

of Capital Interest | February 2015

Juteau Johnson Comba Inc.

Annual Sales

Ottawa's commercial real estate market experienced a drop once again of approximately three hundred and sixty-two million dollars in the total value of transactions in 2014 from the previous year.

The adjacent chart details the sales for each of the asset classes for the past two years. The total number of sales for 2014 decreased by 3.7% to 312 sales (over \$500,000) compared to 324 sales in 2013. As a result, the overall transacted value decreased 22% from the previous year. The two asset classes with the largest decrease in total value in the past year were retail and special. The only two asset classes that increased in the past year were industrial and multi-family.

Property Type	2014		2013	
	# of Sales	Value	# of Sales	Value
Industrial	36	\$153,207,716	43	\$140,217,770
Multi-Family	71	\$365,331,809	72	\$267,546,294
Retail	46	\$143,935,731	40	\$298,340,365
Office	38	\$273,603,613	46	\$343,251,237
Land	114	\$271,574,861	112	\$389,299,947
Special	8	\$75,128,000	10	\$203,622,322
Total	312	\$1,282,781,730	324	\$1,644,877,935

The largest transactions that occurred in each of the asset classes in the past year were as follows:

Property Type	Address	Vendor	Purchaser	Consideration
Retail	486 Hazeldean Road	Ontario Supreme Court of Justice (Vesting Order)	T-Hazeldean Holdings Ltd. (Trez Capital Corp).	\$12,442,125
Industrial	501 Palladium Drive	2342997 Ontario Inc. (Summit Industrial Income REIT) (75%)	BMO Life Assurance Co. (75%)	\$25,294,287
Office	234 Laurier Avenue West	1258881 Ontario Inc. (50%)	Outcore Equities Inc. (50%)	\$75,750,000
Residential	1971 & 1975 St. Laurent Boulevard	1971-1975 St. Laurent Inc.	Homestead Land Holdings Ltd.	\$64,950,000
Land	175 Main Street (Oblates)	Les Oeuvres Oblates de l'Ontario.	175 Main Street Regional Inc. (The Regional Group)	\$32,000,000
Special	111 Cooper Street	1175328 Ontario Ltd. (Barney River Investments Ltd.)	CA/CS Ottawa General Partner Inc. (Campus Suites Inc.)	\$28,000,000

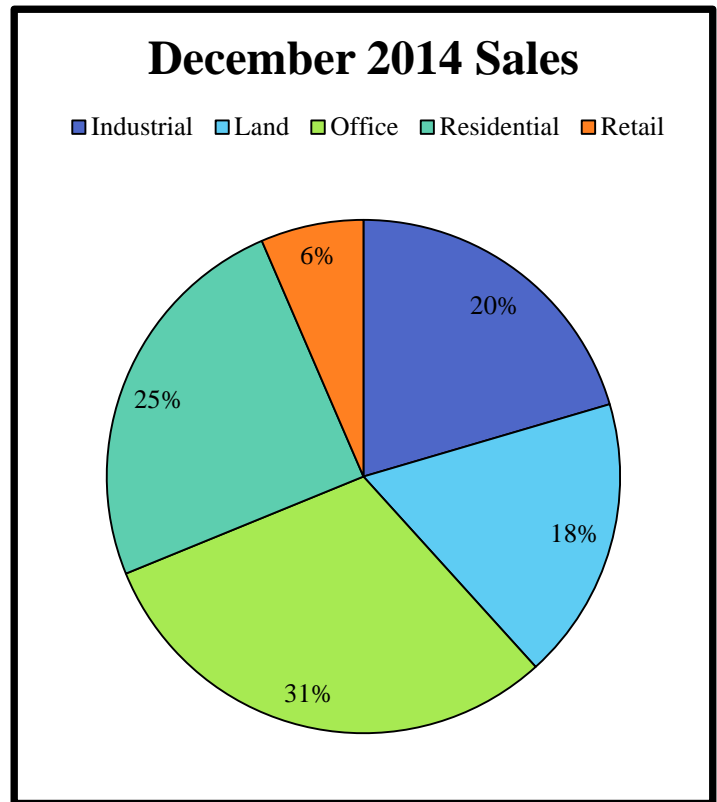
These six sales have a total value of **\$238,436,412**, which represents **18.6%** of the total value in the past year.

