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[Morguard set to benefit from Ottawa LRT](#)

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[Morguard Corp.](#) is among the companies that stand to benefit from Ottawa’s transition to [light rail](#) from high-frequency buses as the spine of the city’s public transit system.

The Mississauga, Ont.-based company owns and manages properties across Canada, but has particular significance in Ottawa. It owns the [St. Laurent Shopping Centre](#), the city’s largest shopping mall in terms of leasable retail space, according to Cushman & Wakefield Ottawa. It is also one of the biggest landlords for the federal government in Ottawa.

St. Laurent Shopping Centre is the site for one of the stations along the LRT line that is to begin operating in 2018. It is among three LRT stops east of downtown for which the City of Ottawa is conducting transit-oriented development (TOD) studies, anticipated to result in higher-density zoning for these areas.



St. Laurent LRT station and shopping centre

Margaret Knowles, senior vice-president of development for Morguard, is enthusiastic about Ottawa's transit plans, though she comes short of saying they have a direct impact on the company's development plans.

While the St. Laurent Shopping Centre already benefits from being on the "Transitway" — the portion of Ottawa's public bus system that features dedicated roads or lanes and high-frequency runs — she said upgrading to light rail "is nothing but beneficial" for Morguard.

She said such plans support the firm's development and leasing aspirations at St. Laurent because "it brings more people into the (St. Laurent) Centre . . . (and) the more people that can access the centre, the better."

The shopping centre is currently 971,000 square feet and that will grow to about 1.3 million square feet, according to the shopping mall's website. Knowles said a specific plan for expansion has not been finalized, nor has a timeline.

"Anything that we do will be over a longer-term horizon as we work to get all the stakeholders aligned with our plans," she said, making special mention of anchor tenants Sears and The Bay.

Not only would the LRT line make getting to this mall easier, but the city's goals of adding residential and commercial density near LRT stations would also boost the pool of potential customers who spend time in the vicinity anyway, and enhance conditions for Morguard to expand its office space there, Knowles said.

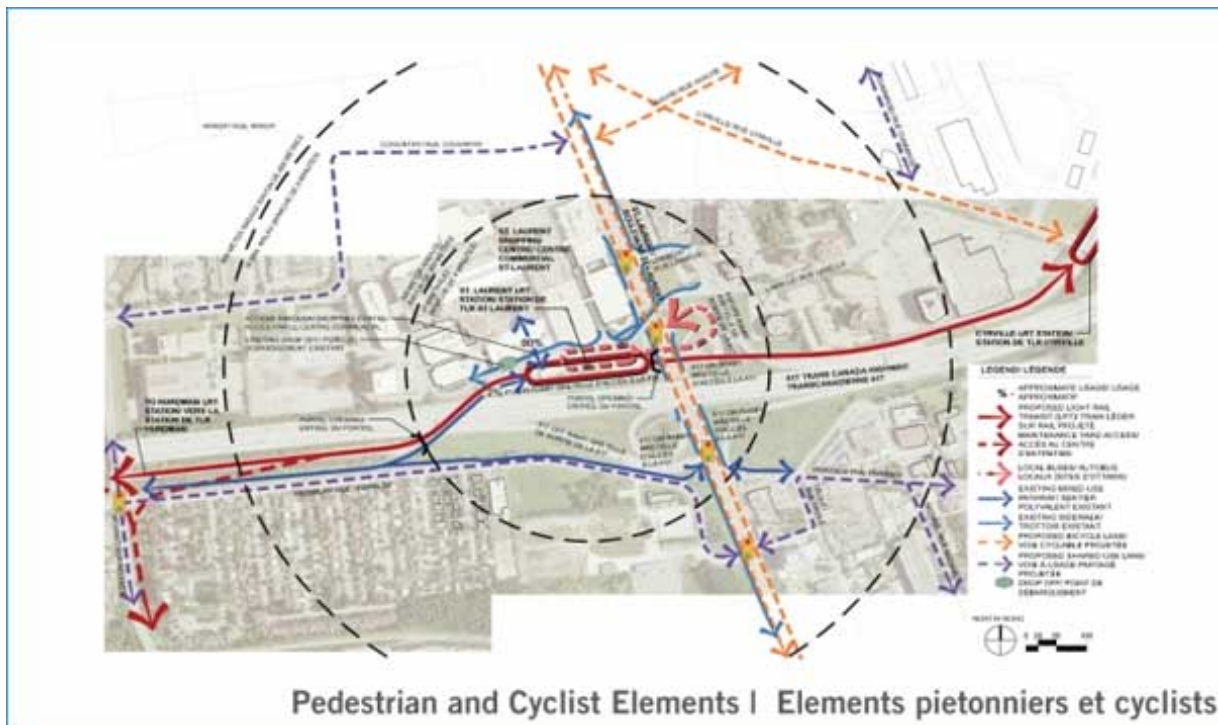


Image from Ottawa LRT website showing the proposed St. Laurent station next to the shopping centre and the Queensway – Highway 417.

Currently, Morguard owns a separate seven-storey, 90,000 square foot office building that shares a parking lot with the St. Laurent Centre.

TOD reports on areas such as St. Laurent are due to come before the city’s planning committee in September. City planners are looking at increasing the density in these areas that are within 600 metres of future LRT stations from about 6,000 residents and workers combined to 16,000 over 20 years and up to 40,000 in the long term.

“The key thing for me is that (city officials are) now talking mixed-use, and with mixed-use you are looking at the opportunity to introduce residential and commercial into the whole mix,” Knowles said. “And ultimately, that’s sustainability; that’s live, work, play.”

Asked about how the LRT plans ultimately affect Morguard’s development plans, Knowles said: “Would that be the reason why we would expand? No. But is it complimentary? Absolutely.”

Federal Government attracted to TODs

The LRT line is expected to attract federal government operations, which are mostly downtown, to areas outside the core as the government looks for newer developments that are more efficient, with cheaper rents but still near transit.

Such a trend could bring mixed fortunes for Morguard, which on one hand could benefit from more demand for office space in areas such as St. Laurent but also be challenged by vacancies downtown.

However, Knowles expressed confidence in Ottawa’s downtown office market even if government operations increasingly move elsewhere.

“It’s a pretty good market,” she said. “It’s steady. It’s not volatile. It’s not up and down like a lot of other markets in the country, like Calgary or Toronto, where we kind of shoot ourselves in the foot with oversupply historically.”

Morguard builds 150 Elgin on spec

Morguard’s bullishness on the downtown Ottawa office market can be seen in its recently started construction project building a 21-storey, 300,000-square foot office tower on Elgin Street, just blocks away from Parliament Hill.

Due to open by January 2014, Knowles said there is “plenty of interest from the private sector” for space in this building. She said in cities all over Canada companies are locating downtown largely because that’s where their employees want to live.

“It’s actually quite phenomenal,” she said. “There’s been a lot of condo development in Ottawa. You’ve got a lot of people living in the downtown core, so I think you’re always going to have a very vibrant office market (downtown).”

James McNeil, associate vice-president of Cushman & Wakefield’s green real estate practice in Ottawa, said the light-rail project is good news for a company like Morguard. He agreed that it’s good for leasing and expansion opportunities at St. Laurent, and he added that Morguard is unlikely to face much risk downtown. McNeil said some of Morguard’s key properties in the core are close to where the light-rail line will go, and its buildings are well managed and in good shape.

“I don’t see them as being really exposed in any significant way,” he said, adding that Morguard has much more to gain than to lose as a result of light rail in Ottawa.

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