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Major contract, major makeover

Office building gets ready for civil servants

By: **Murray McNeill**

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RUTH BONNEVILLE / WINNIPEG FREE PRESS [Enlarge Image](#)

Wayne Sato, of Cushman and Wakefield, outside 777 Portage Ave. He helped broker the 20-year lease with the provincial government. The property will be expanded and remodelled to accommodate the estimated 180 civil servants from three provincial offices who will work there beginning in the fourth

quarter of 2013.

A West End office building will undergo an expansion and upgrade after landing a large, long-term government contract.

A spokesman for the Alberta investment group that owns the four-storey office building at 777 Portage Ave. said the group plans to build a four-storey, 8,000-square-foot addition to the back of the building to accommodate the new government tenant -- Manitoba Family Services and Consumer Affairs.

3 offices, 1 roof

Here are some details surrounding Manitoba Family Services & Consumer Affairs' planned move to 777 Portage Ave.:

"ô The move won't occur until the fourth quarter of 2013.

"ô The department will be the lone tenant in the refurbished and expanded building, which also has a 78-stall surface parking lot.

"ô The move will see the consolidation of three offices under the one roof. The buildings they will be leaving are at 114 Garry St., 300 Carlton St. and 200 Graham Ave.

"ô The operations making the move include Child Protection, Child and Family Services, Strategic Initiatives and Program Support, the Family Violence Prevention Program, and Policy and Planning.

"ô About 180 employees will be moving to the new site.

-- Source: Government of Manitoba

It will also install a new elevator, upgrade some of the building's mechanical systems, and install a new "skin" on part of the building's exterior, said Wayne Sato, vice-president for the Winnipeg office of Cushman and Wakefield.

Sato, who helped broker the deal with the province, said the building's owner isn't disclosing how much it plans to spend.

"But being four floors, it's a significant investment," he said. "It shows the confidence (they have) in the economy here."

The Family Services and Consumer Affairs lease is for about 38,000 square feet and runs for 20 years. The initial request was for about 32,600 square feet, but Sato said the department later revised that upward.

Three other buildings are believed to have been in the running for the contract. They are the former Brick's Fine Furniture Building at 111 Lombard Ave., the former Motor Vehicles Branch building 1075 Portage Ave., and the former Reiss Fashions building at King Street and McDermot Avenue.

A government spokesman confirmed in an email that 777 Portage was selected.

"The contract was the best fit for the requirements that were set out in the invitation to offer," he said.

The Family Services and Consumer Affairs lease was one of three the province put on the market earlier this year. The largest -- a request for 71,700 square feet for Manitoba Housing and Community Development -- was awarded last month to the century-old, partially vacant Canada Building on Donald Street.

It beat out four other contenders for that contract, one of the biggest to hit the local office market in recent years.

The government spokesman said the province is still considering its options for the third contract, which calls for 19,800 square feet for Manitoba Entrepreneurship, Training and Trade.

Government departments and agencies are highly coveted tenants because their leases tend to be for longer terms and there's no danger of them going out of business or failing to pay rent.

Although the Family Services and Consumer Affairs deal has been completed, Sato said it will be two years before the department's employees move into 777 Portage.

He said the building's current tenant, Western Financial Group, isn't moving to its new quarters in the Polo North office/retail complex, under construction at Polo Park, until spring 2013. And once Western Financial moves out, the new government tenant will need to renovate the space to meet its needs.

He said a growing number of office tenants are raising the bar in terms of the kinds of amenities they want. That's why Winnipeg is starting to see more new office buildings being built.

"They want better floor plates, more natural light, a better working environment," he said, and sometimes they can't find an existing building that meets their needs. So they lease space in a new one, even though the net rents tend to be higher -- usually \$22 to \$24 a square foot versus less than \$20 for downtown Class A space.

Two recent examples of that are Western Financial moving into Polo North and Stantec signing as the anchor office tenant in Longboat Development Corp.'s \$75-million hotel/office/retail/parkade development to be built on the former A & B Sound/Mitchell Copp properties on downtown Portage Avenue.

Sato said that trend should lead to more office buildings being built and more existing ones, like 777 Portage, being upgraded.

"I think landlords recognize there will be tenants on the move and they're reinvesting in buildings right now to capture that market."

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murray.mcneill@freepress.mb.ca

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