

## 5. Non-Residential Development

### HIGHLIGHTS

- Ottawa-Gatineau had its second best year on record for non-residential construction, with **\$1.025bn** in permits
- Ottawa ranked fourth out of the Big Six in growth rate of commercial construction
- Investment activity reached a record level, **\$2.13bn**

The total value of non-residential building permits in Ottawa-Gatineau was the second highest on record at **\$1.025 billion**, just shy of the all-time record of \$1.054 billion reached in 2005. Activity in 2007 was 15.9% stronger than the year before.<sup>22</sup>

The city of Ottawa itself experienced a jump of 11.2% from the previous year, with **\$868 million** in non-residential building permits issued in 2007, also the second highest total on record. (Table 42)

Industrial construction, the smallest component in terms of dollar value, had the sharpest increase in activity: 55.7% (Ottawa only). The value of institutional construction rose by 13.9% and commercial construction rose by 6.4%.

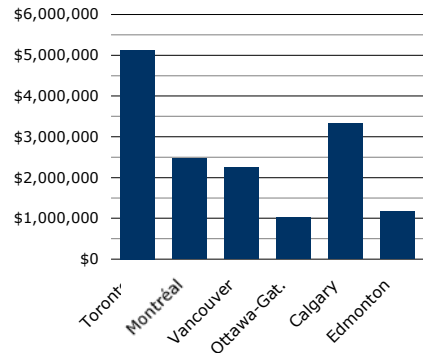
### Major cities

Calgary and Toronto are the major cities where non-residential activity soared in 2007, with permit values up by 34% and 32% respectively. Calgary now ranks second after Toronto in non-residential activity. Montreal (19%) and Ottawa-Gatineau (16%) had the third and fourth highest increase in non-residential construction. Edmonton saw activity grow by 7% and Vancouver's declined by 5%. Ottawa-Gatineau's share of non-residential construction was 5.6% of the total for the Big Six cities.

Commercial construction, in particular office space, was the biggest driver of non-residential activity for most major cities. The largest increases were in Calgary (63%), Toronto (29%) and Edmonton (17%). The dollar value of commercial building permits in Calgary (\$2.9 bn) was almost as high as in Toronto (\$3.1 bn). (Table 14)

### Value of non-residential building permits, 2007 (\$000's)

Source: Statistics Canada



### NON-RESIDENTIAL BUILDING PERMIT VALUES – YR/YR CHANGE, 2006-2007

Calgary	33.5%
Toronto	31.6%
Montreal	18.6%
<b>Ottawa-Gatineau</b>	<b>15.9%</b>
<b>Ottawa (city)</b>	<b>11.2%</b>
Edmonton	6.6%
Vancouver	-5.2%

Source: StatCan

<sup>22</sup> Building permits values over time are not adjusted for the effects of inflation.

## 5.1 Investment

### REAL ESTATE INVESTMENT, 2007

CMA	\$ Millions
Toronto	10,885
Calgary	6,023
Montréal	4,709
Vancouver	3,575
Edmonton	2,763
<b>Ottawa</b>	<b>2,129</b>

Sources: CB Richard Ellis;  
Juteau Johnson Comba

Given the state of the global real estate investment market, dragged by the credit crunch, cap rate compression, employment uncertainty in the U.S., and a mounting glut of office space in several U.S. and some Canadian cities due to large amounts of construction, commercial real estate in Ottawa may be as good as it gets in terms of stability.

Investment in Ottawa reached an all-time record of **\$2.13 billion** in 2007, 69% more than the previous year and well above the previous peak of \$1.35bn reached in 2005. (Table 46) Deals are becoming larger and the number of large transactions has increased significantly. In 2007 there were 321 sales worth over half a million dollars.

The stability of Ottawa’s downtown office market, anchored by the federal presence, has attracted the attention of a variety of investors, including those from offshore. The sale-and-leaseback of two large federal office properties, a transaction worth \$365m, accounted for only about one-third of total office sales in the city (\$958.8m). Another large transaction involved the sale of Dundee REIT’s portfolio of office and industrial buildings in Central and Eastern Canada to GE Real Estate for \$2.4 bn. The transaction included several Ottawa properties, including many buildings in the Ottawa Business Park and the Capitol Square building downtown.

Multi-residential buildings are also attractive investments. Ottawa traditionally has low vacancy rates, high rents, and the second highest percentage of renter households after Montreal. In 2007 sales of rental apartment buildings soared to an all-time record, \$376 million. Two large transactions accounted for the bulk of this: the \$151-million sale of Heron Gate Village (over 1,700 units) by Otnim Properties to Transglobe, and the \$107-million sale of a 14-building portfolio by Controlex (1,200 units) to Toronto-based Timbercreek Asset Management. A third major player, InterRent REIT, purchased two buildings for \$15.5 million, expanding its Ottawa presence to 556 suites.

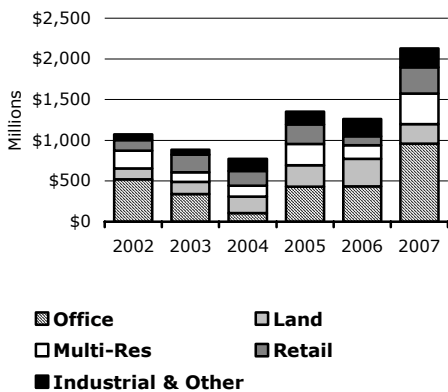
Investment in retail property also established a record at \$320 million. One large transaction captured the bulk of this, the \$186-million sale of Place d’Orléans shopping centre from Oxford Properties to Primaris REIT.

There was one major hotel investment deal in 2007, a purchase by InnVest REIT of 11 hotels across Canada including Ottawa’s downtown Delta Hotel.

Sales of land euphemistically referred to as “future growth” (speculation on properties outside the urban boundary) fell

### Real Estate Investment, Ottawa

Source: CB Richard Ellis and Juteau Johnson Comba



by 29% to \$240m. According to one expert opinion presented at the 2006 Ottawa Real Estate Forum, land investment is in part a consequence of the unavailability of other real estate investment vehicles, and is unrelated to urban growth pressures. Notable players in 2007 included Alberta's the Walton Group, which spent about \$9.2m assembling farmland between Stittsville and Richmond. Monarch and Claridge were also active, acquiring lands in the east and west suburbs, straddling the urban boundary.

There were notable transactions of urban land aimed for redevelopment, the most prominent of which was the \$21.3m sale of the former Laurentian High School to SmartCentres for a retail-focused development. Several prominent downtown sites including Nate's Deli on Rideau Street were acquired by residential developers.

In terms of investment dollar volume, Ottawa ranked sixth out of the six major cities in 2007. Toronto, Calgary and Montreal were the top three investment destinations.

## 5.2 Office Market

### HIGHLIGHTS

- Ottawa has the **third largest** amount of office space in Canada, after Toronto and Montreal
- In 2007 Ottawa's office vacancy rate was **5.6%**
- Ottawa's average office lease rate is now one of the most affordable among large Canadian cities, due to rising rates in booming western cities.

