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It's about keeping workers happy

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Byline: Murray McNeill / Commercial Real Estate

A growing number of companies is calling in moving vans in a bid to keep their employees happy and productive, according to two local office leasing specialists.

Wayne Sato and Mike Passingham said most of their office clients used to stay put when their leases came up for renewal because of the high cost of moving and the disruption it brings. But now those concerns are taking a back seat to the need to attract and retain good workers, the two Cushman & Wakefield agents said.

One way to do that is to provide a more attractive, efficient working environment, which sometimes means moving to new quarters.

"We've had 10 different clients in the last 15 months (that had leases expire), and 25 per cent of them moved," Sato said. "Before, maybe one in 10 moved."

One of the latest to go that route is Wardrop engineering -- the official name is Wardrop, a Tetra Tech Company -- which will be pulling up stakes this summer after 20 years at 386 Broadway.

Wardrop has leased three full floors and two half floors -- 32,000 square feet in total -- in the former Bank of Canada building at 161 Portage Ave. East. Although it's already taken possession of some of the space, it won't be moving in until August when major renovations are completed.

Stephen Segal, the firm's vice-president of marketing and communications, said the company is spending million of dollars -- he wouldn't say how much -- to renovate and remodel the space to suit its needs. The offices will feature an open layout, with more meeting rooms and fewer private offices. There will also be an amenities floor with a fully developed lunch room, a boardroom, a training room, a central library, and a games room with Ping-Pong tables, video games and a television.

"We want people using this floor during the day," Segal said. "We want people when they take their lunch or coffee breaks to come up or down to this floor and spend some time together."

Segal said it's Wardrop's way of trying to create a nicer, more efficient work environment for its employees. And that will hopefully make it easier to attract and retain good workers.

"There is lots of competition out there and you've got to compete to keep your employees."

Although it had the option of staying and renovating its offices, Segal said Wardrop officials decided it would be easier and less disruptive to lease space in a different building, gut it, and rebuild it to suit its needs rather than try to renovate and run a business at the same time.

The new space is roughly the same size as the old space, even though Wardrop's Winnipeg office expects to add up to 24 more employees this year. But Segal said that shouldn't be a problem because the layout will be more efficient and able to accommodate more workers.

He said the prospect of being within a stone's throw of Winnipeg's premier intersection also appealed to company officials. "We like the location of Portage and Main because it's central and has so many amenities nearby. We're excited about what the Richardsons are doing on their corner and want to be part of that."

James Richardson & Sons Ltd. owns the former bank building as well as the nearby Richardson Building and the underground Lombard Concourse that connects the two.

It announced last month it would spend \$10 million to upgrade and refurbish the concourse, the former bank building and a 700-stall parkade it owns on Lombard Avenue.

Passingham said tenants aren't the only ones adding new amenities in a bid to keep workers happy. Building owners are too, because happy workers usually means happy tenants.

The Richardson Building, for example, has a conference centre for its tenants to use, and will be adding an even bigger one as part of the concourse redevelopment.

It also has an upscale restaurant on the main floor -- Hy's Steakhouse and Cocktail Bar -- and the nearby Canwest Place office tower has a new 15,000- square foot Goodlife Fitness centre opening soon.

"Five years ago, the demand (for Class A office space) was such that to allocate 15,000 square feet to an alternate use -- I don't think it would have even been considered," Sato said.

But with fewer corporate head offices in Winnipeg now, building owners are trying to attract more non-traditional tenants that will make their buildings more appealing to traditional office tenants such as Wardrop.

Know of any trends in the local office, retail, or industrial real estate sectors? Let reporter Murray McNeill know at the email address, or at 697-7254.

murray.mcneill@freepress.mb.ca

Trading spaces

Here are some of the features tenants are looking for in an office building:

- An open-floor plan with few support columns
- Flexible space suitable for a variety of uses
- Good lighting and air-quality-control systems
- Additional on-site or nearby amenities, such as a fitness centre or restaurants
- In the case of downtown buildings, connection to the pedestrian skywalk system

Here are some of recent trends in office design:

- More open-style work spaces and fewer private offices
- Reversing the traditional placement of the common work area and the private offices so the common areas are on the perimeter of the building, where there's more light, and offices are in the interior
- Making offices smaller and less lavish and using that extra money and space for meeting rooms and informal collaborative spaces where employees can gather, relax and exchange ideas
- Centralized reception area, mail room, and printing station, rather than one on each floor
- Fully developed lunch room and a games/TV room
- Source: Wayne Sato and Mike Passingham of Cushman & Wakefield Ltd.

