



# VIEWPOINT *GREEN*

OTTAWA *GREEN* OFFICE MARKET REPORT 1Q12



**CUSHMAN &  
WAKEFIELD**®

OTTAWA  
Green Real Estate Practice Group

# GREEN VIEWPOINT

## GREEN MARKET UPDATE

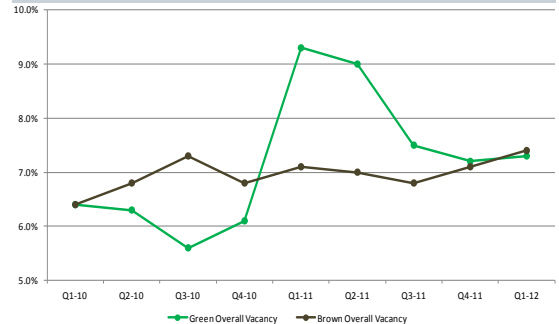
GREEN INVENTORY RISES BY 3.5 MILLION SQUARE FEET IN THE FIRST QUARTER OF 2012 and 18 buildings are added to the Green office inventory. This increase represents a 41% increase in green office stock in a single quarter to 12.28 million square feet and 33% of the overall market. "Ultimately, I think Landlords get it, especially in the downtown market," says Scott Brooker, member of the C&W Green Real Estate Practice Group, "Landlords realize that they must get out ahead of the curve and green their buildings if they intend to remain competitive in the face of little to no private sector growth and public sector contraction." While no new LEED product was certified this quarter, buildings were certified at BOMA BEST levels 2, 3, and 4. 340 Albert, the newest building in the Constitution Square complex (the balance of the complex received BOMA BEST level 3 certification), and 215 Slater Street took top honours both with BOMA BEST level 4 certifications. It should also be noted that 215 Slater Street also carries a LEED for New Construction Gold certification, which it achieved in 2011. Constitution Square is managed by Oxford Properties and 215 Slater is managed by Morguard Investments Limited.

Both direct and overall vacancy rose in the green market in the first quarter of 2012 by 0.8% and 0.1%, respectively. This, however, is a symptom of a soft overall market as vacancy rates also rose in the brown market this quarter. Vacancy remained lower in the green market than the brown market however, with direct vacancy a full percent lower in the green market than the brown.

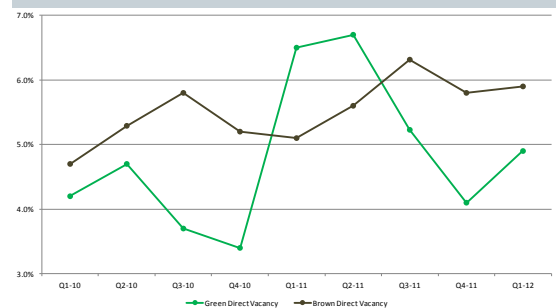
Overall absorption was negative this quarter, due to mediocre leasing activity throughout most of the city. Kanata was the only submarket showing real signs of life with 37,521 square feet of leasing activity and 31,660 square feet of positive absorption.

Slightly less than half of green buildings are located in the downtown core, 46%, although it accounts for 67% of green square footage. Kanata has the second most green office space with 22% of the green buildings and 13% of green square footage across the city.


### OVERALL VACANCY




### DIRECT VACANCY



### MARKET DYNAMICS

INVENTORY rose by 41% in the first quarter to nearly 12.3 million square feet and now accounts for 33% of the entire office market. 

VACANCY rose after two straight quarters on the decline. This is a symptom of softening in the overall market as we saw increases across the board in both the green and brown markets, however green vacancy is still below that of the brown market. 

## GREEN HIGHLIGHTS

### SIGNIFICANT Q1-2012 GREEN LEASING TRANSACTIONS

Building	LEVEL	TENANT	sf
200 Kent Street (Renewal)	BOMA BEST 2	PWGSC	378,000

### 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	TBD	01/14
90 Elgin Street	LEED Gold	PWGSC	Late 2014

# GREEN VIEWPOINT

## GREEN MARKET OUTLOOK

We anticipate that demand will remain lackluster in both the brown and green markets in the short term as the market, both public and private, grapple with the results of the federal budget. As such, we forecast that vacancy will rise slightly, however, we anticipate that the green market will continue to outperform the brown market

Green inventory is likely to level off somewhat throughout the rest of 2012, ending with a slight increase overall. In the short-term we anticipate an increase in LEED-EB certifications, however some of these will be dual certifications and will not increase the overall green office inventory. We foresee the bulk of the green inventory growth to be in the B-class office buildings, especially those with significant government tenancies as at-risk Landlords work to maintain their competitive advantage in a soft-market.

## GREEN VIEWPOINT

“We are seeing a flight to sustainability in the Office Market. Pension Funds are the leaders of sustainability in the real estate sector, next are companies that occupy office space, which are looking for greener workplaces. Owners and managers are seeking ways to attract tenants and to maintain their investments. Creating a better, Greener workplace is an obvious way for building owners to help them maintain and attract tenants. Both office space users and real estate investors view Sustainability as a path to business growth.”

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

## OTTAWA GREEN MARKET STATISTICS – Q1 2012, by Certification Level

Certification Level	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q1 Leasing Activity (sf)	Weighted Average Class 'A' Asking Net Rental Rate	Weighted Average Class 'A' Gross Rental Rate
LEED Gold†	4	1,496,180	22.2%	13.0%	10,700	\$28.00	\$52.67
LEED Silver	1	221,317	6.5%	6.5%	0	\$19.00	\$37.43
LEED Certified	1	150,000	25.7%	0.9%	8,000	-	-
BES <sup>t</sup> 4	3	776,000	2.9%	4.4	2,300	\$28.00	\$52.29
BES <sup>t</sup> 3	26	6,063,867	5.8%	5.6%	32,627	\$26.33	\$50.38
BES <sup>t</sup> 2	33	4,598,131	4.9%	3.7%	27,997	\$16.77	\$35.31
<b>Total Green Market</b>	<b>65*</b>	<b>12,284,315*</b>	<b>7.3%</b>	<b>4.9%</b>	<b>73,233</b>	<b>\$24.14</b>	<b>\$44.62</b>

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

## OTTAWA GREEN MARKET STATISTICS – Q1 2012, by Market/Submarket

Market/Submarket	No. of Buildings	Inventory (sf)	Overall Vacancy Rate	Direct Vacancy Rate	Q1 Leasing Activity (sf)	Q1 Absorption (sf)	Weighted Class 'A' Average Gross Rental Rate
Downtown Core†	30	8,356,025	6.8%	4.6%	16,415	(47,516)	\$51.64
Byward Market	1	81,075	3.3%	3.3%	4,900	4,900	\$40.73
Gloucester	6	792,492	4.5%	3.3%	1,793	(6,510)	\$34.91
Ottawa East	3	348,071	8.0%	8.0%	2,871	(8,833)	-
Kanata	14	1,562,553	4.6%	8.4%	37,521	31,660	-
Ottawa West	6	733,314	5.2%	11.9%	7,218	(44,044)	\$34.97
Nepean	5	491,860	11.3%	1.0%	2,515	238	\$29.07
<b>Total Green Market</b>	<b>65</b>	<b>12,284,315</b>	<b>7.3%</b>	<b>4.9%</b>	<b>73,233</b>	<b>(70,105)</b>	<b>\$44.62</b>

†150 Slater Street certification pending

## 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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## 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

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