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City office space difficult to obtain

But two projects in the works propose to alleviate the shortage of high-end rentals

BY ANDREW A. DUFFY
Times Colonist staff

Faced with the lowest vacancy rate in more than 10 years for Class-A office space in the downtown core, Victoria companies looking for new digs are being squeezed.

Some settle for less, others take months to find something suitable and some are forced just to stay put.

"It was really difficult to find something," said Dale Campbell, co-founder of website design firm Atomic Crayon, which recently moved from 1,100 square feet in Gordon Head into 3,800 square feet in the Carnegie Building at the corner of Blanshard and Yates streets.

"I guess it depends what you're looking for," he added, noting there is space — much of it former government office space — but it tends to be badly laid out. "A lot of what we saw was dark and dank."

Ashley Whitworth, Mercurial Communications' vice-president of marketing, said they spent ages looking for suitable space before finally buying a few spots totalling about 15,000 square feet at Shoal Point.

"It was very difficult to find any space of significant size, the small pieces are easier to find," she said, noting the three areas they have are not connected. "There just isn't anything suitable."

Both companies were looking for what is called Class A space. While a subjective term depending on the city in which it's located, Class A space generally means new, centrally located, large, open-concept space, well finished and with plenty of natural light.

And right now that's at a premium in Victoria.

Colliers International's Victoria market report recently showed the vacancy rate for that type of office space was 1.8 per cent. The only Canadian city where that rate is lower is Calgary at 0.0 per cent. The overall office vacancy rate is 4.4 in downtown Victoria.

"There's definitely a demand for it



Travis Lee of Gateway Green Developments proposes to demolish the building at 1620 Blanshard St. and replace with a \$30-million 15-storey office building.
Nic Hume/Times Colonist

here," said Andrew Turner, managing director of Colliers' Victoria office. "As the economy grows so does the service sector ... services like accountants and lawyers are all looking for space and expanding and right now there's no room to expand."

A local firm hopes to take advantage of the increasing demand and increasing rental rates with a new Class A office building at the corner of Blanshard and Fisgard streets at the site which now houses Island Audio and Frank White's Dive Shop.

Gateway Green Developments is proposing a \$30-million office building with 150,000 square feet of Class A space at 1620 Blanshard St. The project has just

applied to the city for rezoning and is at least two and a half years away from completion.

The Well, a proposed \$40-million project, is another hope for increased office space in the downtown core. The 350,000-square-foot development will include about 100,000 square feet of office space that could house up to 500 workers.

The project by Principle Holding Inc. of Toronto will take up nearly an entire block immediately north of the former Bay department store and bounded by Caledonia, Blanshard, Herald and Douglas. A proposed 400 underground parking stalls is also expected to absorb some of the parking problems around

Save-on-Foods Memorial Centre.

If either project goes ahead, they will be the first Class A buildings to be built in downtown in 10 years, the last one being St. Andrew's Square.

Developers of The Well, at 755 Caledonia, have made an application to the city and it is part way through the rezoning process but has not gone through public hearing.

Gateway Green has just replied for rezoning to the city.

"Our group has been looking for the last year and a half for a suitable office site, and while it's still difficult to make the numbers work, rents are starting to get to the point where this should be feasible pretty quick," said

CANADIAN RATES

Class A vacancy rates and rental cost in Canada:

	Vacancy rate	\$ per square foot
Victoria	1.8	30.50
Vancouver	3.5	38.00
Calgary	0.0	55.00
Edmonton	4.3	27.50
Regina	3.4	24.71
Ottawa	2.7	44.85
Toronto	9.7	51.96
Montreal	10.8	35.39
Halifax	8.5	28.72

Gateway Green developer Travis Lee.

The economics appear to be the big reason there has been no new high-end office development in the downtown core since St. Andrew's Square was completed in 1998.

"It's been uneconomical to build office space with the current rate structure in the marketplace," said Turner.

"The simple math is you can sell an office building for upwards of \$300 per square foot, but you can sell a condo for \$600 per square foot. Therein lies the rub, and the margins developers are seeing are just more readily available in condos."

According to Lee, that's why there has been residential development on sites like the Astoria, Belvedere and The Falls — downtown locations that may have been slated for office space in the past.

"[Those sites] probably should have gone office, but with the residential market so strong the developers have been able to make a faster return on investment by going residential," he said.

