

New office buildings filling fast

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The Jawl family's new office development at Douglas Street and Pandora Avenue will be home to the B.C. Investment Management Corp., as well as technology firms and other companies. Photograph By DARREN STONE, Times Colonist

Top-quality office buildings now under construction in Victoria will help meet demand from the booming technology sector and provide new space for hundreds of provincial government employees.

The expanding office market unfolds as the capital region basks in a rosy economic climate, where an unemployment rate of 4.7 per cent is one of the lowest in the country.

Building-permit values released Wednesday by Statistics Canada also show that construction values in January jumped by 40 per cent to \$93.5 million, compared with \$66.6 million during the same month a year ago.

Downtown condominium and rental housing is under construction in response to the region's ultra-hot housing market, bringing vitality to the core and supporting businesses and services in that area.

Anne Tanner, managing director of Cushman & Wakefield Ltd.'s Victoria and Vancouver Island office, said three technology clients have signed pre-lease agreements for 50,000 square feet of space in 1515 Douglas St., currently under construction across from city hall.

"That really shows the substantial base that we have here on the technology side," Tanner said.

It's one example of what Tanner calls an "evolution" in downtown's office market.

Typical government office space is also being utilized by the "leading, fun, funky tech sector," she said. About 12,000 provincial government staff work in Victoria, with Crown corporation employees in addition to that.

As technology firms move up to better-quality office space, it frees up other less costly categories to be filled by other companies, Tanner said.

Rates for Class A office space downtown run up to \$30 per square foot, Tanner said, and it's getting harder to come by. Downtown's Class A vacancy rate is only 1.07 per cent, according a recent Colliers International real estate report.

The Douglas Street building is part of a Jawl Enterprises project that includes a 13-storey tower at 750 Pandora Ave., where B.C. Investment Management Corp. will fill 184,000 square feet. The Pandora tower will be ready by year end, said Robert Jawl. The neighbouring building at 1515 Douglas St. is to open by spring 2018.

Also under construction is the mixed-use Capital Park, on 6.2 acres bordered by Superior, Michigan and Menzies streets behind the legislature.

Jawl Development Ltd. and Concert Properties are partners in the project, which is fuelling the local economy with about 200 workers on site daily. To date, building permits with a construction value of \$50.6 million have been issued at city hall for that property, a municipal official said. Capital Park features two main office buildings.

More than 500,000 square feet of new office space will be available through Capital Park and the Douglas-Pandora buildings, Colliers said.

A total of 700 workers from the Ministry of Environment and the Ministry of Children and Family Development will move into the first office building late this year.

"We are really excited about how the buildings are shaping up," Jawl said. "This is always a very rewarding juncture in a project's life cycle."

A flexible workspace design will maximize the use of space in the office building, said a provincial official.

The lease agreement runs for 20 years with options to extend it to 40 years. Lease rates are not being disclosed, but the official said the rate is based on market rents.

The province also plans to lease 55,000 square feet in Capital Park's second office building, the official said. The province did not disclose what ministry staff will use the space.

Ministry of Environment workers are currently located at 2975 Jutland Rd. The province will continue leasing that site. Ministry of Children and Family staff are now in offices at 765-777 s St., and that space will be vacated.

Also on Capital Park, a Menzies Street building will house a Red Barn Market store and a James Bay library branch on the ground level, expected to open by January 2018. Above, 53 rental units above should be ready by the end of August, according to Jawl.

Jawl said the company hopes to start construction on the second 130,000-square-foot office building in September. It will take two years to complete.

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