

LEEDing the Market

Green building design and construction practices significantly reduce or eliminate the negative impact of buildings on the environment and occupants.



What is it worth to you?

Leadership in Energy and Environmental Design (LEED) is a consensus-based rating system for designing, constructing, operating and certifying the world's greenest buildings. The program was created by US Green Building Council and is administered in Canada by the Canada Green Building Council (CaGBC). LEED requirements in Canada reflect differences in climate.

LEED certification is available for both new and retrofitted buildings. CaGBC scores projects on a scale of 70 points and four performance levels:

Platinum:	52+ points
Gold:	39 – 51 points
Silver:	33 – 38 points
Certified:	26 – 32 points

Building efficiency cuts across many economic, social and environmental concerns. In Canada, buildings use more than a third of our total energy, produce almost a third of our greenhouse gas emissions and transform land that would otherwise provide valuable ecological services. Atmospheric emissions from energy use lead to acid rain, ground-level ozone, smog and global climate change.

The goal of green design is to create high-performance buildings. Often called "sustainable design," LEED addresses such issues as:

- rising energy costs
- reduction of toxics and design that cause "sick building syndrome"

- increasing cost of materials and corresponding value of lifecycle approach to operations and maintenance
- increased cost of producing and delivering clean water and pressure for water conservation in water-scarce areas

Green building architects advocate integration of all the performance factors to create buildings with a smaller "ecological footprint." Green building design and construction practices significantly reduce or eliminate the negative impact of buildings on the environment and occupants.

The good news is that addressing ecological concerns delivers real economic benefits: The US Department of Defense calculates that productivity gains of only 3.7% can fund all facility costs (including operating costs such as energy, tax, cleaning; maintenance and repair; and payroll) over 30 years.

LEED first took hold in British Columbia, where there are 26 LEED-certified buildings – more than any other province. BC boasts Canada's only LEED platinum building, the Gulf Islands National Park Reserve Operations Centre at Sidney, BC. There was just one LEED-certified building in Ottawa at the time of writing, the Ottawa Paramedic Service Headquarters. However, other developments are aiming high. Windmill Development Group is applying for LEED Gold certification for The Currents, its multi-use condominium development at Wellington and Holland.

Find out more: <http://www.cagbc.org>



Also in this issue

- Celebrating Lawrence Freedman
- Why is replacement cost not market value?



WELCOME TO Working Spaces

Metro Suburban is Ottawa and Eastern Ontario's leading independent commercial property brokerage. As commercial brokers, we put space to work and we only deal with space for work – matching buyers with sellers, tenants with owners, investors with investments.

The result of Metro Suburban's dedication to commercial property is that our clients and investors get the results they seek faster and easier. And because our whole team has no objective other than your complete satisfaction, you'll discover the process can be a lot more pleasant than you ever imagined. **Call us at 613-723-2222 to find out more.**

WHAT THEY GOT

Properties Sold

EAST		<p>Sold: March 1, 2007 Sale price: \$3,025,000 Price/sq.ft.: \$81.36 Size: 37,180 sq.ft. Area: 2.85 acres Property type: Industrial</p>
	5499 Canotek Road	
		<p>Sold: February 12, 2007 Sale price: \$2,200,000 Price/sq.ft.: \$76.66 Size: 28,700 sq.ft. Area: 1.12 acres Property type: Industrial</p>
	505 Industrial Avenue	
SOUTHWEST		<p>Sold: August 14, 2006 Sale price: \$1,415,000 Price/sq.ft.: \$136.06 Size: 10,400 sq.ft. Area: 0.81 acres Property type: Office</p>
	879 Shefford Road 4	
		<p>Sold: August 29, 2006 Sale price: \$4,923,125 Price/sq.ft.: \$156.79 Size: 31,400 sq.ft. Area: 1.79 acres Property type: Office</p>
	7 Capella Court	

BETTER INVESTING

Why is replacement cost more



The 910,000 sq.ft. JDS Uniphase headquarters on Merivale Road cost \$160 million to build. It sold for \$30 million to Minto in

Does it always cost more to build than to buy? We live in an era of skyrocketing building costs and dwindling site options. Currently, input costs such as labour and steel are rising. New construction costs reflect this, as well as the cost of servicing new streets, sewers, water and energy sources.

