

# Green Space

Fall 2016 Ottawa **Green** Office Market Report



**JJMcNEIL**  
commercial inc.  
REAL ESTATE BROKERAGE



### Market Commentary

"Ottawa will be the centre stage of celebrations in 2017, as a record number of Canadians are expected to visit the nation's capital for Canada's 150th anniversary. This investment by the Government of Canada is a strong vote of confidence in our city, and will enable us to deliver a number of exciting new events that will attract Canadians from coast to coast to coast and visitors from around the world to Ottawa to mark this milestone in our country's history."

*Jim Watson, Mayor of Ottawa*

Bring it on! As we wrap up 2016 the real estate community hasn't had a lot to party about lately, and we look forward to 2017 with hopes of better times ahead.

As the leaves change the office market remains red, overall office vacancy for the nation's capital continues to rise albeit ever so slightly. Over the summer we saw a 10-basis point increase in vacancy which currently stands at 12.1%.

Market watchers have talked about the move of DND to the point of exhaustion, and yes we all get that they could vacate upwards of 800,000 square feet in our downtown area. Over the summer the downtown office market remained relatively stable with office vacancy still hovering in the double digits at 10%.

It looks like 360 Lisgar has caught a break as they are the lead contender for securing 55,000 sq. ft. of federal government tenancy through a recent "Expression of Interest."

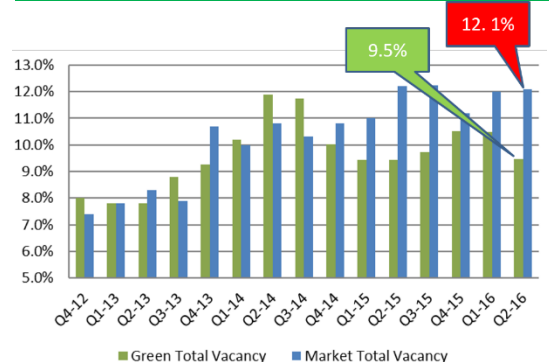
The Bank of Canada seems to be ahead of schedule on their renovations of their head office. 234 Laurier, the Bank's temporary home, is being marketed for Sublease with occupancy of July 2017. If nothing happened between now and then, this would add 325,000 square feet of space to the availability inventory.

### Outlook

In the overall office market, I don't see a lot of change over the next 2 or 3 quarters. The market will continue to favour Tenants.

With the federal government's commitment to reducing the environmental impact of its owned or leased buildings, the private sector will respond. We will continue to see the interest in certified green office buildings rise and the subset of buildings that make commitments to having a positive impact on climate change will continue to have lower vacancy rates and have a greater market share.

### Market Vacancy Trend



### Overall Market Trends

Trend	Fall 2016	Forecast
Vacancy	▲	▲
Asking Rents	◀▶	◀▶
Activity	◀▶	◀▶



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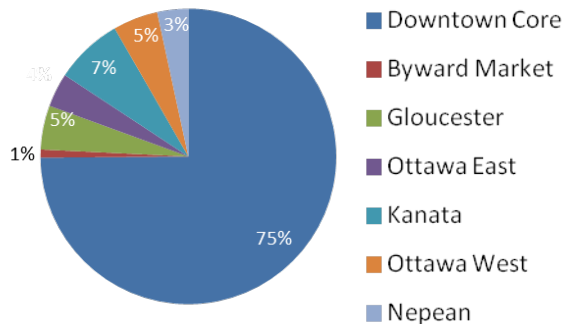
### Green Office Market

Celebrations in the green office market have come early, and yes let's crack open the bubbly, well maybe a Beaus (or two). Certified green office space in Ottawa has hit a record high with 12,436,000 square feet of certified high-performance sustainable office space. Buildings that are BOMA BEST Silver, Gold or Platinum or have been certified LEED now represent 32% of the overall market.

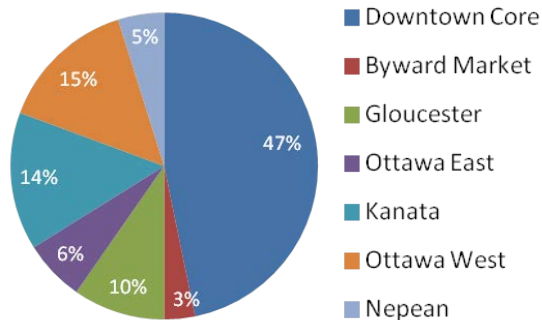
Buildings that carry certifications tend to be better managed, this dedication and attention to the "green" details are paying off for landlords and are being reflected in the occupancy levels. In the subset of 60 green buildings that we track, vacancy has decreased 100 basis points over the summer and currently sits at 9.5% vacant. When compared to the rest of the market, landlords with green buildings enjoy a 260 basis point advantage.

Of the nine buildings that were recently certified LEED Gold, seven were managed by Bentall Kennedy. Not only did they achieve LEED at 7 of their buildings, the three towers of Carling Executive Park were also certified BOMA BEST Platinum. The other two buildings that announced their LEED Gold certifications were GWL's 90 Elgin and Gillin Engineering's 234 Laurier.