#### i. Overview

The Ottawa-Gatineau metropolitan area has a combined inventory of 6.2 million m<sup>2</sup> (66.7 million square feet, msf) of total office space, the third-largest concentration of office space in Canada. Ottawa alone (excluding Gatineau), with 5.5 million m<sup>2</sup> (59 msf), has the third-largest inventory in Canada.<sup>23</sup>

In terms of commercial office inventory (space that is leased on the market), Ottawa ranks fifth among Canada's major cities with about 3.3 million m<sup>2</sup> (35.2 msf) of space. (Table 45) This puts Ottawa in a range similar to Vancouver and Calgary but well below Montréal and Toronto.

About 40% of Ottawa-Gatineau's overall office space (about 2.45 million m<sup>2</sup>, 2.2 million of which is on the Ontario side) is owner-occupied, primarily by the federal government, but also by private companies, which gives the market considerable stability.

In addition, the federal government leases 1.6 million m<sup>2</sup> of office space in the commercial market. It is estimated the federal presence accounts for over half of all office space in Ottawa. (Table 45)

#### ii. Rental Rates

Ottawa's downtown office rental rates remained stable in 2007, with little turnover and new buildings coming on stream already pre-leased. Toronto and Montreal, which are more severely impacted by current economic conditions, both experienced a decline in office rental rates. Western centres, on the other hand, recorded increases. Edmonton

OFFICE MARKET, 2007		
CMA	TOTAL SUPPLY (million m <sup>2</sup> )	VACANCY RATE (%)
Toronto	17.1	5.6
Montréal	7.0	9.1
<b>Ottawa-Gatineau</b>	<b>6.2</b>	<b>5.0</b>
<b>Ottawa</b>	<b>5.5</b>	<b>5.6</b>
Vancouver	5.1	4.7
Calgary	4.9	3.2
Edmonton	1.7	4.0

Source: City of Ottawa & Colliers International

<sup>23</sup> **TOTAL OFFICE SPACE** includes commercial, medical and government-owned office space, but still excludes owner-occupied private office space. In Royal LePage's National Office Survey, government-owned office buildings are not tallied, and neither are medical buildings in the Ottawa market. Federal office space information is sourced from Treasury Board of Canada's Directory of Federal Real Property.

and Vancouver led the pack, with 31% and 21% spikes respectively in downtown Class “A” office rents. In Calgary, rents increased by a more moderate 9%. Still, Ottawa’s downtown Class “A” office rents, at **\$483/m<sup>2</sup>** (\$45/sq.ft.), are the fourth priciest in Canada, in a similar range as Vancouver’s.

Overall, office space across the city posted a net lease rate of **\$196/m<sup>2</sup>** (\$18.21/sq.ft.). (Table 47)

In terms of occupancy costs, Ottawa (**\$480/m<sup>2</sup>**) is now the second most affordable office market in Canada, just ahead of Montreal. Calgary (**\$694/m<sup>2</sup>**), Toronto and Vancouver are the priciest cities in which to operate an office. Calgary is second to Manhattan (**\$1,085/m<sup>2</sup>**) in terms of occupancy costs, and Toronto is just behind in third place. Many major U.S. cities (including Chicago, Philadelphia, Dallas, Los Angeles and Houston) have double-digit office vacancy rates and therefore office occupancy costs are well below those seen in Canada’s large centres due to lower rents. (Table 49)

### iii. Vacancy Rates

Ottawa’s commercial office market experienced a third consecutive decline in vacancies in 2007, plunging to **5.6%** at year-end from 6.9% a year earlier. Ottawa’s office vacancy rate has been tightening since the 2004 peak of 12.1%. However, strong demand for office space has also been observed in most large cities. Ottawa’s vacancy rate is no longer one of the lowest among major markets, and is tied with Toronto for second highest after Montreal. The three Western cities have tighter office markets. In 2007, the lowest vacancy rate was still Calgary’s (3.2%), despite a softening of demand there.

#### **Downtown**

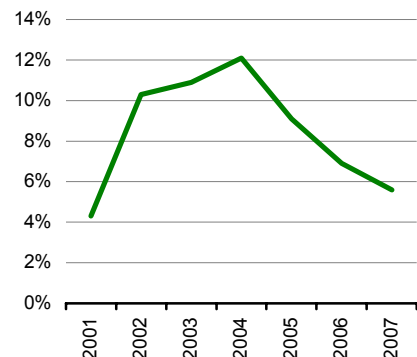
Ottawa’s downtown office market was stable in 2007. The addition of two new buildings caused vacancies to increase slightly in the Central Business District, but in the remainder of downtown the vacancy rate decreased. The overall office vacancy rate in downtown Ottawa remained 4.5% in 2007, unchanged from the year before. (Table 43)

There were concerns that the two new buildings would cause a glut of new office space in the downtown core. The largest one, Oxford’s 32,500-m<sup>2</sup> Constitution Square Phase III, opened in May with 75% of its space pre-leased.

The other building, Telus’ 9,800-m<sup>2</sup> Ottawa headquarters at the corner of Bank and Slater Streets, centralized about 300 employees previously scattered in various buildings across town.

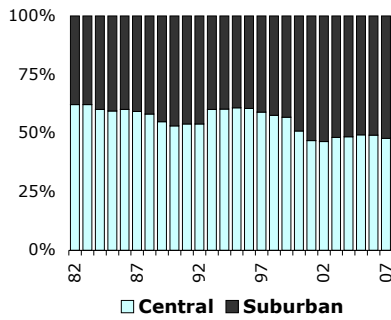
#### **Commercial office vacancy rate, Ottawa**

Source: Colliers International



**Share of commercial office space**

Source: Cushman Wakefield LePage



Despite the addition of these two buildings, the vacancy rate did not shoot up. In fact, 2007 witnessed the start of construction on a speculative office building, Minto’s 180 Kent Street. The 19-storey, 34,500 m<sup>2</sup> building will be certified LEED Gold. Minto is positioning the building as a possible alternative for Public Works’ upcoming need for swing space, as the federal government continues its office space upgrades. The building is under construction and is scheduled for occupancy in 2009.

There are also plans for four downtown towers on the drawing boards. These include Brookfield’s Place de Ville Phases III and IV, with a combined 47,000 m<sup>2</sup> of office space; Northam’s proposed office tower at 142 Bank Street with 26,500 m<sup>2</sup> of space; and Great-West Life has filed an application for Tower II of BMO Place, which would add 33,900 m<sup>2</sup> at 265 Laurier Avenue West.



*Now open: Telus’ new Ottawa headquarters at Bank and Slater Streets.*

Public Works and Government Services Canada (PWGSC) has stated that about 390,000 m<sup>2</sup> of office leases will expire by 2009. The federal government anticipates renewing about 315,000 m<sup>2</sup> and replacing about 80,000 m<sup>2</sup> of space over the period. Depending on the amount of renovations involved in the buildings, PWGSC will be looking for temporary swing space.

