

Green Space

1st Quarter 2014 Ottawa Green Office Market Report



JJMcNEIL
commercial inc.



Market commentary

“Steady, As She Goes” is the best way to describe the first quarter office market for Ottawa. Overall vacancy remained relatively unchanged hovering around 10%. The consolidation of the federal government, very little organic growth and no new business has motivated landlords to find creative solutions to attract tenants to their buildings.

The trend to open collaborative office space and a smaller footprint per employee is a motivating factor for Tenants to renovate or relocate and the better, greener or newer buildings that can accommodate this trend seem to be benefiting with lower vacancy rates. The realities of the current market dictate that building owners can't afford to lose Tenants and the only way to fill vacancy is to attract Tenants from competitive buildings. As a result tenants are benefiting from lower occupancy costs upon renewal or substantial inducement packages being offered by Landlords to encourage them to relocate.

Green Office Market

The roster of LEED buildings grew by 1 to 15 with the addition of GWL's 269 Laurier Ave. Built in 2004 this 19 storey 390,000 square foot Class A office building is 100% leased and was awarded LEED Gold EB OM on January 30th. Additionally 269 Laurier carries a BOMA BEST level 2 certification.

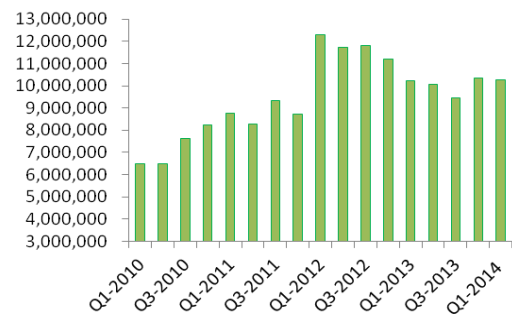
Canderel's 495 Richmond Road was added to the green inventory by achieving BOMA BEST Level 2 but this was offset by one building dropping off the inventory due to its certification expiring. The net effect of these 2 buildings offsetting each other led to a slight reduction in the Green Inventory last quarter to 10,269,389 square feet.

Total vacancy (includes sublet space) in the green office market mirrored the rest of the market at 10.2 percent, but from the landlord's perspective green buildings showed higher occupancy levels than the traditional market for the 11th straight quarter at 8% vacant a full 100 basis points of higher occupancy.