Buying existing space usually makes better financial sense than building. Buyers generally pay a premium to develop and build. Land prices increase proportionately as the size of the parcel decreases. This is particularly true for properties less than 10,000 sq.ft. Smaller buildings cannot reach an economy of scale. For the most part, it is the

same price for the architecture design 10,000 sq.ft. as for a 100,000 sq.ft. building. If you decide to explore the possibility of building, you need all the information you can get to make an informed decision. This includes comparisons of existing buildings. Renovation and fitting is almost always more expensive than building new.

RESERVE FUNDS

5 QUESTIONS to ask about Condominium Reserve Funds

The condominium status certificate covers the basics. Here are some other questions you might want to ask.

1. How are decisions made regarding use of reserve funds; how much say do owners have?
2. How is that money being invested?
3. Are association assessments keeping pace with the annual rate of inflation?
4. What special assessments have been mandated in the past five years?
5. Can I see a 30-year projection of repair and operating expenses against fees?



53 Auriga Drive: Ideal corpora



LOCATED IN THE RIDEAU HEIGHTS BUSINESS PARK, 53 Auriga is minutes from the Ottawa International Airport and downtown, and strategically close to major transportation arteries, including the Hunt Club Road and Highway 416. This well-built two-storey facility has an attractive brick and glass exterior with mature trees and landscaping on 141 feet of frontage and 1.2 acres. It includes parking for 75 cars.

The light-filled two-storey atrium entrance is enhanced by floor-to-ceiling windows and oak woodwork. Exterior offices have glazed sidelights and many doors are full-height. Built in 1989, 53 Auriga has been meticulously maintained by its owner, a prestigious professional institute. The 21,301 sq.ft. building has three stair-

Cost more than market value?



Cost for \$30 million to Minto in 2005.

Cost is also driven by location, which remains the single most important factor. Suppliers, customers and employees must be considered, as well as access to utilities and broadband communications. You pay for location once but will pay forever for the flaws of a bad location.

Determining value

The three traditional approaches to value are the cost approach, sales comparison approach and the income approach. All of these approaches are based on the principle of substitution. The cost approach examines the cost to buy a similar site and construct similar building improvements on it less any depreciation. Cost-based valuation assumes that you would not pay more than it would cost to build an identical property. However, any such comparison must take into consideration depreciation and intangibles such as disruption, time, effort and location.

The sales comparison approach simply compares the property to other recent sales of similar properties. It also assumes that people will not pay more for one property

Construction Price Index: Non-residential building

Total change is the year-to-year increase in construction costs.

	2001	2002	2003	2004	2005
Total Change	3.3%	1.9%	3.0%	6.5%	5.6%
Commercial	3.1	1.8	3.0	6.2	5.6
Industrial	3.9	2.2	3.1	7.7	6.3
Index Total	113.2	115.3	118.8	126.5	133.6

Statistics Canada, November 2006

than they would for a similar property. Recent similar sales are adjusted for differences to estimate value.

The income approach estimates the future income of the property and capitalizes that income (either directly or for cash flows over a specific time period) to a present value.

Final estimated value combines all three approaches, depending on the relative strengths of each individual approach including the availability and quality of data, and the marketability and type of property. ■



same price for the architect to design 10,000 sq.ft. as 25,000 sq.ft.

If you decide to explore the possibility of building new, gather all the information you need to make an informed decision. That includes comparisons with existing buildings. Renovation and retrofitting is almost always less costly than building new.

Real corporate office

HEIGHTS BUSINESS

from the Ottawa downtown, and strategic transportation arteries, and Highway 416. The facility has an attractive with mature trees and frontage and parking for 75 cars.

atrium entrance is large windows and oak have glazed side-entrance full-height. Built in meticulously maintained professional building has three stair-

wells and elevator access to the second floor. The flexible design will allow both floors to be subdivided for multi-tenancy, starting as low as 3,000 sq.ft. A spacious meeting space can be configured for large or small meetings.