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MARKETWIRE

CPP Investment Board Adds Two Prime Manhattan Assets Valued At Over US\$1.45 billion To Real Estate Portfolio

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Dateline: TORONTO, ONTARIO

Acquires 45% Ownership Stake in 1221 Avenue of the Americas

Formation of Joint Venture to Acquire a 45% Stake in 600 Lexington Avenue

TORONTO, ONTARIO--(Marketwire - May 10, 2010) - The CPP Investment Board (CPPIB) announced today its first real estate investments in Manhattan with the acquisition of ownership stakes in two prime commercial office properties.

CPPIB has agreed to acquire a 45% ownership interest in 1221 Avenue of the Americas from SL Green Realty Corp. for a total consideration of approximately US\$576 million including debt and working capital. In addition, CPPIB has formed a joint venture with SL Green to acquire a 45% ownership stake in 600 Lexington Avenue for a total consideration of approximately US\$87 million.

In total, these properties have a combined value of over US\$1.45 billion representing a gross consideration of approximately US\$663 million.

Peter Ballon, CPPIB's Vice-President and Head of Real Estate Investments - Americas, said, "We are pleased to enter the Manhattan office market with the acquisition of interests in two premier Class A office properties. We believe it is an attractive time to enter the New York market. These transactions reflect CPPIB's growing reputation as a major global real estate investor with the capital, and more importantly, the internal capabilities to directly participate in large complex transactions such as these."

Mr. Ballon added, "With SL Green, we are investing alongside the largest office landlord in Manhattan with a proven investment track record and top tier operating platform. We look forward to building this partnership as we continue to explore new opportunities in Manhattan."

1221 Avenue of the Americas, also known as The McGraw-Hill building, is an approximately 2.5 million square foot, 50 storey class "A" office building located in the heart of one of Midtown Manhattan's premier office districts. The property was completed in 1972 and is part of the larger Rockefeller Center complex. The property's original developer, Rockefeller Group International, Inc. will retain the remaining 55% ownership interest in 1221 Avenue of the Americas and will continue to manage and lease the property.

600 Lexington Avenue, which will be managed and leased by SL Green, is a 300,000 square foot, 36-story, glass and steel Class "A" boutique office

building situated on the Northwest corner of Lexington Avenue and 52nd Street. The property is uniquely positioned to attract smaller tenants seeking space identity in a prime Midtown location. The property is currently over 90% leased.

CPPIB invests in commercial properties primarily through joint ventures with operating partners. At December 31, 2009, its global real estate portfolio had an equity value of C\$7.1 billion and consists of mostly office and retail properties located in major centres across Canada, the United Kingdom, the United States, Mexico, Brazil, Continental Europe and in the Asia-Pacific region. For more information about CPPIB's real estate portfolio, please visit: (www.cppib.ca) [nglish.pdf](#)

Mr. Ballon commented, "We remain focused on our U.S. real estate investment strategy, which is to acquire premier commercial properties in key markets by partnering alongside top tier partners such as SL Green and Rockefeller Group."

About The CPP Investment Board

The CPP Investment Board is a professional investment management organization that invests the funds not needed by the Canada Pension Plan to pay current benefits on behalf of 17 million Canadian contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, the CPP Investment Board invests in public equities, private equities, real estate, inflation-linked bonds, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in London and Hong Kong, the CPP Investment Board is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At December 31, 2009, the CPP Fund totaled C\$123.9 billion. For more information about the CPP Investment Board, please visit www.cppib.ca.

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FOR FURTHER INFORMATION PLEASE CONTACT:

CPP Investment Board Linda Sims Director,
Media Relations (416) 868-8695
lsims@cppib.ca

INDUSTRY: FSCI

SUBJECT: PDT

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The Washington Post

Europe announces trillion-dollar fund to stem debt crisis Emergency aid for troubled states 'We are going to defend the euro,' says Spanish official

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Byline: Howard Schneider

ATHENS -- European finance ministers threw a trillion-dollar protective wall around the euro on Sunday and the European Central Bank said it would begin buying government bonds if necessary as officials on the continent struggled to contain the spread of a government debt crisis that began in Greece.

