

Property Report

The Globe and Mail
national daily newspaper
Toronto, ON
April 26, 2011

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Biggest one-week REIT gainer: Holloway Lodging
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Biggest one-week REIT decliner: Extencicare
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Biggest one-week stock gainer: Gazit America
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Biggest one-week stock decliner: Royal Host Inc.
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MARKETING

For rent: Office w/gr8 views, lots of light, green amenities

Commercial landlords are taking their cues from condo developers when it comes to branding their buildings

SHELLEY WHITE

There was a time when sufficient square footage, a floor plan and the right price was enough to secure a great tenant. But the way commercial buildings are being marketed is changing dramatically. Today, it's all about the employee.

"How's the staff going to feel working here? What's the quality of the light like? Where is my staff going to go for their work-outs? Where's the nearest parking lot? Where's the nearest green space?" said David Allison, author of *Branding Buildings Better* and co-founder of the Vancouver marketing firm Braun/Allison Inc.

Mr. Allison works primarily in residential and recreational real estate, where quality of life and amenities have been a focus for 20 years. But in recent years Braun/Allison has started working on commercial projects and applying marketing methods from the residential world.

"The idea is, there's a lot of good, smart thinking that's been going on for a couple of decades now. Why are we reinventing the wheel? Let's use it."

For landlords, the goal is "a building people don't want to leave. They renew their lease, they're willing to pay a little bit extra. When the leases expire, there's a waiting list in the best of all possible worlds because you've got the cool building."

One of Braun/Allison's projects, Sun Tower in Vancouver, is a heritage building that's being re-branded as Creative Commons. The building's website proclaims, "This is not office space, this is creative space," and emphasizes the building's architecture, its on-site fitness centre, the neighbourhood's cuisine and entertainment options.

"What we're trying to do is tell people this is a particularly awesome building in a great location, and if you consider yourselves to be creative thinkers - whether it's a creative law firm, photographer or government agency - then this is going to be a creative hub for Vancouver," said Mr. Allison.

"It's not just about a name and a logo, it's about establishing our brand. It's a great example of how you can take a commercial building and use some of the rules for residential and tell great stories and help people understand why [relocating here] is a



'Our marketing is 100% more focused on lifestyle and employees, and what it will be like to work there,' said Paul Langer, senior vice-president at DTZ Barnicke. KEVIN VAN PAASSEN/THE GLOBE AND MAIL

“It's much more expensive to have to continually replace qualified employees than to worry if you have to pay an extra \$5 a square foot in rent.”

Paul Langer
Senior vice-president, DTZ Barnicke

good decision.”

Employees are also a driving factor behind the incorporation of environmentally sustainable features into new buildings, said Mark Fieder, president and managing director for Avison Young's Ontario division.

"You will never see a new building built in Toronto that is not in some way LEED certified," said Mr. Fieder. "It's a branding issue - clients want to see their suppliers are doing the right things within the environmental side of the business. And human resources is driving it, I'd say more than anything, because this is what employees want."

"If you want to attract the best talent, you have to get on board with these concepts."

Landlords have been making substantial investments in older buildings in Toronto's downtown financial district as they attempt to upgrade their properties to compete in this new green landscape, Mr. Fieder said.

But newer buildings with all the bells and whistles still lease faster. "We've seen evidence of it in the marketplace. The Telus Tower is full, the RBC Centre is full, 18 York Street is oversubscribed and it's not even finished yet."

In Toronto, the companies that want young, creative talent are overwhelmingly focused on getting into the Telus/RBC neighbourhood. "A great example is your two major accounting firms, KMPG and PricewaterhouseCoopers, have both gone to brand new LEED-certified buildings downtown," said Mr. Fieder.

If a landlord can't provide comfort and amenities "they are going to be put in second or third place when tenants are considering options," said Paul Langer, senior vice-president and manager of DTZ Barnicke's office in the northeast Greater Toronto Area.

Ample natural light and superior air quality are at the top of employees' wish lists, as well as restaurants, healthy fast food,

health clubs and shopping either within the building or nearby, said Mr. Langer, who has been leasing office buildings on behalf of landlords for 30 years.

"It's much more expensive to have to continually replace qualified employees than to worry if you have to pay an extra \$5 a square foot in rent," said Mr. Langer.

He points to one of his company's projects, the Milestone Corporate Centre in Vaughan, Ont., as an example of "what's new and what's coming" in office space. The package promoting this LEED-certified building boasts green features such as water-efficient landscaping, low-VOC-emissions building materials and a "living wall" designed to help take contaminants out of the air.

"Our marketing is 100% more focused on lifestyle and employees, and what it will be like to work there," Mr. Langer said.

"If we can all find ways to help our consumers have better lives, we're laughing," said Mr. Allison. "That's the shift we need to make in the real estate community, regardless of the sector you're working in."

Special to The Globe and Mail

OPTIMIZE ONLINE

Social networking websites can help you successfully market your commercial property, says David Allison, co-founder of the marketing firm Braun/Allison Inc. and author of *Branding Buildings Better*. But only if you do it right. Here are three tips from Mr. Allison:

Be helpful

LinkedIn and Facebook can be valuable ways to market your space, but only if you are interested in actually engaging with potential tenants, Mr. Allison said. You should share genuinely interesting information, not just sales pitches. "Say, for example, you have a building that needs medical professionals as tenants," he said. "You could start a Facebook page where you aggregate and share info about best practices in medical office interior design." You'd be helping medical professionals who are also likely in the market for office space.

Stop Twitter abuse

Twitter is the channel most abused by the real estate industry, Mr. Allison said. "Many people are using it as a place to bleat on about what they are selling, ad nauseam. To pick up the analogy I used earlier, a Twitter feed for medical professionals could be used to send out messages when new information is posted on the Facebook page about interior design trends." You could also follow medical professionals and chat with them about their interests, or post links to articles of interest in blogs.

Energize your events

"No one is going to come to your free tour of the available space for lease in XYZ Tower - yawn. But lots of your followers may show up for a free half-day seminar on medical office interior design - to reuse the analogy one more time - and chances are those who show up will be very qualified leads for the space you have to lease."

Shelley White

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