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# Empty inside

## Three prominent Ellice Avenue buildings losing major occupants

By: Murray McNeill

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KEN GIGLIOTTI / WINNIPEG FREE PRESS [Enlarge Image](#)

*IBM is vacating all but three-quarters of the main floor in the three-storey building at 400 Ellice Ave. As well, the National Research Council is vacating its two buildings on Ellice Avenue.*

It's been a rough few weeks for downtown Ellice Avenue.

On April 14, the National Research Council announced it will be vacating and selling its two buildings at 435 and 445 Ellice Ave. That will throw 250,000 square feet of laboratory/office space onto the market, although NRC officials haven't said how soon that will happen.



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*The National Research Council is selling its two buildings at 435 and 445 Ellice Ave., putting 250,000 square feet of laboratory/office space onto the market. (KEN GIGLIOTTI / WINNIPEG FREE PRESS )*

And last week, the owner of another prominent building just one block to the east -- what's commonly referred to as the IBM building at 400 Ellice Ave. -- confirmed its anchor tenant is vacating about 2 1/4 floors in the three-storey building.

That's because the tenant, IBM, is moving a good chunk of its operations next January to another location in the city. It's only retaining about three-quarters of the main floor -- 26,000 square feet -- in the roughly 90,000-square-foot building.

The building's owner, Shelter Canadian Properties Ltd., has hired the Winnipeg office of Colliers International to help backfill the space, and Colliers is already actively marketing it.

Shelter president Arni Thorsteinson said he's optimistic they'll find a replacement tenant or tenants before IBM moves.

"Colliers said it's beautiful space and it's connected to Portage Place (shopping centre) and the underground parkade (beneath the mall)."

The fact it's only a block away from the new 311 Portage Avenue at Centrepont office/hotel/retail /parkade development that's under construction on the north side of Portage also makes it a desirable location, Thorsteinson said.

Downtown office leasing specialist Wayne Sato, a vice-president in the local office of Cushman & Wakefield, said it's likely going to be a lot easier to backfill the IBM space than the NRC space.

"It (the IBM building) has a great tie-in to Portage Place... it's a newer building, and the systems are top of the line," Sato said.

And even though it isn't typical office space, it could be converted to that fairly easily, he added.

However, the same can't be said for the two NRC buildings, which have some offices but are primarily laboratory and research space.

"It's a different type of product that was developed for a specific type of user," Sato said. "So I see them trying to get other research groups in there" rather than taking the costly step of redeveloping them as office buildings.

Sato said having the IBM space on the market shouldn't interfere with Cushman & Wakefield's efforts to find tenants for the 1 1/2 floors -- 26,000 square feet -- still available in Centrepont's five-storey Stantec office building. Or for any office buildings that may be part of the redevelopment of Manitoba Public Insurance's two surface parking lots south of Portage near Cityplace shopping centre.

Sato said those sites are within CentreVenture Development Corp.'s much-talked-about sports, hospitality and entertainment district (SHED), and will appeal to tenants seeking a high-profile location and all the benefits that go with it.

"That (Ellice Avenue) isn't considered a high-profile business address," he said, so the IBM building will appeal to a different type of tenant.

Loren Cisyk, IBM's senior official in Winnipeg, wouldn't say where some of the firm's operations will be moving to because a leasing agreement is still being negotiated. And he wouldn't say if it's downtown or

in the suburbs, although he admitted that in most other cities, IBM has a small presence in the downtown and the bulk of its operations in the suburbs.

Cisyk said he will be able to say more once a deal is signed, hopefully within the next two weeks. He also said the new quarters will be about a third smaller than what it has now.

That's because the business has changed since IBM moved into the Ellice Avenue building 20 years ago. More of its employees now work from home, off-site in customers' buildings or spend a lot of time on the road.

"So we just don't need as much space anymore," he added.

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A Winnipeg construction company is looking into the feasibility of using more prefabricated components to help rein in the soaring cost of building new apartment and condominium complexes.

Michael Grimes, director of business development for commercial projects with the FWS Group of Companies, told a Building Owners and Managers Association of Manitoba luncheon last week one of the industry's biggest challenges is finding ways to reduce construction costs.

In a later interview, he cited one example of a local client who discovered it will cost 22 per cent more to build a new hotel here than it did to build the same facility in southern Ontario. And another client discovered it would cost nearly three times as much to build a new industrial building here as in North Carolina, in part because the foundations required here are more costly to build and labour costs are higher.

The head of Winnipeg's Winpac Inc. also said last month it's reconsidering plans for a major expansion of its Winnipeg plant after discovering it will cost significantly more to build it here than in the United States, where it also has four manufacturing facilities.

One of the options FWS is considering is using things such as precast concrete columns and beams and precast hollow-core floor slabs in multi-family buildings.

Grimes said other companies have been using them for years in different types of buildings, and FWS has used them before in industrial structures.

But it has to determine if the components meet the more stringent fire-code requirements for residential buildings as well as whether the savings in on-site labour costs exceed the high cost of the components.

He said they hope to complete their study by the end of the summer.

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Winnipeg's 5468796 Architecture Inc. has added a prestigious Governor General's Medal to its growing list of national and international awards.

The firm, founded five years ago by architects Sasa Radulovic and Johanna Hurme, was one of 12 Canadian firms named earlier this week as winners of a 2012 Governor General's Medal in Architecture for its design of the Bloc 10 condominium project in River Heights.

Hurme said the Governor General's Medal is the highest distinction a Canadian architectural firm can receive for a completed project.

"If you look at the other people on it (this year's list of winners)... these would be the people we would look up to and study. So it's great to be next to them, for sure."

This is the fifth architecture award 5468796 has won this year. The jurors for the Governor General's Awards said the Bloc 10 project "reworks the familiar typology of the low-rise terrace block to striking effect.

"Handled with sensitivity and flair, this project shows what can be achieved by applying intelligence and imagination to an often disregarded building type," they added.

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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