In 2007 the federal government completed the first round of office building sale-and-leaseback deals, worth \$1.64bn. Two of the nine properties involved in the transaction were in Ottawa: the 37,800-m<sup>2</sup> D’Arcy McGee building (former Royal Bank Place) at 90 Sparks Street, and the seven-building, 68,000-m<sup>2</sup> Skyline complex at Baseline and Merivale Roads. Vancouver-based Larco Investments Ltd. is the new owner of those buildings.

There are up to 30 more properties under consideration across Canada for similar sale-and-leaseback deals, although the government has not given clear indications on whether and how soon the next round might take place.

The federal government is also seeking to rebalance the public sector along the 75%-25% distribution between the Ontario and Quebec sides of the National Capital Region. Public Works has announced two new buildings for Gatineau, and the refurbishment of two others, by 2011. The four buildings will have a combined office space of 115,000 m<sup>2</sup> and accommodate 6,200 civil servants. Of those, the government estimates that about 1,300 will be new hires, and expects to move about 5,000 employees who currently work in Ottawa.

The City of Ottawa provided funding in July 2007 for a second phase of studies (the partnership phase) to establish an Innovation Hub, which would be a future downtown meeting place for the commercialization of Ottawa-based technologies and products, and to centralize and channel investment and venture capital.

Interestingly, while the federal government remains the largest user of downtown office space, the high-tech sector has begun making forays into the centre of the city. In addition to Adobe, whose new Canadian headquarters is in Sakto's new complex on Preston Street, IBM rented space on Slater Street and SAP Canada took up space in the ByWard Market, in the new building at 100 Murray Street.

### **Suburbs**

Ottawa's suburban office market is Canada's third largest in floor space, with 1.5 million m<sup>2</sup>, after Toronto and Montreal. Proportionally, it occupies a significant position in the overall market. No other city has a higher percentage of commercial office space in its suburbs than Ottawa.

In 2007, Ottawa was one of only two major Canadian cities (the other was Montreal) with lower suburban than downtown office space absorption. In Ottawa, only 13% of new office absorptions were in the suburbs, mostly in the west and south ends of Ottawa. In Kanata there was a small amount of negative absorption. In the four other large cities, there was more suburban than downtown office space leased in 2007.

Overall, the suburban office vacancy rate fell to **6.8%** from 9.5% the year before. (Table 43) The high-tech turnaround that started in 2005 did not turn into a surge, but did not stumble in 2007, with office vacancies in Kanata rising only slightly to **7.4%**, from 7.2% in 2006.

The biggest news of the year in Kanata was not the amount of new office leases. Kanata, after all, was coming off two years of strong activity, with almost 37,000 m<sup>2</sup> of new office leases in 2006, and 40,000 m<sup>2</sup> absorbed in 2005. In 2007 the most significant transaction was the purchase by Research in Motion (RIM) of Cisco System's 14,000-m<sup>2</sup> building and 7.3-hectare property, located at Terry Fox and Innovation Drives, for an estimated \$30 million. The makers of the Blackberry have enough land to triple their Ottawa operations, something the company has stated might be in the works.

In the southwest of Ottawa, Minto opened the new Canadian headquarters for JDS Uniphase. It is a new 3-storey, 14,000-m<sup>2</sup> building with research laboratories that



**Under construction:** Minto's 180 Kent (Minto Place Phase III), a 34,500-m<sup>2</sup>, 19-storey, LEED-Gold certified office tower that will be ready for occupancy in 2009.



*Smart Technologies' new 24,150-m<sup>2</sup> facility on Palladium Drive in Kanata opened in 2007.*

will house the 400 or so Ottawa employees of the company whose former headquarters was acquired by Minto and leased to the Royal Canadian Mounted Police. JDS has a 10-year lease and an option for a new building from Minto.

The southwest of Ottawa, and the Barrhaven community in particular, is also about to undergo a significant transformation with the gradual addition of about 4,000 RCMP employees at their new headquarters by 2010.

New construction in Kanata included EMS SATCOM's 9,750-m<sup>2</sup> Canadian headquarters on Silver Seven Drive, near Scotiabank Place; Smart Technologies' 24,150-m<sup>2</sup> new office-industrial building on Palladium Drive; and Dell Canada's 13,500-m<sup>2</sup> facilities on Farrar Road. Dell's employment growth in Ottawa has since stalled and jobs will be cut from the existing workforce in 2008 as a result of current economic conditions.

In terms of new leases, March Networks expanded by 3,750 m<sup>2</sup> in Kanata. Other active high-tech companies included BTI Systems, Nokia, and Gallium Visual Systems.

The lowest suburban office vacancy rate was in the eastern suburbs, at 2.4%, down from 4.5% at the end of 2006. Kanata had the second-lowest suburban vacancy rate, 7.4%. Next came the South End/Airport district at 8% and the West End of Ottawa at 8.5%. (Table 43)

## 5.3 Industrial Market

### HIGHLIGHTS

- Ottawa's industrial vacancy rate (4.4%) is the lowest among large centres in Central Canada
- Manufacturing difficulties hit the Ottawa area with Domtar, Hershey closings
- Eight new buildings added in 2007
- Average lease rates up 3.7% to **\$75/m<sup>2</sup>** (\$7.00/sq.ft.)

The strength of the Canadian dollar, slowing consumer spending in the U.S., rising fuel costs and low manufacturing costs in Asia have combined to weaken the industrial market in Central Canada over the past two years, and this was the prevailing condition in 2007.

Ottawa felt these effects along with other manufacturing centres in Central Canada. In July 2007 came the announcement of the closing of local Domtar operations, which placed 5,200 m<sup>2</sup> of industrial space on the leasing block and represents a turning point for the city's long-established pulp and paper industry. Scott, Kruger, and Bowater are the only remaining companies in the local pulp and paper industry. In August, Hershey Foods announced the closing of its Smiths Falls chocolate plant.

The prospects for new manufacturing activity to locate in Ottawa were dimmed by the economic context. Dynamo Industries, a commercial playground equipment supplier, illustrated this with their move to Ottawa. The South Korean company had initially planned to locate its headquarters and manufacturing plant in Ottawa. In the end, manufacturing remained in South Korea and only the corporate headquarters came to Ottawa.

The main drivers of industrial space demand in Canada remain warehousing and distribution, but economic conditions have led to slowing activity in the country's traditional manufacturing hubs of Montreal and Toronto. Demand for industrial space by the container shipping industry, cargo transport, and logistics services, has slowed considerably.

