

# Property Report

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REPURPOSING

## Hidden gems offer up unique office space

Mechanical floor now showroom for Steelcase Canada; training room now penthouse office space for Park Property Management

WALLACE IMMEN

For lease: Vast penthouse in Toronto's downtown core with dramatic panoramas in three directions.

It seemed almost impossible to believe such a space existed, let alone could be available to lease, because Steelcase Canada Ltd. had spent more than a year in a frustrating search for a downtown space suitable for a new office furniture showroom and office space for its staff, says Gale Moutrey, the company's vice-president of communications.

But she tracked down a rumour from a friend that half of the mechanical floor atop the 24-storey 200 King St. West had been unoccupied since the office tower was built for Sun Life Assurance Co. of Canada 30 years ago. It was accessible only via the freight elevator, but as soon as she saw the room: "My reaction went from skepticism, to delight and instantaneous belief that it would be the right space for us."

Such hidden gems are being discovered as tenants seek out underutilized spaces in an increasingly competitive urban commercial market across Canada, says Ross Moore, Vancouver-based director of research for commercial real estate company CBRE Ltd.

The second quarter of 2014 saw more commercial space taken off the market in Montreal, Toronto and Vancouver than at any time in the past two years, amid a trend for companies to locate in downtown cores, according to CBRE's latest statistical summary in June.

"We are seeing an intensification of use in downtowns – particularly in Toronto – as space gets more expensive," Mr. Moore says. "Repurposing formerly underutilized space is becoming a trend as the market has become tighter."

That has landlords looking for ways to add value to formerly under-utilized spaces such as cafeterias, lounges and meeting facilities.

Apartment landlord Park Property Management Inc. had spent months last year looking to lease office space because it had to relocate when its former space was slated for demolition, says Margaret Herd, the company's vice-president of residential property management.

She had a revelation while visiting the company's former training centre, on the top floor of a 12-storey apartment building near the corner of Yonge Street and Eglinton Avenue in Toronto's midtown. The 2,200-square-foot



The penthouse floor of 200 King West sat vacant in Toronto's downtown for 30 years, the space considered unrentable. Superkul architect Meg Graham immediately saw its potential for client Steelcase Canada. See more of photos of Steelcase and Park Property at [tgam.ca/property](http://tgam.ca/property) BEN RAHN/A-FRAME/SUPERKUL

space was used no more than twice a week for employee training and as a storage area for the building's manager.

"It was perfect, because it has the size and everything we needed," Ms. Herd says. Staff training could be done in a conference space in another building the company manages in downtown Toronto.

Park Property approached Quadrangle Architects Ltd., whose own offices in Toronto have moved into a renovated former computer centre that had been vacated by a bank. Quadrangle had a number of clients in the past two years who want to redesign older warehouse and office spaces in Toronto for new uses, interior designer Dyonne Fashina says.

"A lot of creative industries have converted brick and beam warehouses, but they are becoming harder to find. Now they're looking into older urban office buildings that are considered dated and may have difficulty attracting new tenants, but they

can be turned into attractive locations with some innovative thinking."

The renovation for Park Property posed challenges, but required minimal reconstruction, she says. The office would be mostly open concept and there was already a kitchen, so only dividing walls to create two private offices needed to be added, she says. The terrazzo floor was in perfect condition from the time the building went up in 1961. But, as in all retrofits of offices from a pre-computer era, more electrical and data cabling was needed through conduits along the walls.

New exposed ductwork for heating and cooling was also installed in the room that originally was heated by radiators and had no air conditioning. The 50-year-old windows were all replaced with more efficient ones with anti-glare and thermal glass.

The renovations took six months, a little longer than expected because of unforeseen issues such as having to install the new windows from the out-

side, Ms. Herd says. But the cost of repurposing the space was about \$230,000, excluding furniture, which was actually slightly under budget. "So it proved you can take a beautiful space and make it more beautiful and efficient and you don't have to blow your budget to do it," Ms. Herd says.

Much more work needed to be done in the penthouse at 200 King West, which had only raw concrete walls and floors and bare light bulbs hanging from the ceilings. But Meg Graham, a principal of Toronto architects Superkul Inc., immediately saw the potential. "I love the fact that in a city this busy and built out, there are these hidden spaces that can surprise," she says.

The fact that the space had eight-metre-tall ceilings, triple the normal office height, led Superkul to design geometrically shaped room dividers and areas with more office-like dimensions to make the space feel less cavernous, Ms. Graham says. The centre of the floor that is the main showroom retains its dra-

matic high ceilings.

Thirty-five employees work out of the office, but most are visiting clients much of the time. The work areas have few assigned desks and a variety of chairs, lounges and tables, so employees can choose where they want to work. The space wraps around the central core of the building and work stations provide vistas to the south, east and west, including lake views.

The landlord, Victoria-based British Columbia Investment Management Corp. (bcIMC Realty Corp.) invested in extending the shafts for two passenger elevators that originally went up to only the 23rd floor. When the tower was built in the mid-1980s the high-ceiling space was considered uneasable, explains Yulia Silkina, property manager for Bentall Kennedy LP, which is an agent for the building.

"This shows how far the office market has moved past those traditional ways of thinking."

*Special to The Globe and Mail*

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Office	Markham	140 Alastair Pkwy.	\$14,550,000	\$178/sf

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ICI Land	Burnaby	3405 Willington Ave.	\$57,908,000	40,062 ac.
ICI Land	Richmond	Lot 2, Cambie Rd.	\$18,036,111	3.679 ac.

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