



Best of best at SIOR event

BY MIKE BEGGS

With many cities now left to infrastructure and redevelopment, *Developments That Work And Why* becomes a central issue.

And that will be the panel roundtable topic during the 46th annual SIOR (Society of Industrial and Office Realtors) Fall Seminar on Thursday, October 13, from noon to 7:30 p.m. at the new Corus Quay Entertainment Building on the Toronto waterfront.

"I think mixed use is the real trend we're seeing -- putting more high-density development to existing sites," says First Gulf Corporation CEO David Gerofsky, one of the panelists.

"This is what it's all about. I really think that's the key driving things for the next few years."

He cites a "perfect example" in First Gulf's purchase and redevelopment of the old Toronto Sun building, a year and a half back.

"We took that and completely gutted it, and turned it into shopping of 100,000 square feet, with another 300,000 square feet of office. That includes the new Canadian head office for Coca-Cola, George Brown College, and Loblaws (among others)," he relates. "So, we took a 4-acre site in downtown Toronto with 250,000 square feet of building area, and by the time we're done there will be almost 1 million square feet in five years."

"We call it adaptive reuse, taking an existing building and redeveloping and modernizing it to meet the needs of people today."

A cross



Rob Spanier

Canada and into 10 U.S. cities, as a prominent general contractor, First Gulf builds right across the spectrum -- LEED office buildings, industrial parks, shopping centres and residential developments. "And we may bring two or three different types to one site," he adds. "We don't look at just one thing."

Environmental awareness is one of the overriding considerations in today's building designs. And First Gulf has already built four LEED Gold office buildings. That includes the 250,000-square-foot Bank Of Montreal building in Meadowvale, (the largest office building to hit Mississauga in the past decade), another 250,000-square-foot neighbouring building, just being topped off for Golder, and a building for GWL on the Derrydale lands at Hurontario Street and Derry Road.

"It's not only good for the environment, it keeps the costs down and it's healthier," Gerofsky says. "These buildings are 30 to 50 per cent more energy efficient, and healthier because you're using the non-toxic-emitting materials."

These days, First Gulf is designing office buildings, "from the inside out", with very efficient floor plates. He points to one 500,000-square-foot, 20-storey Toronto office development, which is column-free -- with a 25,000-square-foot floor plate.

"So, the client has free reins to plan," he relates.

Despite the relocation of major entities like BMO and TD to Mississauga and other areas, Gerofsky sees the pendulum swinging back downtown where workers can have shopping, entertainment etc. at hand.

"The urban model is the most successful," he says. "People don't want to be commuting two hours a day. They want to live close to their work. It's really a quality of life issue."

In the King and Spadina area, he cites the relocation of offices for companies like Coke, and Google in the heart of booming condo development.

"These companies want to be near where their young people are living -- and they like to be downtown, it's a lifestyle," he comments. "The most important thing for employers is to attract real quality employees."

"My opinion is the pace of that migration (to the suburbs) is probably going to slow down," he continues. "I'd be surprised to see large companies come from the downtown. They might move away from the downtown core, because it's so expensive. I think the banks are trying to achieve a balance between the urban and suburban location."

Moderating the panel on *Developments That Work And Why* will be Tullio Capulli, vice president of property management, office/industrial, for the Mississauga-based Morguard Investments Limited. One of Canada's largest integrated real estate companies, Morguard controls \$9.2 billion in assets.

These days, he finds demand derives mostly from, "somebody who needs a special building."

"We build to their specific needs," he relates. "I don't think you will see too many people going on spec right now."

"It's a wait-and-see attitude. Nobody wants to make a decision. I see that as the biggest problem in the next two years, because I don't see it getting any better --

2012 especially. I hope I'm wrong."

As for being green, he says matter-of-factly, "I wouldn't build a building today unless it is LEED, especially office buildings. Big multinational companies, they're looking for LEED. That's the corporate culture."

Among Morguard's recent projects: helped develop the Archives building at York University; just won the bid for the Quinte Courthouse in Belleville; and purchased the 700,000 square-foot Whirlpool building in Milton. The first two are P3 partnerships.

"I see more and more of that with the government," Capulli says. "They can't build it themselves."

He's particularly proud of Morguard's co-development of Corus Quay, the eight-storey, 500,000-square-foot media broadcast and distribution facility at the foot of Sherbourne Street and Lake Ontario -- the new home of Corus Entertainment. (They teamed up with TEDCO, the property arm of the City of Toronto).



Lorne Braithwaite

"Oh yeah. That's going to be a signature building," he says, "an iconic building on the waterfront for a whole generation."

"We were their consultants on the design/build and then they brought us in to provide the property management services. We knew the building before the tenant even went in there. Our guys could tell you where everything is. I think that is a great value-added for Corus."