In Western Canada, demand for industrial space is robust as a result of the continued influx of new businesses to Alberta and BC to serve the growing population in those provinces and, in BC's case, the good health of the port of Vancouver thanks to growing trade activity with Asia. Industrial vacancy rates in Vancouver, Calgary and Edmonton are at record lows. Rising lease rates, soaring construction costs

### INDUSTRIAL MARKET OVERVIEW, 2007

CMA	TOTAL SUPPLY (million m <sup>2</sup> )	VACANCY RATE (%)
Toronto	65.2	5.4
Montréal	31.1	9.7
Vancouver	15.6	1.5
Calgary	10.5	1.6
Edmonton	6.8	1.7
<b>Ottawa</b>	<b>2.6</b>	<b>4.4</b>

Source: Colliers International



*End of an era: Domtar ceased its Ottawa-Gatineau activities in July 2007. The plant, founded by E.B. Eddy, had been in operation since 1851. W.G. Weston acquired the company in 1943 and joined it with the J.R. Booth paper plant in 1946. Domtar acquired the entire complex in 1998. When it closed, 250 people were still working at Domtar's local facilities.*



*Chocolate-maker Hershey closed its Smiths Falls plant, just west of Ottawa, in 2007.*

and scarce availability are in fact becoming sources of concern for industrial space users in those cities.

The lowest vacancy rates for industrial space were found in the three big Western cities in 2007, while Ottawa continues to enjoy the lowest industrial vacancy rate out of the Central big three, up slightly to 4.4% from 4.0% in 2006. (Table 50)

Ottawa's industrial space is dominated by warehousing, distribution, storage, printing and other light industrial users that tend to be smaller in size than typical manufacturing activities. For that reason, industrial space in Ottawa tends to be fragmented in smaller floorplates within multi-tenant structures, and tends to be much more stable than in cities where large industrial tenants can create significant vacancies when they leave a location.

Three large blocks of space were returned to market and drove down the total leasing activity for the year, which ended with a lower overall total than in 2006. Aside from the space from the former Domtar converting centre mentioned above, there was a 7,100-m<sup>2</sup> block of space in Kanata vacated by Smart Technologies once they moved into their new building, and 12,100 m<sup>2</sup> of space in the Sheffield Industrial Park vacated by Ottawa Regional Hospital Linen.

Notable new leases included Snelling Paper, Medigas, Sofa 999, Ashley Furniture, MacDonald Dettwiler, and Schleich, which combined for 13,650 m<sup>2</sup> of space absorptions.

Eight new industrial buildings were completed in 2007, three of which in the Hawthorne-Stevenage area. Major users of the new buildings include Tri-Ad International Freight Forwarding, Medigas, and Diresco. New construction amounted to 37,105 m<sup>2</sup> of space. At the 417/174 split, Securit opened a new 8,000-m<sup>2</sup> document destruction and records management facility.

Local company Plasco Energy announced the doubling of its Ottawa staff and plans for several plants across North America after securing a \$54-million round of funding in 2007. The company has conducted successful experiments at their Trail Road demonstration plant with plasma gasification technology that transforms garbage into energy.

In the Greater Ottawa Area, two positive developments were announced. Pacific Safety Products, a maker of body-armour products, moved its production facilities from Kelowna to Arnprior and its corporate head office to Ottawa. Also in Arnprior, Pfizer's plant was sold to Toronto-



*Ottawa-based Plasco Energy's Trail Road demonstration plant was completed in 2007 and ready to receive city refuse early in the new year. Major new financing will allow the company to consider opening several plants in North America.*

based biotech firm PharmEng with all 175 employees retained.

There were 18,142 m<sup>2</sup> of industrial space absorptions in Ottawa in 2007. The Rideau Heights Business Park was responsible for the bulk of the city's leasing activity, with about 10,400 m<sup>2</sup> absorbed. The next highest absorptions took place in Kanata and the Hawthorne-Stevenage Industrial area. Vacancy rates rose modestly in most areas. (Table 53)

### Major cities

Given the relative health of Ottawa's industrial market compared with Montreal and Toronto, lease rates went up by an average of 4% in 2007. At \$75/m<sup>2</sup> (\$7.00/sq.ft.), Ottawa's rates were about 30% higher than those of its two larger neighbours. (Table 51)

Rates still increased by 2.4% in Toronto (to \$59/m<sup>2</sup>) and by 3.6% in Montreal (to \$56/m<sup>2</sup>). The three big western cities now have the most expensive industrial space in Canada, starting with Edmonton where rates catapulted to \$98/m<sup>2</sup> in 2007 (a 22.8% jump), followed by Calgary (\$96/m<sup>2</sup>) and Vancouver (\$88/m<sup>2</sup>). (Table 51)

### North America

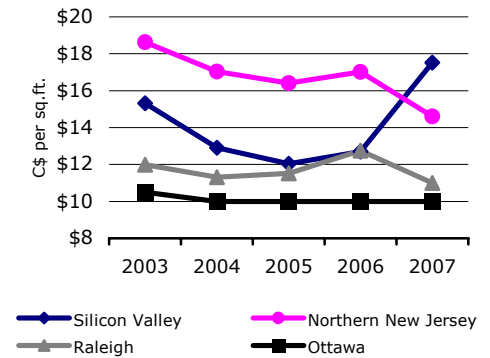
Colliers tracks "Industrial Triple-Net Rents"<sup>24</sup> in major metro areas in North America for industrial space between 50,000 and 100,000 sq.ft. (4,650-9,300m<sup>2</sup>). Of the six million-plus Canadian cities, Ottawa is the second-priciest for Tech R&D space at \$10/sq.ft., after Calgary (\$11). Vancouver and Toronto are next, at \$9.50 and \$9.48 respectively. (Table 54)

Most competing high-tech hubs in the United States show higher rental rates for R&D space, although in most cases those have dropped from 2006. The only exception is Silicon Valley, where lease rates soared by 38% on the strength of what is believed to be a new bull cycle in that area's high-tech industry.

The priciest is San Francisco (\$23.40/sq.ft.), followed by Northern New Jersey (\$14.60), Philadelphia (\$12), Orlando (\$11.70), Portland (\$11.66), and Raleigh (\$11). Boston (at \$9.84) and Seattle (\$9.48) are the only major U.S. high-tech centres with more competitive lease rates than Ottawa (all figures in Canadian dollars).

### Triple-Net Rent, Tech R&D Space, Ottawa and Selected U.S. Cities

Source: Colliers



<sup>24</sup> "Triple Net Rent" includes rent payable to the landlord and does not include additional expenses such as taxes, insurance, maintenance, janitorial and utilities.

## 5.4 Retail Market

### RETAIL SALES PER CAPITA, 2007

Calgary	\$19,608
Edmonton	\$17,944
<b>Ottawa-Gatineau</b>	<b>\$12,208</b>
Vancouver	\$11,154
Montréal	\$11,085
Toronto	\$10,523

Source: Conference Board of Canada, Metropolitan Outlook, Spring 2008

### HIGHLIGHTS

- Retail sales in Ottawa grew by **4.6%** in 2007 to **\$14.3 billion**
- Ottawa had the third highest average retail sales per capita among major centres
- Retail vacancy rates remained low at **4.9%**
- Power centres now make up **23%** of Ottawa's total retail space; Mainstreets are third at **15%**

#### i. Overview

Retail sales grew by 4.6% in Ottawa in 2007 to an estimated **\$14.3 billion**. This was the second-smallest increase of the six big cities, between Toronto (5.3%) and Montreal (3.3%). Retail sales skyrocketed in Calgary (8.5%), Edmonton (7.3%) and Vancouver (5.5%).