After a discussion that ran into the early morning Monday, the finance ministers, the ECB and the International Monetary Fund took separate steps meant to stanch a loss of confidence in European governments that had put the world's nascent economic recovery at risk.

A joint European Union-IMF program will give the 16 nations that share the euro access to nearly \$1 trillion in loans if world bond markets abandon them and demand higher interest rates. That dynamic pushed Greece to a near-default before a \$140 billion bailout by the IMF and Greece's European neighbors.

The long delay in negotiating Greece's rescue, however, raised doubts about what might happen if other, larger and economically weakened countries, such as Spain, were to run into trouble. As borrowing rates in other countries began to rise last week, world stock markets slid and the euro lost value against other currencies.

Concerned that the problem could evolve into a full-blown crisis -- undermining economic recovery and possibly shattering confidence in the euro itself -- the ministers rushed to put the package together before a new trading week began in Asia.

The action was given an initial vote of confidence, with Asian markets trading higher and the euro strengthening against the Japanese yen.

"This shows we are placing considerable sums in the interest of stability in Europe," said Spanish Finance Minister Elena Salgado, who chaired the meeting.

Under the new program, the 27 members of the European Union would have access to about \$80 billion in loans.

Separately, the 16 nations that share the euro as a currency agreed to establish a special entity that could borrow as much as \$575 billion, with repayment guaranteed by the group. The money could then be used to support any other eurozone countries that have difficulty borrowing on world bond markets.

The IMF would put about \$325 million in additional funding behind the effort.

"These are strong measures," IMF Managing Director Dominique Strauss-Kahn said in a written statement that followed the European decision.

The ECB announced its own measures to protect the euro. The bank said it would, if necessary, begin buying public and private debt on the secondary market "to ensure depth and liquidity in those market segments which are dysfunctional." The bank and the U.S. Federal Reserve also announced that the Fed was reactivating a program of "swap lines" to make sure other central banks have access to enough money to keep world credit markets moving -- a program used when the financial crisis took hold in 2008.

The very debate in Europe marks a dramatic turnaround. European finance and political officials took months to deliberate a bailout package to keep heavily indebted Greece from defaulting on its loans -- time during which confidence slipped in other European governments and put the 16-nation European monetary grouping under threat.

On Friday, as they gave final approval to aid for Greece, European heads of state also said a larger effort to support the euro was needed, and they set their finance ministers to work developing a program over the weekend.

"We are going to defend the euro," Salgado told reporters. "We have to give more stability to our currency. . . . We will do whatever is necessary."

The emergency measures in Brussels came as the IMF gave final approval to the rescue package for Greece.

Combined, the two programs, along with the ECB action, are meant to assure investors that European governments are financially stable and that the euro nations will collectively stand behind the currency. Ministers from the larger European Union approved the support program, though the main focus is on supporting the value of the euro, and the funding will come almost entirely from the countries that use the common currency.

As President Obama lobbied European leaders to take what a White House statement described as

"resolute" action to protect an evolving economic recovery, Europe's response to the crisis in Greece continued to roil regional politics.

German Chancellor Angela Merkel's ruling party appeared headed for defeat in regional elections that were turning, in part, on her support of emergency loans for Greece. British leaders continued sorting through the results of an election that produced no clear winner but may lead to the ouster of the Labor Party government of Prime Minister Gordon Brown.

Emotions remain high in the Greek capital. What was advertised as a vigil for three bank employees killed in an Athens firebombing last week turned into a haranguing denouncement of government budget cuts and the "foreign occupation" of Greece by the IMF.

The program is one of the IMF's most extensive, but fund officials said it was warranted both by the risks Greece posed to the economic recovery and the aggressive steps Greek officials have been willing to take to right the country's finances.

About \$26 billion will be available immediately, enough for Greece to make a large debt payment later this month. Overall, the program is meant to give Greece three years of "breathing room" to balance its budget and restructure its economy without having to borrow on the open market.

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