Lee said the Gateway Green project will be a 15-storey steel and glass building built to the LEED (Leadership in Energy and Environmental Design) standard and feature underground parking and street-level retail.

Mercurial's Whitworth said it's the kind of building the city needs if it wants to attract and retain companies in the core.

"There are a lot of advantages to [locating here] but there's just no space in Victoria, and we could attract larger companies here if we could house them," she said.

Turner agrees, noting companies who need to expand have either had to move into lesser quality space or relocate outside the downtown area.

WORKPLACE SOLUTIONS

Treat lazy Larry as an experience

Dear Claire: I report to a director of sales, Larry, who is lazy, incompetent and thinks nothing of taking credit for someone else's work.

Recently, the general manager circumvented Larry and asked me to organize a sales blitz in Western Canada. This was a big deal as it involved organizing travel plans and coordinating sales calls throughout the region for the company's senior sales personnel.

While the GM didn't say so directly, it was pretty clear that he had asked me to take over the initiative because he couldn't trust Larry to do the job properly.

Although I knew it would require excessive hours to put the program together, I saw it as an opportunity to further establish myself as an "up and comer" in the eyes of the GM. We worked extremely well together, and all was going according to plan until he dropped the bomb and told me that Larry would be taking over the "show" once the event began.

I was furious — caught again doing the legwork to make Larry look good.

At the opening reception I had to listen to him, microphone in hand, strut his stuff and take ownership of the entire affair. I didn't even get an honorable mention!

Two weeks after the fact, accolades are coming in — all directed at Larry — for the incredible success of the blitz. He's walking around like a peacock and I'm ready to quit. Any advice?

Lisa

Dear Lisa: There are two positives that come out of this situation. First, this experience provides a learning opportunity to improve your political acumen in the workplace, a "necessary evil" as you pursue your career goals. Second, you now have an added accomplishment that enhances your competitiveness in moving up the corporate ladder.

In truth, your GM had no choice but to hand over the reins to Larry at the final hour — hierarchy demanded it. It may also be that he fosters an "old boys' network" in your organization that you are not attuned to and that supports events as they occurred. Hopefully this is not the case.

Further, that he used you to guarantee that things went off without a hitch was simply good management if he felt your administrative skills were a strength. You may be sure that your GM was well aware that the success of the sales blitz would be seen as a

reflection on his own performance.

A more experienced person might have anticipated the outcomes you encountered and recognize the initial opportunity for what it was — a chance to make a positive impression on the GM and nothing more. Live and learn on this one.

The second advantage evolving from this situation is that you now have a proven ability in the eyes of the GM to deliver beyond the scope of your job. I think you need to build on your relationship with him — the door has been opened. Thank him for his confidence in you and convey a willingness to take on other projects.

I also think you should wait things out. One would like to think that Larry can't ride on someone else's coattails indefinitely. One way or another, don't make any decisions in a moment of anger.

Claire

Got a workplace question? Contact Claire at corporateladders@shaw.ca or visit www.corporateladders.ca

Ward teaches organizational behaviour at the University of Victoria and offers mentoring, advocacy and consulting services to her clients. Confidentiality is guaranteed; proper names, company identity and distinguishing points of reference are changed to protect anonymity.

Corporate Ladders



CLAIRE WARD

Ready goes to work on credit union strike

BY CARLA WILSON
Times Colonist staff

Veteran mediator Vince Ready is developing recommendations to help resolve the five-month strike at Island Savings Credit Union.

He met in Vancouver on Saturday with credit union officials and representatives of Local 15 of the Canadian Office and Professional Employees Union.

Other than a brief statement, each side entrenched in the dispute has agreed to say little publicly.

They are hoping to see recommendations next week. Ready's recommendations are not binding.

Close to 80 members of COPE went on strike in July over wages and benefits. The contract expired at the end of June.

Workers at four of the credit union's branches — Duncan, Lake Cowichan, Mill Bay and Shawnigan Lake — are unionized. Staff at the other eight branches do not belong to the union.

When the strike began, the Shawnigan Lake branch was shut, although its cash machine remains open. The Lake Cowichan branch was closed Tuesday, again with the cash machine operating, said credit union spokesman Lorne DeLarge. The other two unionized branches are open, along with the



Vince Ready: Developing non-binding recommendations

non-unionized operations.

Meanwhile, Island Savings has started renovating a building in downtown Victoria, at the corner of Douglas and Broughton streets, for the credit union's newest location. It is expected to open in January.

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