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Ottawa looks to future transit hub as 'gateway' to downtown

Derek Abma | Commercial | Green | Property Biz Canada | Residential | 2013-11-07

A "very, very significant" market opportunity for commercial real estate in Ottawa is taking shape with city council recently approving plans for 6.7 million square feet of development in the spot where the city's two light-rail lines will eventually meet.

The City of Ottawa approved a community design plan featuring a residential-to-commercial split of about 60-40 on 32 hectares (80 acres) in the area known as Bayview. The idea, according to city planners, is to make it the "western gateway" to Ottawa's downtown.

"It is really creating a downtown-core type of environment," said city planner Taavi Siitam.

The area, about one kilometre west of the edge of the national capital's downtown core, is largely undeveloped. A low-rise office/industrial facility and city-owned storage yard are among the few facilities.

It's where one of 13 stations of the east-west <u>Confederation Line</u> light rail route — due for completion in 2018 — will be situated. It's already an end point of the existing north-south O-Train, currently shut down for summer upgrades.

"It's a very, very significant development," said James McNeil, vice-president of Cushman & Wakefield Ottawa.

"Anything that's happening with that kind of scale, it's exciting. These opportunities don't come around that often."

McNeil said he has no current involvement with any projects planned there, but "obviously it would be great to get involved in it."



Size and height

To put the 6.7 million square feet of new development into perspective, McNeil noted the city's entire office market is about 55 million square feet.

Height is a major part of the Bayview plan. Siitam said as many as 14 buildings could be 20 storeys or higher, with five to six in the 30-storey range.

"Ottawa doesn't have that many buildings at present at that scale," he said.

A little further south along the O-Train line, Richcraft is planning two 48-storey condominium towers, but Siitam said the city is unlikely to allow buildings of similar height at Bayview. A main reason, he said, is to avoid too stark a contrast between new buildings and existing low-rise housing in the vicinity.

McNeil said he wouldn't be surprised if developers push for buildings higher than 30 storeys and why it shouldn't be allowed, given the mass transit infrastructure that will be in place.

"Let's be serious here," he said. "Once you get over 15 storeys, does it really make any difference from a pure human-scale standpoint? And I think it makes sense that, where possible, you should be able to go as high as possible.

"When you look at Bayview, you have the opportunity to redefine the skyline of the city. Here's an opportunity to put in some really stunning architecture that will be really notable through the different sightlines and not really interrupt the views of Parliament Hill. It could be a really awesome postcard if done correctly."

<u>DCR/Phoenix</u>, which received zoning approval last year for a pair of towers in the 30-storey range at Bayview, is indicating it will actually be negotiating with the city for less height in exchange for a wider footprint for more ground-level entertainment uses. (<u>Property Biz Canada</u>, October 2, 2012)

Michael Boucher, the company's manager of planning, said the community design plan comes in response to public sentiment during the process.

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"We heard loud and clear from the community association and the adjacent people that they were concerned that it would be another Tunney's Pasture (an area further west dominated by government office buildings) where it was an office development that rolled up the sidewalks at night, and on weekends it was just a ghost town," Boucher said.

He said the overall size of the DCR/Phoenix project, expected to cost more than \$100 million, would remain at about 1.4 million square feet.



Bayview Station on the Confederation Line, the Ottawa light rail transit service currently under construction

Market demand

Boucher said it's unknown whether the DCR/Phoenix towers would follow the residential/commercial split spelled out in the city's plan. Much of that will depend on market demand in the years ahead, and he said DCR/Phoenix is focused on getting specific ground-level uses worked out first.

Boucher said it would be at least a year before construction begins. McNeil estimated it would take about 20 years for the city's overall vision to be built out at Bayview.

Despite the potential of such a site, McNeil said there is uncertainty over the demand for the quantity of highrise space, whether for residential or commercial purposes, noting the federal government's current downsizing process and searches for non-downtown areas for its operations.

He added with such a volume of condominium projects already planned for Ottawa, supply could soon outweigh demand.

"If it all gets built out, we're going to probably reach a point where we're fairly saturated," he said. "I'm sure that a lot of the (condo) buildings that are just kind of on the books right now may not get a shovel in the ground."

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