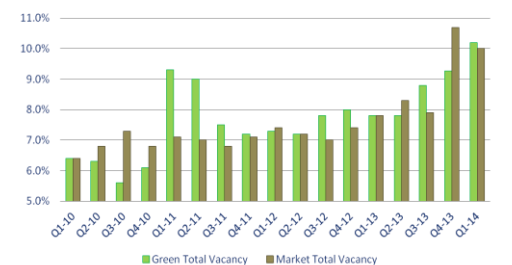
Overall Market Trends

Trend	Q 1 2014
Vacancy	↔
Asking Rents	↔
Activity	↔

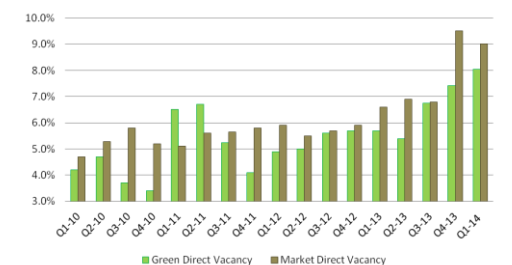
Green Growth



Total Green Vacancy



Direct Green Vacancy





Other Green News

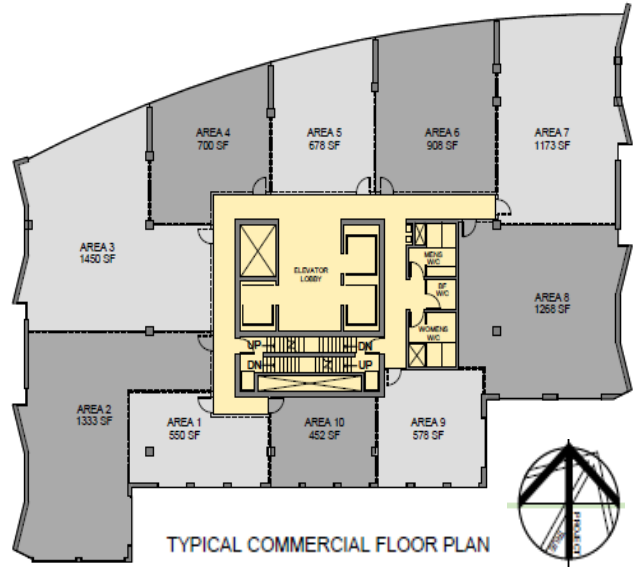
There were some positive developments in the green office space market for Ottawa last quarter, the most interesting being Windmill's decision to develop Ottawa's first downtown Class A office condo building at Cathedral Hill. Other major cities such as Toronto, Montreal, New York and Chicago, are all boasting mid to high rise downtown office condo developments. Downtown office condos are common throughout the United States and their popularity is growing in Canada.

With units starting in the 500 square foot range Cathedral Hill Executive Offices allows you to take advantage of low mortgage rates and invest in the commercial real estate market. Owning instead of leasing means your business pays your investment while you build equity. This will be the first opportunity for organizations to own premier downtown office space and as an added edge to secure your investment the property is being built to achieve LEED Platinum.

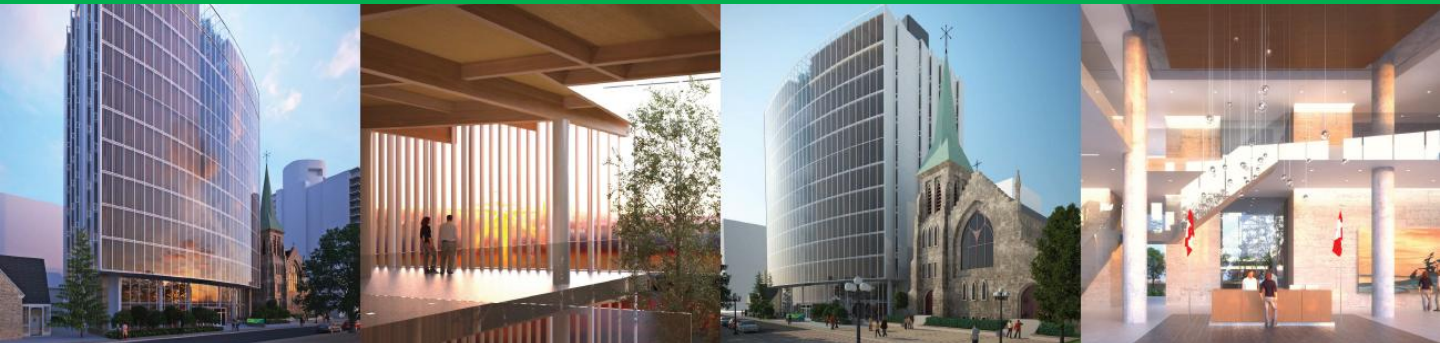
It's been said it's all about location, location, location. Cathedral Hill is on the leading edge of Ottawa's new downtown and at the apex of the entire transportation infrastructure serving the capital; the interprovincial bridge, the John A McDonald parkway, routes to the airport and Queensway, the entire Ottawa bike path system, rapid bus and the new LRT all converge on the doorstep of this awesome office building. Also the project will boast some of the most spectacular views in Ottawa.

JJMNeil Commercial Inc. as the leader in green office space is proud to have been appointed exclusive marketing agent for Ottawa's first downtown Class A office condo building.

To learn more check out www.whylease.ca or if you would like to register your interest call 613.668.7738 or email info@jjmneil.ca.