Retail sales are driven by the job market, which in Ottawa did not grow much in 2007, and a healthy housing market, which is fuelling purchases of big-ticket home furnishings. Ottawa retains its position as having the third highest retail sales per capita among the country's major cities. (Table 55)

Statistics Canada data on household expenditures shows Ottawa as the third highest spending large city, behind Calgary (the runaway leader) and Toronto. Compared with other big cities and the national average, Ottawans are high spenders on recreational activities, reading material, education, insurance and pension contributions, and household furnishings and equipment. (Table 57)

#### ii. Retail Space and Vacancy Rates

In late 2007 the City of Ottawa commissioned its third Retail Survey, which was conducted by the Corporate Research Group (CRG). It found an overall vacancy rate of **4.9%** out of an inventory of 2.89 million m<sup>2</sup> (31.1 msf) of retail space across the city. (Table 56)

A comparison of 2007 survey results with 2006 data prepared by CRG for the Real Estate Forum shows that power centres and standalone big-box outlets have taken a dominant share of the city's total retail space. The most significant increase in share of total space was in the power centre format, which rose from 18% in 2004, to 21% in 2006 and 23% in 2007. Four new power centres have opened since the 2004 City-commissioned survey. The effect of power

### RETAIL SPACE AND VACANCY RATES BY FORMAT, 2007

Format	Vacancy Rate (%)	Total space (m <sup>2</sup> )
Power Centre	2.4	662,634
Other (standalone)	2.7	447,122
Mainstreets	8.3	440,679
Neighbourhood SC	6.5	387,755
Regional SC	2.6	349,733
Community SC	4.9	337,757
Mini-plazas	7.9	216,596
Shopping concourses	7.4	42,953
<b>Total</b>		<b>2,885,229</b>

Source: The Corporate Research Group

centres on suburban retail seems to be a flight-to-size, whereby retailers leave community shopping centres and relocate within power centres. Community shopping centres have seen their share of space decline and the net amount of leasable space has also dropped. Some community centres are being de-malled and others are showing high vacancy rates.

Mainstreets are the third largest category in terms of total retail space, but their share has shrunk from 16% in 2004 to 15% in 2007.

Cushman and Wakefield LePage report a 2007 year-end vacancy rate of 2.4% on an inventory of 1.67 million m<sup>2</sup> (18 msf) that does not include Mainstreets or small retail buildings like strip malls.

### *iii. 2007 Trends and Developments*

#### ***Trends***

Much of the retail story in 2007 was dominated by the rise of the Canadian dollar. Once parity with the U.S. currency was reached and surpassed, most retailers had to re-price their goods, especially big-ticket items, to stem the flow of cross-border shopping. Sales leaks to U.S. border cities were curtailed closer to Christmas by the early onset of an unusually snowy winter, which made driving more difficult. Canadian retail sales were therefore able to grow, recording a 4% rise in 2007.

In the U.S., the effects of the housing market collapse were first felt in the home improvement segment of the retail market. With the rising cost of fuel, the acceleration of the housing crisis and a wobbling employment market, the U.S. consumer has pulled back to “the basics” and several retailers have since started showing losses and closing stores or scaling back expansions. This was notably the case for home improvement retailers like Home Depot, and higher-end and specialty shops. Discounters are the exception. In a climate of economic uncertainty, low-priced merchandise giants Wal-Mart and Costco are attracting customers with less discretionary spending and a sharper eye on the household budget. Both continue posting profits, albeit smaller ones.

The picture in Canada is in sharp contrast to the one in the United States. Strong employment growth, relatively low interest rates and a much more stable housing market have continued to buttress consumer confidence. As a result, many of the upscale American retailers whose expansion prospects are limited in the U.S. are turning to Canada for new outlets. Many retailers that have long been coveted by



**Coming to Ottawa:** *Luxury retailers whose U.S. expansion prospects are curtailed by the American recession are targeting large Canadian cities for growth. Among them is Sephora, whose New York 5<sup>th</sup> Avenue outlet is pictured here and whose first Ottawa location will open at Rideau Centre in 2008.*



**Three new Wal-Mart Supercentres** are planned for the Greater Ottawa Area in 2008, two of which will be in OMATO.

Canadian landlords have now crossed the border. These include Apple, Abercrombie & Fitch, Hollister, Williams Sonoma, Pottery Barn, Crate & Barrel, MAC Cosmetics, Sephora, Coach, Brooks Brothers, Brookstone and Bed, Bath & Beyond. Their first Canadian forays are usually in the Toronto area, but Ottawa is high on the list of second-wave destinations for most of these retailers.

Many of these retailers represent, in Canada, the upper end of the market. They are reportedly looking to locate their stores on dominant mainstreets and in leading enclosed shopping centres. This is indicative of a trend that is slowly emerging in Canada: power centres are becoming the primary location for bargain chains, while the more comfortable enclosed shopping centres and the prestigious downtown shopping streets are becoming associated with more upscale brands.

Lifestyle centres, which are the U.S. version of an upscale-store power centre that looks like an urban mainstreet, are much slower to take root in Canada as previously expected. One such centre was rumoured for Russell Township, just east of Ottawa, but that plan has fallen through. Gatineau is entertaining the possibility of a lifestyle centre-type extension to their Plateau de la Capitale power centre, but those plans are still preliminary.

Wal-Mart's Canadian strategy continues to focus on size and variety. In 2007 the company announced it would open three Supercentres in the Ottawa area in 2008. These stores range from 15,000-18,500 m<sup>2</sup> and carry a full line of groceries, including meat and produce. Only one of those three will be in Ottawa proper, on Innes Road in Orléans, while the other two will be in Rockland and Carleton Place. In response, rival chains Loeb and Sobeys have opened a number of their stores 24 hours a day, and Loblaws is launching its own line of apparel.

Canadian Tire opened another one of its urban format stores on Leslie Street in Toronto. The outlet has an area of 6,500 m<sup>2</sup> above a Shoppers' Drug Mart, a rooftop garden centre, and an office building is planned as a second phase.

### **Big Box**

Power centres now account for four of Ottawa's five largest retail nodes in terms of space.

Construction activity in 2007 was focused on Orléans. Work was completed on power centres by Trinity and SmartCentres on Innes Road. Between the 2005 and 2007 City-commissioned retail surveys, over 155,000 m<sup>2</sup> (1.7 msf) of new retail space has opened in Orléans. The Innes Road

power node, with 133,000 m<sup>2</sup> (1.43 msf) of space, is now the city's largest, surpassing the Kanata power centre by almost 40,000 m<sup>2</sup>.