### Green By SF of Buildings



### Green By # of Buildings



### Green Office Buildings in Ottawa

#### LEED

**8,395,151 Square Feet\***

Certified by the CaGBC, Platinum, Gold Silver or Certified

#### BOMA BEST

**8,189,171 Square Feet\***

Certified by BOMA Canada, Level Silver or Greater

**1,177,526 Square Feet**

Of Certified Green Office Space available for lease or sublease

\* 4,148,793 Square Feet carry dual certifications

For Tenants looking to cut their carbon footprint while increasing productivity, JJ McNeil is the market leader in Green Buildings.

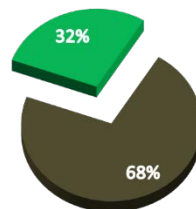


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### Market Share



**Fall 2016**



**12,435,529 SF**





## GREEN BUILDING SHOWCASE

### Photo

### Building Details

### Availability

#### Park of Commerce



Building Address	1400 - 1410 - 1420 - 1430 Blair Place		
Office Class	Suburban A		
Total Office Area	434,000(sq. ft.)		
Address	Number of Floors	Typical floor area	Building Area
1400	7	15,000	105,000
1410	8	15,000	112,000
1420	8	14,900	104,000
1430	8	14,900	113,000
Direct Available Area	130,093 (sq. ft.)		
Largest Contiguous Available	30,000 (sq. ft.)		

LEED Gold EB: O&M

Suite	Area (SF)	Type
1400 Blair		Office
1 <sup>st</sup> Floor	6,624	
3 <sup>rd</sup> Floor	3,302	
6 <sup>th</sup> Floor	14,955	
7 <sup>th</sup> Floor	2,091	
1410 Blair		
2 <sup>nd</sup> Floor	14,805	
4 <sup>th</sup> Floor	6,275	
5 <sup>th</sup> Floor	14,805	
1420		
1 <sup>st</sup> Floor	901	
2 <sup>nd</sup> Floor	8,051	
3 <sup>rd</sup> Floor	8,922	
5 <sup>th</sup> Floor	10,952	
6 <sup>th</sup> Floor	8,796	
1430		
7 <sup>th</sup> Floor	14,907	
8 <sup>th</sup> Floor	14,907	

#### Carling Executive Park



Building Address	1525 - 1545 - 1565 Carling Ave		
Office Class	Suburban A		
Total Office Area	434,000 (sq. ft.)		
Address	Number of Floors	Typical floor area	Building Area
1525	7	14,500	92,700
1545	7	14,500	96,600
1565	7	14,500	97,100
Direct Available Area	61,771 (sq. ft.)		
Largest Contiguous Available	14,473 (sq. ft.)		



LEED Gold EB: O&M BOMA BEST Platinum

Suite	Area (SF)	Type
1525 Carling		Office
1 <sup>st</sup> Floor	2,798	
5 <sup>th</sup> Floor	2,667	
6 <sup>th</sup> Floor	2,885	
1545 Carling		
1 <sup>st</sup> Floor	2,313	
3 <sup>rd</sup> Floor	3,083	
4 <sup>th</sup> Floor	2,101	
6 <sup>th</sup> Floor	12,503	
1565 Carling		
2 <sup>nd</sup> Floor	14,473	
3 <sup>rd</sup> Floor	4,267	
5 <sup>th</sup> Floor	9,196	
6 <sup>th</sup> Floor	5,485	

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## Green inventory by submarket

SUBMARKET	NO. OF BUILDINGS	INVENTORY (SF)	TOTAL VACANCY RATE	DIRECT VACANCY RATE
Downtown Core	31	9,310,420	8.7%	7.3%
Byward Market	1	110,625	8.7%	8.7%
Gloucester	5	598,797	25.6%	25.6%
Ottawa East	3	460,395	5.5%	5.5%
Kanata	9	923,418	10.3%	8.6%
Ottawa West	7	609,874	17.8%	16.5%
Nepean	4	422,000	0%	0%
<b>Total</b>	<b>60</b>	<b>12,435,529</b>	<b>9.5%</b>	<b>8.4%</b>

## Green inventory by certification

LEVEL	AREA BY LEVEL (SF)	DUAL CERTIFIED	GREEN INVENTORY (SF)	NO. OF BLDGS	TOTAL VACANCY RATE	DIRECT VACANCY RATE
BEST Silver	4,040,378		4,040,378	28	7.5%	6.4%
BEST Gold	2,696,295	(8) 2,696,295	-	8	6.0%	6.0%
BEST Platinum	1,452,498	(7) 1,452,498	-	7	12.5%	6.4%
LEED Certified	241,000		241,000	2	0%	0%
LEED Silver	842,629	(2) buildings	842,629	4	13.0%	12.8%
LEED Gold	5,951,377	(9) buildings	5,951,377	22	11.6%	9.8%
LEED Platinum	1,360,145	(4) buildings	1,360,145	4	7.0%	7.0%
<b>Totals</b>	<b>16,584,311</b>	<b>4,148,793</b>	<b>12,435,529</b>	<b>60</b>	<b>9.5%</b>	<b>8.4%</b>

*Total Vacancy includes sublet space –Direct vacancy is space direct from the landlord*

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## 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.



**The Better  
Buildings  
Breakfast**



## 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. hosts 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.



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