Overview of Market

The local unemployment rate as reported by Statistics Canada for the month of December decreased to 5.7%, from the previous month when it was at 5.9%. The national and provincial rates decreased in December to 6.6% and 7.0% respectively.

According to CMHC’s news release, the number of residential units under construction decreased 14.9% in 2014 to a total of 5,887 units from 6,921 units. Housing Starts for the month of December increased by 38.4% year-over-year, from 417 units in December 2013 to 577 units in 2014. However, the total number of starts for 2014 decreased 12.2% to 5,762 from 2013. This is a result of the total number of starts for condominium apartment units in 2014, reported at only 1,418 down from 2,268 units in 2013.

There were a total of 35 sales reported in the month of December with a total value of \$228,150,834. Retail building sales accounted for 6.5% of the total, industrial buildings 20.5%, office buildings 30.5%, apartment buildings 24.7% and land 17.8%. Sales data has been provided by RealTrack, Inc. For more information visit <http://www.realtrack.com> or call 1-877-962-9033.



Retail Sales

There were five retail building sales during the month of December with a total value of \$14,785,000. The most notable sale for the month of December was the purchase of 1559-1583 Alta Vista Drive by 2427353 (Manor Park Estates Inc.) from Charles Palef Holdings Ltd. et al, for \$6,000,000 or \$269/sf. The property is improved with a single-storey, multi-tenant retail plaza anchored by a Shoppers Drug Mart, Subway and Hasty Market that was reportedly constructed in 1951 and a free-standing Tim Hortons restaurant with

drive-thru that was constructed in 2007. The broker involved with this transaction was Brent Taylor of Brentcom Realty.

The other significant retail transaction was the sale of 1960 Scott Street from Scott and McRae Development Inc. to McRae/Scott (Ottawa) Development Inc. and McRae/Scott (Ottawa) Development Limited for \$5,950,000 or \$249/sf of building area or \$232/sf of site area. The property is improved with a three-storey, walk-up retail/office building that was constructed in 1992.

Industrial Sales

There were five industrial building sales during the month of December with a total value of \$46,660,000. The most significant sale was the purchase of 1050 and 1051 Baxter Road and 2620-2650 Lancaster Road and 2615 Lancaster Road by Baxter Lancaster Nominee Inc. (LaSalle Investment Management (Canada)) from Minto Properties Inc. for \$37,850,000 or \$133/sf. The Baxter Road site is improved with two, one and two-storey, multi-tenant commercial buildings offering a mix of showroom, warehouse, general office and recreational uses. The



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development was constructed in 1989 and provides on-site parking for some 420 vehicles.

2615 Lancaster Road is comprised of two single-storey buildings constructed in 1985 and 2620-2650 Lancaster Road is comprised of four single-storey buildings constructed in 1980. The buildings are multi-tenant, flex industrial properties offering a mix of showroom, warehouse and office finish. There are some 180 surface parking spaces provided to 2615 Lancaster and 125 parking spaces to 2620-2650 Lancaster. The brokers involved in this transaction were Nico Zentil, Peter Senst and Jaysen Smalley from CB Richard Ellis.

Lastly, 2655 Queensview Drive was purchased by Skyline Retail Real Estate Holdings Inc. from Club Corporation of Canada (Goodlife Fitness) for \$6,140,000 or \$204/sf. It is improved with a one-storey Goodlife Fitness centre. The property transacted as part of a six-property portfolio of Goodlife Fitness centres across Ontario.

Office Sales

There were only two office transactions during the month of December with a total value of \$69,660,000. The most significant transaction was the purchase of 495 and 505 March Road, 11, 20, 40, 50, 80 and 84 Hines Road by Kanata Research Park Corp from PCM Kanata First Inc., PCM Kanata Third Inc., PCM Kanata Fourth Inc., and PCM Kanata Fifth Inc. for

\$69,000,000 or \$168/sf. The portfolio consisted of four Class "A" office buildings, three older and/or renovated office buildings and approximately 6.6 acres of vacant land. This portfolio was listed for sale by Gary Morassutti and David Tweedie of RBC Capital Markets Realty and Nathan Smith and Scott Brooker of Cushman & Wakefield Ottawa.