South Nepean was the second most active area of retail construction. The Greenbank-Strandherd intersection has become a full-fledged power centre whose drawing power has caused retailers to relocate there or close other Barrhaven locations. Examples include Loeb, Shoppers Drug Mart, a post office, a medical centre and a Home Hardware, all of which either closed or relocated to the new node. The Greenberg-Strandherd intersection now has almost 90,000 m<sup>2</sup> (970,000 sq.ft.) of retail space, Ottawa's fifth largest concentration.

Kanata and Stittsville are poised for a large wave of new retail projects totalling about 210,000 m<sup>2</sup> (2.2 msf). The proposals are focused on four areas: both sides of Highway 417 around Scotiabank Place; north March Road near Morgan's Grant; Eagleson Road south; and Hazeldean Road west of the Carp River.

In Stittsville, there are proposals for a 10,600-m<sup>2</sup> Sobeys and a 5,800-m<sup>2</sup> plaza that will include Giant Tiger, the LCBO and Royal Bank.

Between Stittsville and Kanata, on Hazeldean Road, three power centres are proposed by Bryton Capital/CMHC, North American and Trinity, totalling 73,000 m<sup>2</sup>.

There are almost 100,000 m<sup>2</sup> of new space proposed for the area around the 417-Terry Fox interchange, including an 11,700-m<sup>2</sup> Rona and a 16,500-m<sup>2</sup> Loblaws. The latter will replace the grocer's outlet at Kanata Centrum. For its part, Kanata Centrum has plans for a further 5,000 m<sup>2</sup> of new space.

At the intersection of March and Klondike Roads, Minto has proposed a 6,500-m<sup>2</sup> plaza that would be anchored by a grocery store. South of this intersection, DIR Investments is proposing a third plaza with a Good Life gym and other outlets and further north, Trinity proposes a 10,000-m<sup>2</sup> plaza with another grocery store.

Inside the Greenbelt, a new power centre at the Ottawa Train Yards was opened in 2007. Anchored by Wal-Mart, the centre already has 36 stores in 45,000 m<sup>2</sup> of space open to the public. A second phase is scheduled for occupancy in 2009 and will include Ottawa's first outlet of the U.S. chain Bed, Bath and Beyond.

On Carling Avenue, work continued on Ottawa's first urban Canadian Tire store, a three-level, 9,300-m<sup>2</sup> outlet at the

#### 10 LARGEST RETAIL CENTRES IN OTTAWA, BY SPACE (2007)

Retail Centre	m <sup>2</sup>
Innes Power Node	133,417
Kanata Power Centre	94,594
Merivale/Hunt Club Power Node	94,109
Rideau Centre SC	90,192
Greenbank-Strandherd Power Node	89,875
St. Laurent SC	80,038
417-Innes Power Node	73,776
Place d'Orléans SC	68,634
Bayshore SC	66,608
South Keys Power Centre	48,442

Source: City of Ottawa Retail Survey 2007,  
The Corporate Research Group Ltd.

corner of Churchill Ave. The site was formerly a car dealership. The new store will replace older ones at Fairlawn Plaza and on Richmond Road. Even though the new store can be described as a “big-box”, it has urban street presence with two retail frontages and some indoor parking. It constitutes a positive step in transitioning Carling Avenue toward a more urban, pedestrian-friendly mainstreet.

There is a proposal for redevelopment at Fairlawn Plaza, which would add about 14,850 m<sup>2</sup> of new space.

East of the Rideau River there are seven proposals that would add 76,000 m<sup>2</sup> of new retail. Loblaws is proposing two new 14,850-m<sup>2</sup> stores, one at the corner of Walkley Road and Conroy Road, the other at the corner of St. Joseph Blvd. and Trim Road.

Riverside South has two strip mall proposals that account for 11,150 m<sup>2</sup> of new space along Limebank Road (one at the corner of Spratt Road, another at the corner of Earl Armstrong Road). The “Hunt Club Plaza” strip mall, with 13,000 m<sup>2</sup>, is proposed for the southeast corner of Hunt Club and Riverside on land leased from the Airport Authority.

### **Streets**

According to preliminary results from the City’s 2007 Retail Survey, the retail vacancy rate on the most important mainstreets has surged to **8.3%**, from 4.1% in 2005. At the same time, there have been additions to the space inventories of several of these mainstreets, in many cases as part of mixed-use buildings with condo apartments in the upper floors.

Sparks and Rideau Streets (excluding the indoor shopping concourses off Sparks and the Rideau Centre) have the highest vacancy rates, 18.6% and 15.4% respectively.

The high vacancy rate on Sparks Street can be explained in part by the departure of a few prominent retailers, such as E.R. Fisher. There have also been store closures within buildings slated for renovation by the National Capital Commission (NCC), and newly built space within Morguard’s 136 Sparks complex that has not yet been leased.

On Rideau Street, one-third of the vacant space is within the two condominium towers being built at 90 George Street and 200 Rideau. Still, there have been a few prominent store closures on the stretch between Nicholas and Cumberland Streets, including CD Exchange, a music store, and Blue Oasis, a home décor dealer, as well as some relocations to new retail space in the East Market complex.



*On Rideau Street, new retail space is being added at the podium level of two condominium projects, including Claridge Plaza (shown above).*

Retail on Uptown Rideau (east of King Edward) is more robust, with only one vacant storefront.

Preston Street also has a higher-than-average retail vacancy rate (11.4%), but as with Rideau Street, one-third of the vacant space is concentrated within the new Preston Square complex, only parts of which have open stores.

Similarly, Somerset Street West shows a vacancy rate of 12.9%, and the bulk of the vacancies are concentrated around Booth and Rochester Streets: the vacant Loeb store is counted as part of this mainstreet's inventory, and the new Lotus Court condo development at the corner of Rochester has not yet leased out most of its new retail space. There is a smaller block of vacant space at the corner of Bank, at the site of a historic building whose interior collapsed during renovations.

The mainstreets with the lowest vacancy rates are McArthur (2.5%), Beechwood (3.8%), Bank (4.6%) and the ByWard Market area including Dalhousie Street (5.3%).

### **Stores in New Mainstreet Condo Buildings**

Ottawa's Traditional Mainstreets are the focus of a large portion of the condominium apartment boom. As of January 2008, twenty-five projects totalling 2,045 units (62% of the total condo units on the market) were on or within one block of a Traditional Mainstreet. A further 21 buildings with about 1,500 units at locations on or within a block of a Traditional Mainstreet are in preliminary planning stages.

The largest concentrations of active projects are on or around Rideau Street and the Byward Market (6 projects, 778 units), Bank Street (6 projects, 599 units), and Wellington Street West and Westboro (7 projects, 339 units).

In terms of known future developments, Rideau Street has four mixed-use retail-apartment projects in the pipeline: three condominiums with about 300 combined units and one rental project with 280 units. Three of these four projects have retail at ground level.