As trends go, Capulli agrees, "people are coming back into the city, be it due to transportation concerns or gridlock. I think this is the way of the future."

"That redevelopment is happening right now," he continues. "Unfortunately, a lot of buildings are being redeveloped into condos. You don't see old industrial buildings being redeveloped into new industrial buildings. You may see it as mixed use, but it's tough -- especially with cap rates (capitalization rates). Everybody's looking for top dollar on an old product."

With Morguard a prominent property owner in the Mississauga city centre, he says, "it should be very interesting to see where (the City) wants to go with the Downtown 21 project."

"We want a downtown feel, but where are people going to park," he asks? "Unfortunately until transit comes, people are going to use their cars. They will have to do some underground parking, and that's expensive. We can't ask people to use a parking lot one kilometre away and walk in."

Running from 3:15 to 4:15 p.m., the development panel roundtable will also include Dean Cutting, a partner in Cartera Private Equities Inc., and Alfredo Romano, president of Castlepoint Developments.

The keynote speaker (1:30 p.m.) will be Lorne Braithwaite, CEO of Build Toronto.

At 4:15, Rob Spanier, senior vice president of Live Work Learn Play will speak on *Trends In Mixed Use Development: What Defines Mixed Use Success?*

That will be followed by a Bull & Beer networking reception at 5:45.

SIOR also hopes to have a representative from the PanAm Games Toronto Committee giving an overview of what's coming up in 2016.

The registration fee is \$90 plus HST for members, and \$130 plus HST for non-members. Three RECO credits will be awarded for attending the seminar. Register online at siorcanada.com. For more information, contact SIOR at (416) 920-7763, or admin@siorcanada.com.

Vibrant venue

BY MIKE BEGGS

Corus Quay, the City of Toronto's anchor project in the revitalization of the Docklands could be the star of this year's SIOR conference, October 13th.

This eight-storey, state-of-the-art media broadcast and distribution facility features advanced broadcast technologies, an open concept work environment (with street level radio studios, and a performance space that opens onto Sugar Beach), and green attributes worthy of LEED Gold status. Opened in September of 2010, this shiny 500,000-square-foot structure, at the foot of Sherbourne Street and Lake Ontario, is the new home of the Corus Entertainment group and its 1,200 employees.

And this year's keynote speaker will be Lorne Braithwaite, CEO of Build Toronto, the City's armslength real estate development corporation, which was established to catalyze Toronto's portfolio of some 31 vacant properties worth about \$200 million. The controversial \$159.9 million Corus Quay project is one example of Build Toronto's "value-added" concept of taking underutilized land, conceptualizing a resale use, and getting it rezoned, redeveloped, and put out into the marketplace. (It is currently considering putting Corus Quay on the block).

"This was a very big decision by the Council at the time, and it is groundbreaking in the sense it gives a lot of people a feeling something is finally going to happen on the Toronto waterfront," Braithwaite comments. "It has very much impacted the existing lands (along the East Bayfront). The George Brown College project (a third campus expected to be completed this fall) is being built right next door."

He suggests the market in Toronto is "quite strong at this point, more so than a lot of other cities around the world." And of Build Toronto's impact, he states, "I think the consensus of the board (including Councillor Doug Ford) is, we've had a phenomenal launch (since June of 2009)."

Rob Renaud, vice president of the Board of SIOR Canada, and chair of the Fall Seminar observes, "Corus Quay should be quite the vibrant space to hold an event like this. It's right inside their broadcasting space. It will be quite an interactive and dynamic venue."

"I'd like to set a new attendance record as the event is very topical and because of the venue."

A principal and vice president of advisory corporate services with Toronto's Newmark Knight Frank Devencore (and 2010 Canadian Office Broker of the Year), Renaud notes the theme is timely, with the Ford government's mandate to create value for land held by the City of Toronto, and cities like Toronto, Mississauga, and Vaughan looking at redevelopment and infrastructure as they're built out.

"There's a lot of infill, and they're trying to figure out the mixed use strategy for their downtowns," he continues. "A lot of municipalities are trying to get beyond being just a bunch of condos, office towers, and retail shops -- to have real (people-friendly) places that encourage pedestrian traffic."

"I think it's just a matter of getting everybody on the same page, and it will take a while. Toronto is on the cusp of something that could be interesting. In the Entertainment District, they're trying to pull in more of a mixed use format, like individual hardware and grocery stores."

Running from noon to 7:30 p.m., the seminar will feature both Developers' and Users' Panels; and SIOR hopes to have a representative from the PanAm Games Toronto Committee giving an overview of what's coming up in 2015. Three RECO credits will be awarded for attending the seminar. Visit www.siorcanada.com.