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[Ottawa Class A office market tight despite three new buildings](#)

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Ottawa's downtown office space inventory is continuing to grow, and one of the key components of that is a 360,000-square-foot building on Elgin Street being built by [Morguard Corporation](#).

Its 21-floor tower is being built at [150 Elgin Street](#), which is adding to the Class A space available in Ottawa and creating what Cushman & Wakefield Ottawa's records show would be only the fifth building in the national capital to be built to a LEED Gold standard.

Margaret Knowles, Morguard's senior vice-president of development, said the cost to build 150 Elgin, including the land purchase, is about \$163 million.

State-of-art ventilation system

[Paul Bennett](#), an Ottawa-based broker for [Colliers International](#), which is marketing space for 150 Elgin, said a state-of-art ventilation system will be among the features that gives this building such a high environmental rating.

"The technology enables landlords to provide a first-class, breathable environment at a very minimal cost," Bennett said. "The technology has got to the point where it's almost as if you're breathing fresh air all day."



150 Elgin St., Ottawa
(image from Colliers website)

Property Features for 150 Elgin Street (from Colliers International Ottawa website)

- 360,000 SF — 21 floors, Commanding Presence
- Convenient Access — 3 lights to HWY 417
- Retail Concourse & Underground Parking — Employee Convenience
- Designed to a LEED® Gold Standard — Reduce Your Carbon Footprint
- Signature Location — Canal Views
- Superior air quality — improved employee productivity and retention rates

James McNeil, who heads up Cushman & Wakefield Ottawa's green real estate practice and is not directly involved with the project, said it would be unwise to build anything short of this rating currently, given market demands. "If they did anything less than LEED Gold, it's like building an obsolete building," he said.

McNeil said tenants are drawn to highly sustainable structures because it's good for their reputation, it helps them attract well-educated employees, it results in healthier, more productive staff and results lower utility costs.

Private sector tenants showing interest

A main tenant for this building will be the Canada Council for the Arts, which Bennett said will occupy 3 ½ half floors, or about 90,000 square feet. A major accounting firm is also slated to be a tenant, Bennett said. He expects banks to be interested in the building to house retail and/or administrative functions, and also some presence from law firms given how close it is to the Ottawa courthouse.

Besides the arts council, Bennett said all of the interest for leasing so far has come from the private sector, and he expects more than 50 per cent of the space there will be spoken for by the end of this year. It's slated to open by January 2014.

In terms of mixed uses, Bennett said there will be a variety of retail services on the ground floor and perhaps beyond.

There will also be a 9,000 square-foot "green roof" at the seventh floor, which will have separate elevator to be fully accessible as a public space. The main tower will be set back from this portion of the structure.

"You can imagine in the summer time during the Jazz Festival and the winter time when there's skating on the Rink of Dreams at city hall; these are places that are going to be viewed from the roof of this building, and that's kind of special," Bennett said. "It's integrating the building with the public in mind, and that's different."

He said the green roof also creates opportunities for retail or restaurant-related establishments, but added that there are no specified plans as of yet.

Three new office buildings in Ottawa's downtown

It remains to be seen what Ottawa's downtown office market looks like when 150 Elgin is ready for occupancy, given some of the changes taking place.

A new building for Export Development Canada built by Broccolini Construction and the Canderel Group recently brought more than 400,000 square feet of office space at [150 Slater Street](#) onto the market. As well, the federal government is having a new building under its ownership built at 90 Elgin St, which is adding another 600,000 square feet and is also expected to be completed in 2014.



150 Slater St., Ottawa and 90 Elgin St., Ottawa

This new office space is coming as the federal government, Ottawa's biggest employer, is downsizing. As well, the government is looking for higher quality buildings and indicating an openness to locating outside of downtown.

"When 150 Elgin comes on stream in 2014, where will the market be at that moment in time?" McNeil said. "And in a new building, will they have the ability to compete with the existing inventory, (a market which is) becoming quite aggressive right now?"

Cushman & Wakefield's most recent data from this year's second quarter show the asking rent for Class A office space in downtown Ottawa was \$26.99 per square foot, up slightly from the previous quarter. However, McNeil said the market is "softening" and he expects some lower leasing rates going forward.

Class A office building market remains tight

Bennett, however, said the downtown office market remains strong, despite some of the changes happening.

"The forces at work are more complimentary than anything," he said, from the perspective of someone dealing primarily with Class A buildings, which he added accounts for about 25 per cent of Ottawa's office space.

He explained that the federal government is increasingly moving out of older facilities that would fall into a Class B category and upgrading to Class A.

"It's very tight," Bennett said of Class A office space in downtown Ottawa. "We have a two- or three-year supply of A-class space, including 150 Elgin St. . . . So you take three years from now, 2015, 2016, we could be technically out of A-class inventory in the core."

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