On Bank Street, two major new projects have been proposed: one by Urban Capital at the corner of Gladstone Avenue (225 units), the other at the corner of James Street (50 units). Both will incorporate new retail space. Work has begun on Mondrian, a 24-storey mixed-use building at the corner of Bank and Laurier, and on Hudson Park, a twin-tower condo complex one block west of Bank Street, at Lisgar.

### **OTTAWA'S RETAIL MAINSTREETS AND VACANCY RATES, RANKED BY SPACE (2007)**

Mainstreet	Vac. Rt.	Retail space (m <sup>2</sup> )
Bank	4.6%	89,700
ByWard Market	5.3%	53,500
Westboro	8.5%	43,900
Rideau	15.4%	39,800
W. Wellington	7.7%	30,800
McArthur	2.5%	27,700
Sparks	18.6%	26,900
Somerset W.	12.9%	26,000
Montreal W.	5.9%	25,800
Preston	11.4%	21,100
Elgin	8.8%	17,100
Stittsville Main	11.2%	15,000
Beechwood	3.8%	12,500
Gladstone	6.7%	11,000
<b>TOTAL</b>	<b>8.3%</b>	<b>440,700</b>

*Source: City of Ottawa Retail Survey 2007, The Corporate Research Group Ltd.*



*Central, by Urban Capital, is a proposed retail-condominium complex that will inject 230 new dwellings into the Bank-Gladstone area, and solidify the retail continuity along the street south of Gladstone Avenue.*



*Proposed at Bank and James Streets: seven storeys, 50 dwellings and new storefronts on the site of the James Street Pub.*



*The Continental, one of several projects that is adding new residents to Westboro's popular mainstreet, Richmond Road.*



*Now open: the Great Canadian Theatre Company's new home at the corner of Holland Avenue and West Wellington Street, at the foot of a condo tower.*

The Elgin Street area may see two new projects in its vicinity, one of which depends on the outcome of the national competition to host the National Portrait Gallery. A site one block west of Elgin, along Gloucester Street, has been proposed for the Gallery to be constructed at the podium level of a twin-tower condo development. And there is still no confirmation on whether Morguard's proposed development at 150 Elgin, which includes retail space, offices and apartments, will go ahead. The fate of the Concert Hall, which is to be part of the project, remains unresolved.

Along the West Wellington-Richmond corridor there are plans for five condo projects with about 250 dwellings in total, and each of those would also add retail space at street level. In 2007, West Wellington witnessed the opening of the Irving Greenberg Theatre Centre, home of the Great Canadian Theatre Company (GCTC). A new West Wellington Business Improvement Area was formed in 2007. Further west, the Westboro Canadian Tire closed.

Old Ottawa East seems to be emerging as a potential condominium area. Two proposals have come forward for mixed-use projects, one on the site of a former gasoline station on Main Street, the other on a site two blocks east of Main Street along Greenfield Avenue.

### **Malls**

According to a Cushman and Wakefield LePage survey, the vacancy rate at regional malls was 1.1% at the end of 2007, unchanged from the end of 2006.

Minor additions of new stores took place throughout the year but none of the regional shopping centres undertook any major renovation or expansion in 2007.

The Rideau Centre continues to substitute new stores in replacement of existing ones whose leases expire. The city's downtown mall has secured Nike, Sephora, Coach, Lucky Brand, and Boathouse as tenants for 2008 and is pursuing deals with H&M, Zara, Pottery Barn and Williams-Sonoma. The Rideau Centre also began the demolition of its Nicholas Street parking garage, which will be replaced with a new, more efficient one by November 2008. An expansion proposal is anticipated to be prepared after the new Congress Centre is built.

## 5.4 Tourism and Hotel Market

### HIGHLIGHTS

- Hotel occupancy rate in Ottawa rose to **70.2%** in 2007, from 68.6% in 2006
- Hotel occupancies in 2007 were boosted by major sporting and cultural events.

Tourism is one of Ottawa's main industry's. In the last year for which data was reported, 2005, there were 7.3 million visits and visitor spending totalled \$1.18 billion.

In 2007, Ottawa had the fourth highest hotel occupancy rate both overall and downtown, behind the Western big three and ahead of Montreal and Toronto. Ottawa's downtown hotel rooms had the fifth-highest average revenue per available room (*RevPAR*) when stacked up against the country's other large downtowns. (Table 58)

Canada's tourism industry is still in recovery mode from a slowdown that started after September 11, 2001 and the SARS crisis, and was then prolonged by rising gasoline prices, the higher Canadian dollar and new passport requirements. The U.S. recession is expected to add to the slowdown. In response to the drop in tourism from the U.S., Canada's major airports, including Ottawa's, have added direct flights to more international destinations. China, Mexico, South Korea and India are emerging as major sources of tourists for Canada.

Domestic tourism, on the other hand, has enjoyed momentum thanks in part to the high price of fuel, which encourages shorter trips, and the general good state of the Canadian economy, which allows more people to travel. Domestic business travel is also strong, led by the oil boom in the West.

Seasonal or regular direct flights from Ottawa to Paris, London, Glasgow, Tampa and Orlando were solidly travelled in 2007. Increased frequencies were announced by various carriers to Washington (Reagan), Boston, Vancouver, Calgary, Edmonton, Québec City, Halifax and London (Ont.). Air Canada announced direct flights to Frankfurt (Germany) starting in June 2008, and new direct flights to Fredericton, Moncton, St. John's, Las Vegas, Cancun, and Montego Bay. Delta announced new direct flights to Cincinnati.

### HOTEL OCCUPANCY RATES, 2007

City	Occupancy Rate
Edmonton	74.9%
Calgary	73.9%
Vancouver	73.8%
<b>Ottawa</b>	<b>70.2%</b>
Montreal	67.0%
Toronto	66.8%

Source: PKF Consulting



*The Rideau Canal was designated a World Heritage Site by UNESCO in 2007.*



*The Ottawa Senators reached the Stanley Cup finals in 2007, turning Elgin Street into a human sea of red and keeping downtown bars and restaurants packed.*



*Frank Clair Stadium was one of six Canadian host stadiums for FIFA's Under-20 World Cup in 2007. The six games played here were seen by a record worldwide television audience estimated at 600 million, who were treated to views of the stadium next to the historic Rideau Canal, now a UNESCO World Heritage site.*

The tourism sector in Ottawa enjoyed higher hotel occupancy rates in 2007 (70.2%) than Toronto (66.8%) and Montreal (67%) thanks to several well-attended major events.

There was no shortage of cultural and sporting events in 2007 to keep the tourism sector busy. Winterlude's 29<sup>th</sup> edition had one of the highest attendances in the festival's history, 1.6 million. The Tulip Festival was rescued from bankruptcy by businessman David Luxton and refocused with a combination of the famous floral displays and an international forum of ideas called *Celebridée* (the 2008 edition will feature Sir Salman Rushdie among other notable speakers). Attendance at the Tulip Festival rose to 125,000 in 2007, from 39,000 the year before. The National Gallery hosted a collection of Renoir landscapes seen by over 170,000 people. Bluesfest broke attendance records, surpassing 300,000 spectators.

