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Spruced-up Exchange warehouse lands \$45.5-M lease deal

By: **Murray McNeill**

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Owners of the former Brick's Fine Furniture building, under renovation, will lease 63,500 square feet to Human Resources and Skills Development Canada.

IT'S like winning the lottery and then the mega-lottery a few weeks later for the owners of an historic Exchange District warehouse.

A little over a month after landing a plum provincial office-leasing deal, which triggered the start of a \$25-million renovation/conversion project, the owners of the former Brick's Fine Furniture Building at 111 Lombard Ave. have won a federal contract that's three times bigger than the first one.

Public Works and Government Services Canada has confirmed that United Equities Group/MPN Holdings Ltd. has been awarded the contract to supply 63,500 square feet of office space for the Winnipeg office of Human Resources and Skills Development Canada (HRSDC).

PWGSC, which negotiates leases on behalf of federal departments, valued the 20-year deal at \$45.5 million.

Although HRSDC doesn't plan to relocate from its existing space in the former Canada Post building on Graham Avenue until Nov. 1, 2014, it hopes to take possession of the space a year before that to get it ready for occupancy.

The century-old Brick's building beat out three other buildings which had been short-listed by the government. The others were the Bedford Investments building at 291 McDermot Ave., the former Motor Vehicles Branch building at 1075 Portage Ave., and a proposed new eight-storey office building that would have been built on the east end of the Portage Place Shopping Centre.

PWGSC said in a written statement: "The new accommodations for HRSDC is the best fit for their operational needs, meets the criteria identified in the lease tender process, and provides the best value and the lowest cost solution to the Crown."

Barbara Lapointe, property manager for UEG/MPN Holdings, and leasing agent Joe Diner, of CBRE Ltd. Winnipeg, said landing a big tenant like HRSDC will enable the owners to redevelop the building all at once, rather than one or two floors at a time as new tenants are signed up.

"It just accelerates the process," Lapointe added.

Diner said the federal contract is a real coup for the owners, who bought the building in 2008 from Brick's Fine Furniture owners Fred and Cynthia Brick.

"There aren't that many 60,000-square-foot tenants that come along. And the best deal you can give anyone... is a 20-year, Government of Canada tenant."

He said HRSDC will be leasing the top three floors of the six-storey, 120,000-square-foot building, which is located near the corner of Lombard and Waterfront Drive. The provincial Entrepreneurship, Training and Trade Department has leased the main floor, and will be moving in early next year.

That leaves the second and third floors -- about 44,000 square feet in total -- still to be leased. Diner said he's already in discussions with several prospective tenants.

The federal government hasn't said how many HRSDC employees will be moving to Lombard Avenue. But the chairman of the Exchange District Business Improvement Zone said their arrival is good news for the area.

"There are lots of restaurants and smaller retailers in the area, so anything that brings that number of employees into the Exchange on a daily basis is positive," Dan Edwards said.

HRSDC's departure from the city-owned former Canada Post building at 266 Graham Ave. will leaving a gaping hole for city staff to fill. City officials could not be reached Tuesday for comment.

The city purchased the 10-storey, 135,00-square-foot office tower and adjoining mail-sorting depot in

2009 to serve as the future headquarters for the Winnipeg Police Service. The WPS is expected to occupy the depot, and the city hasn't said what it intends to do with the office tower.

murray.mcneill@freepress.mb.ca

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