Auriga is a quiet road in an established business park. Staff amenities include shower facilities, washrooms on all floors and bus service to the door.

The building is fully equipped with security and fire alarm/sprinkler systems. A ground floor print shop has dedicated power and ventilation.

Asking price is \$2,695,000. Please call **Joel Freedman** or **Rob Quinn** at **613-723-2222** or email metro@metro-sub.com to view this property.

Derek Parker

Ten years of success with Metro Suburban

Derek Parker is a tireless representative for both buyers and sellers. A long time resident of Ottawa, Derek began his career with a local real estate firm in 1984.

He understands the needs of both large and smaller businesses. Prior to joining Metro Suburban Realty in 1996, Derek worked as an independent real estate broker. He was also sales representative with a national real estate firm and broker/manager of a midsize brokerage office.



Derek's area of concentration is the sale and leasing of industrial buildings, land and industrial investment properties throughout Ottawa and Eastern Ontario.

Contact Derek at dparker@metro-sub.com or **613-723-2222 ext. 233**

— Congratulations to Derek —

COMMUNITY CONNECTIONS

Ottawa's Historic Freedman Family



Metro-Suburban founding partner, Joel Freedman, is a scion of one of Ottawa's oldest families. His great-grandfather Jacob came to Ottawa in 1891. Jacob was an astute student of markets and economics, building up a successful retail business in the By Ward market, anticipating such economic tidal waves as the Great Depression, retail superstores and the growth of suburbia. His ethical code "A man's word is his bond" cemented his place in the financial community as a man who was trusting and trusted.

It was an absolute rule at J. Freedman & Son and at Freedman Realty that no one who asked for help should ever be turned away. Jacob's legacy to Ottawa included a charitable foundation whose beneficiaries are our universities, hospitals and the Salvation Army.

Jacob's son Michael and his grandson Lawrence Freedman inherited Jacob's business acumen and his

values. Lawrence graduated from Carleton University with a Bachelor of Commerce degree. As an entrepreneur, he initially ventured into the retail sector and then followed his father and grandfather's career paths by establishing himself as a commercial/industrial real estate developer. At its peak, his company Admiral Leaseholds owned 70 properties comprising over four million square feet and 1,000 acres of development land.

In addition to building his real estate portfolio, Lawrence was a tireless community supporter, fundraiser, volunteer and business mentor. He was happy to take time out of his busy schedule to help those seeking his business advice and support. He followed in his father's footsteps when he became president of the Jewish Historical Society, working to preserve Ottawa's heritage records.

Like Jacob, Lawrence's greatest pleasure was putting other people's needs before his own. He will always be remembered for his fairness and honesty. Lawrence Freedman died August 5, 2006. ■

METRO TIPS

Buying and Selling Off-Market

In a real estate market that has been healthy for a long time, a good off-market deal can be quite a coup. Off-market refers to land or property that hasn't been openly advertised or marketed. For example, a seller might not wish the business community or staff to know a property is for sale. The purchaser buying off-market hopes to win a better deal because he's not in competition with others.

Experts say that win-win off-market deals do exist but they're challenging to find. Using a broker to explore off-market deals is the best way to go. Your broker may be able to match the two sides in a deal that is mutually beneficial. Brokers can have properties or land that are not actively marketed on their web site or through other traditional means. They also have a refined sense of where a property fits in the market. Whether you are a buyer or seller, working with a broker puts the odds on your side.







Rob Quinn
Broker



Joel Freedman
Broker

Metro Suburban
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- Relocation Mandates



Dr. Bruce Firestone
Sales Representative



Derek Parker
Associate Broker



John McMerty
Sales Representative



Diane McNulty
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Cathy Ferguson
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Associate Broker

EXCLUSIVELY COMMERCIAL REAL ESTATE

Working Spaces is the client service newsletter of Metro Suburban Realty.

Metro Suburban is a dedicated commercial real estate brokerage serving Ottawa and Eastern Ontario property investors, owners, managers, tenants and buyers. If you depend on working spaces to get your job done, contact Metro today.

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