Apartment Sales

There were seven transactions in the apartment market during the month of December with a total value of \$56,336,534. The most significant was the purchase of a 50% interest in 1175 Maritime Way by Killam Kamres (Kanata Lakes) I Inc. (KingSett) from Killam KFH (Kanata Lakes) Inc. for \$22,941,386 or \$314,266 per unit. It is improved with a newly (2012) constructed ten-storey luxury rental apartment building with two-levels of underground parking. The building represents the first phase of a four phase apartment development.

The other notable sale was the purchase of 290 Rideau Street by 8758212 Canada Inc. from InnVest Properties Ottawa Rideau for \$28,472,500 or \$134,304 per unit. It is improved with a 19-storey, 212 room hotel (Quality Hotel) which was constructed in 1990. There is also a ground floor restaurant and 110 on-site parking spaces. The property was acquired for its conversion into a +/- 420 bed student residence. Jason Shinder and Charles Mirsky from

District Realty were the agents with regards to this sale.

Land Sales

There were sixteen land transactions during the month of December for a total consideration of \$40,709,300. Of the sixteen transactions, there were three future growth, eight residential, two institutional, one rural, one industrial, and one agricultural sale(s).

Future Growth Land

The most notable future growth land sale is located on the east side of Highway 416, north of O'Keefe Court. It was purchased by 2436091 Ontario Ltd. from Onassa Corp for \$14,000,000 or \$78,855 an acre. The site is just outside of the urban boundary and is designated General Rural Area in the Official Plan.

Residential Land

The most notable residential land transaction was the purchase of 135 Barrette Street by 8276374 Canada Inc. from The Roman Catholic Episcopal Corporation of Ottawa for \$4,300,000 or \$101/sf. The site is improved with a one-storey church built in 1908. The property is designated Minor Institutional under the zoning and General Urban under the Official Plan with Beechwood Avenue recognized as a Traditional Mainstreet. The purchaser intends to convert the church for commercial use and to develop a commercial/residential condo building on the excess land. The property was listed

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for sale by Roger Casagrande and Tom Brethour of DTZ Barnicke.

The final notable residential land transaction was the purchase of 453-455 Laurier Avenue by 980752 Ontario Ltd. from Minto Properties Inc. for \$2,910,000 or \$321/sf. It is currently improved with a surface parking lot with 70.8 feet of frontage on the north side of Laurier Avenue West and approximately 130.2 feet of depth. The site was purchased by an adjoining owner who also purchased 360 Slater Street and 184 Lyon Street, from the same vendor at the same time.

Institutional Land

A school site located on Strasbourg Street in Orleans was purchased by Conseil Scolaire de District Catholique du Centre-Est de L'Ontario from Minto Communities

Inc. for \$2,418,800 or \$401,128 per acre. The site is currently vacant but was purchased for the development of an elementary school.

Rural Land

The only rural land sale is located at 3834 Eighth Line Road in Osgoode and was transacted by private individuals for \$525,000 or \$20,492 per acre. The site is improved with a brick, three bedroom bungalow situated on a 25 acre horse ready hobby farm which includes a four stall barn (with hydro and water), and a 60'x40' multipurpose barn, sand ring and fenced pasture. There is also a 16'x32' inground pool.

Industrial Sales

2644 and 2670 Leirim Road was purchased by 2435562 Ontario Inc. and 2446616 Ontario Inc. (427 QEW

KIA) from 6424236 Canada Inc. and 2274555 Ontario Inc. for \$1,250,000 or \$506,073 per acre. The site has a large fenced compound with a 3,000 square foot industrial building.

Agricultural Sales

The agricultural land located at 4048 Yorks Corners in Osgoode was purchased by Riverdown Holsteins Inc. from a private individual for \$780,000 or \$15,896 per acre. The property is outside of the urban boundary and is designated an Agricultural Resource Area according to the Official Plan.

