giant Genivar and is being built targeting LEED Silver. The C&W Ottawa Green Real Estate Practice Group has been mandated to lease the remaining 36,000 square feet of office space, over two floors, at the new building, along with up to 80,000 square feet in Phase II of the project. "This is another great example of the varied options available to tenants in the Ottawa market."

stated James McNeil, "It is an economical option located out of the downtown core, built by one of the greenest developers in the country." The project is slated for completion in Spring 2012. Construction activity got underway at Morguard's site at 150 Elgin Street, targeting LEED Gold, although no official preleasing announcement has been made as of yet. Construction was completed at 150 Slater Street, and Export Development Canada (EDC) has fully occupied their space. Built by Broccolini Construction and managed by Manulife the new headquarters for Canada's export credit agency is targeting LEED Gold certification and currently has up to 80,450 square feet available for sublease.

EDC's former headquarters, at 234 Laurier Ave. West, started major renovations in 2011 targeted at achieving LEED certification. According to their LEED registration the project will be a "retrofit of a 26-storey office tower that was constructed in 1985 will include architectural, mechanical and electrical upgrades to transform this Ottawa landmark to a modern and energy efficient building."

LEED SPACE

1.8 million sf

Total LEED inventory*

387,515 sf

Available LEED space in the Ottawa market*

*150 Slater Street certification pending

2611 QUEENSVIEW DRIVE



Interested in leasing
space at 2611
Queensview Drive?
Scan the barcode
with the QR Reader
on your mobile
device.



234 LAURIER AVE. WEST



GREEN VIEWPOINT

GREEN MARKET NEWS

In municipal news, Mayor Jim Watson announced the creation of a "Green" express lane. To be launched in 2012 Mayor Watson plans to create a separate team within the planning and building departments to expedite projects that qualify for the program. Projects will be considered on the basis of overall environmental footprint, waste minimization, energy and water efficiency.

In federal government news, construction is well underway for the Government's four new LEED targeted buildings, three located on the Gatineau side and the fourth located at the Ottawa Train Yards. Construction is also underway at 90 Elgin Street. The contract to redevelop the site was awarded to Great West Life and will be constructed by Ron Engineering. The new building will be a 17-storey LEED Gold building to be fully occupied by the Federal Government. A Request for Information was also released by Public Works and Government Services Canada IN September seeking approximately 285,000 sf of either new or existing space. The request stipulated that any new building must be constructed to achieve LEED Gold certification, and either new or existing space must be managed to a BOMA BESt equivalence. This is the first such RFI from the federal government requiring specific sustainability criteria of this nature for existing accommodations.

C&W LAUNCHES GREEN BUSINESS STANDARDS

Green Business Standards (GBS) is a unique partnership between Cushman & Wakefield and energy consultant Integrity Energy – the first company of its kind to offer a full-service platform focused on meeting the energy efficiency, sustainability and carbon reduction goals of commercial real estate property owners and enterprises.

GBS goes beyond existing service offerings to help you develop a sustainability program that is fully aligned to a recognized international standards program. Using state-of-the-art technology, we develop a baseline measurement of your carbon footprint to guide the application of practical solutions and measure results. Our experts work hand in hand with your sustainability team to customize a broad program that includes coaching, implementation and marketing support through defined ROI-backed steps. All coordinated initiatives are fully documented, transparent and communicated.

Put simply, GBS offers standards-based solutions to help your company achieve improved, integrated sustainability benefits. Through reduced energy use and by offsetting carbon emissions, while achieving internal and external recognition for your efforts, your company will position itself as a leader in sustainability.

MAYOR JIM WATSON



90 ELGIN STREET



C&W SUSTAINABILITY



Green
Business
Standards

GREEN VIEWPOINT

GREEN HIGHLIGHTS

SIGNIFICANT Q4-2011 GREEN LEASING TRANSACTIONS				
Building	LEVEL	TENANT		sf
180 Kent Street	BOMA BESt 4	PWGSC		20,000
1565 Carling Ave	BOMA BESt 3	Low Murchison Radnoff LLP		14,473
99 Bank Street	LEED Gold/BOMA BESt 3	CBC Pension Fund		8,307

SIGNIFICANT GREEN PROJECTS UNDER CONSTRUCTION				
Building	LEVEL TARGETED	MAJOR TENANT	COMPLETION	
2611 Queensview Drive	LEED Silver	GENIVAR	04/12	
395 Terminal Avenue	LEED CS	PWGSC	01/13	
150 Elgin Street	LEED Gold	Canada Council for the Arts	01/14	
90 Elgin Street	LEED Gold	PWGSC	Late 2014	

SIGNIFICANT GREEN PROJECT COMPLETIONS				
Building	LEVEL TARGETED	MAJOR TENANT	SIZE (sf)	
150 Slater Street	LEED Gold	Export Development Canada	475,000	

OTTAWA GREEN MARKET STATISTICS – Q4 2011, 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 Gold†	4	1,496,180	22.4%	13.4%	10,700	\$28.00	\$52.67
LEED Silver	1	221,317	6.5%	6.5%	0	-	-
LEED Certified	1	150,000	25.7%	0%	8,000	-	-
BEST 4	1	355,000	0%	0%	2,300	-	-
BEST 3	21	4,652,060	7.0%	5.2%	32,627	\$26.86	\$50.99
BEST 2	21	2,764,042	4.9%	3.7%	27,997	\$16.77	\$35.31
Total Green Market	47	8,721,419	7.2%	4.1%	83,178	\$23.32	\$43.41

†150 Slater Street certification pending

OTTAWA GREEN MARKET STATISTICS – Q4 2011, by Market/Submarket

Market/Submarket	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Leasing Activity (sf)	Q4 Absorption (sf)	Weighted Class 'A' Average Gross Rental Rate
Downtown Core†	18	5,389,797	7.5%	4.3%	25,254	(65,542)	\$53.32
Byward Market	1	81,075	9.3%	9.3%	0	0	\$40.53
Gloucester	6	792,492	3.7%	2.6%	2,724	2,724	\$34.39
Ottawa East	1	147,070	0%	0%	0	0	-
Kanata	10	1,085,811	7.9%	6.7%	15,966	11,123	-
Ottawa West	6	733,314	5.9%	3.3%	19,203	12,767	\$34.73
Nepean	5	491,860	11.4%	1.0%	20,031	20,031	\$29.07
Total Green Market	47	8,721,419	7.2%	4.1%	83,178	(18,897)	\$43.41

†150 Slater Street certification pending

TEAM PROFILE



James McNeil
Associate Vice President*
Green Real Estate Practice Lead
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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).



Scott Brooker
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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.

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