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New plan for heritage building

Office space to be built instead of apartments

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Winnipeg developer Mark Buleziuk, with wife Shelley, says he plans to convert the seven-storey Maltese Cross Building into furnished rental offices.

A plan to convert another Exchange District heritage building into apartments or condominiums has been scuttled because of a lack of available parking spaces in the area.

Winnipeg developer Mark Buleziuk says he now plans to convert the seven-storey Maltese Cross

Building at the corner of King Street and McDermot Avenue into furnished rental offices.

Buleziuk said he approached the city's downtown development agency -- CentreVenture Development Corp. -- and some nearby parking lot owners in a bid to gain access to some parking stalls for his prospective residential tenants. But he was unable to secure any firm commitments.

"I was pretty gunned to do a residential concept, but I was scared to do it without parking. If I had the parking, it would have be a no-brainer," he said. "But I think we can do very well with our office concept, too."

A company owned by Buleziuk and his wife, Shelley -- Space2Work -- owns another boutique office building in the Exchange District, at 179 McDermot Ave. Buleziuk said the building is fully occupied and the demand for fully furnished rental offices continues to grow.

"We wanted to expand our Space2Work operations here," he said. "So we felt this (developing the Maltese Cross building as furnished offices) might be an easier route. So when an anchor tenant came along, we decided to pull back on the apartment idea and stick with our core competency."

Buleziuk said they've struck a tentative deal with a medical-related firm that's interested in leasing the entire main floor -- about 5,900 square feet -- of the King Street building.

Until a deal is finalized, he didn't want to reveal the name of the prospective tenant.

"But it's something that will be absolutely new to the Exchange," he added.

Although the main floor is currently vacant, Buleziuk said the top six floors are leased to two office tenants. One is a screen-printing company and the other is a promotional supplies firm.

He said the latter firm leases the building's basement and five of the six upper floors. And he doesn't want to proceed with the redevelopment of the upper floors until he sees what his current tenants' long-term plans are, and whether they'd be interested in renting furnished offices.

"They've been great to work with -- very flexible. We've had a really good relationship with them," he said. "I think the decision has been made to do that (redevelop the space). It's just a matter of working around our tenants."

The redevelopment of the Maltese Cross Building is one of three projects Space2Work has on the go at the moment.

It's also close to completing the conversion of a 10,000-square-foot building in Des Moines, Iowa, into furnished offices.

And it's also spending millions of dollars to redevelop the long-vacant Ikon Office Solutions building at 272 Main St. just south of Graham Avenue. That project has been underway for more than 18 months, and is now reaching the stage where listing agent Peter Kaufman of CBRE Ltd. is ready to hold an agents' open house.

Buleziuk said that should happen later this month or early next month, once they've completed installing a new elevator that meets universal code requirements.

He said the interior of the five-storey building has been gutted and concrete floors poured. But they don't want to fully develop the space until they sign an anchor tenant and see what its requirements will be.

While the top four floors will be developed as office space, Buleziuk said the main and mezzanine floors could he developed as either office or retail space, depending on market demand.

He said the main floor could even be subdivided into two separate units, with one side housing something like a coffee shop or café .

"But we always want to keep our options open to a big tenant, too. So we'll see what happens."

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Portage Place Shopping Centre has converted three more of its outlets into office space. Mall manager Dave Stone said Services Canada has leased the former McNally Robinson bookstore on the main floor of the mall.

He said the 8,500-square-foot space will be redeveloped before the federal agency can move in. That work will begin shortly, with the goal of having everything completed by the fall.

The other two office tenants -- Legal Aid Manitoba and Horizons/Literacy Works -- have already moved into their new spots.

The latter has leased a 2,300-square-foot space on the east skywalk, while Legal Aid has opened a 2,100-square-foot office in the former Burger King outlet at the west end of the mall next to One Canada Place.

Stone said mall officials are also negotiating with several prospective retail tenants interested in filling some other spots in the mall, which now has a vacancy rate of under 10 per cent.

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

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