In May, Ottawa hosted the World Ringette Championships at the Civic Centre.

The Ottawa Senators reached the Stanley Cup final in 2007, the city's first final since the 1927 Cup victory. Elgin Street was turned into Sens' Mile and was taken over by crowds of revellers every game night. City Hall installed giant screens at Festival Plaza to show the games. The streets of downtown, filled with festive crowds, appeared on millions of North American TV screens.

In June and July, Ottawa was one of six Canadian cities playing host to FIFA's Under-20 World Cup of football (soccer). Frank Clair Stadium was home field for the eventual champion, Argentina. The six games played at Frank Clair Stadium were attended by 152,000 people. Four of the six games were sold out and overall, 95% of the tickets to the six games were sold. The presence of a media delegation from Argentina led to several reports in Buenos Aires dailies about Ottawa, noting among other things that Clarence Street in the ByWard Market, like Corrientes Avenue in Buenos Aires, "never sleeps". Canada broke attendance records for the tournament, with 1.2 million tickets sold.

Flowing at the foot of Frank Clair Stadium, the Rideau Canal received UNESCO's World Heritage Site designation in June. The honour coincided with the Canal's 175<sup>th</sup> anniversary, and Ottawa's 150<sup>th</sup> anniversary as the nation's capital. To mark the occasion, the National Capital Commission (NCC) hosted a variety of events including Opera under the Stars at LeBreton Flats (which featured world-renowned Canadian soprano Isabel Bayrakdarian), Orchestras in the Park, four nights of outdoor concerts by the NAC Orchestra, public exhibits and interpretive panels about the capital's history on Sparks Street and other downtown locations, and a spectacular display of fireworks on December 31<sup>st</sup> as the grand finale. A stamp was issued by Canada Post to commemorate the 150<sup>th</sup> anniversary of Ottawa's selection as the capital.

Other events boosting Ottawa's profile in 2007 included the transfer of CanWest's Global National newscast to Ottawa from Toronto. Anchor Kevin Newman now delivers the weekday broadcast from a new, custom-designed digital newsroom and studio located in the downtown core, which is touted as Canada's most integrated broadcast, print, and online media centre.

And Ottawa again hosted a number of major rock concerts including Genesis, Rush, Scorpions, Nickelback, and Bruce Springsteen.

The most significant news for the convention and hotel sectors in Ottawa was the announcement of a \$159-million new Congress Centre to replace the existing facility, built in 1983. The new Congress Centre will be a three-storey building with 18,500 m<sup>2</sup> of convention space, with the largest meeting room having 9,300 m<sup>2</sup>. The centre will have a large new atrium overlooking the Rideau Canal. The new centre, with 8,000 hotel rooms within a 15-minute walk, will be able to host conventions of up to 6,000 delegates, putting Ottawa within the second tier of Canadian convention sites (alongside Calgary, Edmonton and Québec City). The existing Congress Centre closes at the end of August 2008, and will be demolished. The new Congress Centre is scheduled to open in April 2011.

Construction started on another major facility in 2007, the Shenkman Arts Centre in Orléans. This is Ottawa's first private-public partnership for a cultural venue, worth \$35 million. The 7,800-m<sup>2</sup> arts centre will feature a 500-seat auditorium, a 100-seat studio theatre, a municipal art gallery, main foyers designed to serve as art exhibition and reception space, visual arts and pottery studios, music and dance rehearsal studios, studios for visual artists and new media studios. The arts centre is part of a larger development in the Orléans Town Centre that will feature



*Orchestras in the Park and Opera under the Stars were part of the cultural activities presented by the NCC to mark the 150<sup>th</sup> anniversary of the selection of Ottawa as nation's capital.*



*Ottawa's new Congress Centre will open in 2011. Announced in 2007, the new facility will have 18,500 m<sup>2</sup> of convention space, triple its current size. Construction starts in September 2008.*



*Orléans' Shenkman Arts Centre is under construction and is scheduled to open in 2009.*

an 80-room hotel, condominiums and seniors' residences, and office space. The Shenkman Arts Centre is scheduled to open in 2009.

Construction continued on the second phase of expansion at the Ottawa Macdonald-Cartier International Airport, a \$95-million, 12-gate addition that will replace the old Terminal II in early 2008.

From an investment perspective, hotels are a distinct class of real estate. The propensity of large investors to purchase hotel property in select cities is based on the strength of a city's hotel market, measured in occupancy rates, revenues and average value per room. The stronger a city's hotel market, the higher the chances of sustained investment. Increased investments may mean new construction or partnerships with international hotel brands that can assist in raising the city's profile on the tourism circuit.

Three new hotels were proposed in 2007, two of them in Kanata. The first and most notable, by Richcraft, would be a 30-storey, 264-room hotel at 30 Goulbourn Forced Road, alongside a 24-storey condominium tower, a big-box retail outlet, and an underground transit station. The other is for an 8-storey Marriott Residence Inn with 128 rooms at 401 March Road, at the entry to Silicon Valley North. The third hotel is another Marriott Residence Inn at 1160 Walkley Road. It will have 191 rooms, a pool, restaurant and café.

Three theme parks were announced for the Greater Ottawa-Gatineau Area in 2007. One of them is within the City of Ottawa, a water park to be known as *Alottawata*. Located off the 416 interchange at Bankfield Road, the \$30-million amusement park, developed by Ottawa's ProSlides Technologies, is under construction and set to open its first 10 slides in June 2009. A second water park, to be known as *Calypso Park* and also targets June 2009 as its opening date, has broken ground in Limoges (The Nation Municipality), just east of Ottawa. This park will represent a \$50-million investment and will be Canada's largest. It will feature 35 slides, a 3,750-m<sup>2</sup> wave pool, over one hundred water games, and several restaurants, cafés and picnic areas.

In La Pêche, French businessman Olivier Favre (the operator of Montebello's Parc Omega) has proposed a 1,000-hectare wildlife observation park. It will be located near Lac-des-Loups, west of Wakefield. The park will target an upscale nature-tourism market and will offer guides and stays of several nights in a wilderness setting to observe bears, wolves, white-tailed deer, beavers, and other native wildlife. It is scheduled to open in 2008.



The NHL has awarded the 2008 Draft to Ottawa after holding a scaled-down draft here in 2005 at the conclusion of the players' lockout. Also in hockey, Ottawa will host the World Junior Hockey Championships in 2009. Ottawa will also stage the 2008 Ontario Summer games, the Canadian Canoe-Kayak Championships and Cross Country Canada's Eastern Canadian Championships. Starting in 2008, the men's university basketball championship moves to Ottawa for a three-year term after more than two decades in Halifax.



*Hockey country will play host to two major events: the 2008 NHL Draft and the 2009 World Junior Championship.*