Downtown Luxury Office Condos From \$187,580.00





Green inventory by submarket

SUBMARKET	NO. OF BUILDINGS	INVENTORY (SF)	TOTAL VACANCY RATE	DIRECT VACANCY RATE
Downtown Core	27	7,194,844	9.5%	7.8%
Byward Market	2	254,051	.8%	.8%
Gloucester	5	513,958	11.6%	7.1%
Ottawa East	3	467,418	3.5%	3.5%
Kanata	8	690,972	15.9%	14.9%
Ottawa West	9	782,442	15.6%	13.5%
Nepean	4	359,704	10.8%	0.0%
Total	58	10,269,389	10.0%	8.41%

Green inventory by certification

LEVEL	AREA BY LEVEL (SF)	DUAL CERTIFIED	GREEN INVENTORY (SF)	NO BLD	TOTAL VACANCY RATE	DIRECT VACANCY RATE
BESt 2	3,532,568	(2)719,572	2,912,996	28	7.5%	7.06 %
BESt 3	4,235,306	(4)1,532,180	2,703,126	20	9.9%	8.73 %
BESt 4	776,000	(2)459,000	317,000	3	3.5%	.93 %
Certified	156,000		156,000	1	22.9%	-
Silver	293,317		293,317	2	44.72%	44.72%
Gold	3,531,950	8 buildings	3,531,950	11	11.8%	8.51 %
Platinum	355,000		355,000	1	0.6%	0.60%
Totals	12,980,141	2,710,752	10,269,389	58	10.0%	8.41%



About James McNeil

James McNeil is the Founder and Managing Principal at JJMcNeil Commercial Inc., which provides the full spectrum of commercial real estate advisory services. With 25 years experience, James is one of the most knowledgeable and effective commercial real estate professionals in Ottawa. 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 and has successfully sourced commercial space and negotiated hundreds of leases for private and public sector corporations. He has represented landlords and tenants alike.

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 green buildings, leasing and market-related topics to industry stakeholders and holds the designation of Real Property Administrator (RPA) and is a LEED Accredited Professional (LEED AP).

James has held senior positions with major investors, institutional and government real estate organizations. He creates value for his clients from his direct experience and in-depth knowledge of industrial, office and retail markets, extensive experience in administration, leasing, accommodations strategies, portfolio management, building systems, maintenance, design and construction, building retrofits, leasehold improvements, development, property law, contracts, green buildings and sustainable workplaces.

Prior to forming JJMcNeil Commercial Inc., James held a senior position at an international real estate services firm as a Broker, Vice President & Ottawa Green Real Estate Practice Lead. He is a Co-Founder, Co-Host and Presenter at Ottawa Better Buildings Breakfast Series and the Founder and Board President at Ottawa Centre Eco-District – Greening the core, advancing the economy.



JJMcNeil Commercial Inc.

Most Real Estate brokerages are sales centric organizations putting sales, prospecting and the related training above the fundamentals and complexities of real estate. Twenty years experience or one year experience twenty times? At JJMcNeil our experience is rooted in commercial real estate, our principals have extensive experience in portfolio management, major developments, transaction management for institutional investors and corporate occupiers and have been directly responsible for lease negotiations for both the Landlord and for the Tenant.

We use this extensive experience to effectively counter the strong position that landlords have in the market to put Tenants on an equal footing and negotiate lower real estate costs, minimized real estate occupancy risks, improve flexibility and occupancy control, and create more productive work environments for Office, Retail and Industrial clients.

Additionally JJMcNEIL is the market leader in Green Buildings and Sustainable Workplaces. We integrate sustainability into the traditional leasing process. 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 tenants' capital requirements for both initial and ongoing leasehold improvements, as well as design features that specifically increase employee productivity and reduce absenteeism.

We provide the full range of real estate advisory services and have the knowledge and expertise to help your company in its quest for sustainability.

The Better Building Breakfasts

It's important to create a more sustainable Ottawa. JJMcNeil Commercial Inc. along with RENX.ca host the Better Buildings Breakfast Series which is an opportunity for stakeholders 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.



JJMcNEIL
commercial inc.

info@jjmcneil.ca www.jjmcneil.ca
613.668.7738