

Real Estate strategy: People, places and progress

By KEVIN M. BEAUDRY

Over the last 10 years, the corporate real estate environment has changed dramatically.

Today's larger corporate users continue to expand the performance expectations and scope of services required from their professional real estate service providers. These heightened expectations are increasingly being provided through a defined single point of contact that is dedicated to the account operating in an advanced information and technology environment.

In recent times many people have been adhering to the old adage of "faster, better, cheaper".

It's very quickly becoming apparent to industry leaders that are becoming increasingly aware of the growing importance of all corporate users the importance of following the new age concept of "place, space, and speed".

Price, in a traditional sense, is increasingly becoming a secondary consideration relative to the greater and more complex concepts surrounding the total loaded cost of the strategic real estate decisions that are being made every day. In traditional broker terms, price or cost has been measured by such things as unit cost, NPV, and NER's etc.

While these traditional measures are very important to both providers of space and the end users, each side of the equation is being increasingly challenged to account for the total cost of each facility solution over its expected utilization period.

What is the total cost of today's commercial real estate transaction? How does a company truly measure this total loaded cost over the life cycle of the implied real estate commitment? These are very serious questions that require strategic and tactical direction in order to fully and completely address the big picture economic issues.

For anyone involved in corporate real estate, and particularly those others who can help lead the continued evolution of today's corporate real estate practice, it is becoming



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increasingly clear that those involved in driving new thinking will be handsomely rewarded through the creation of new service level standards which will ultimately deliver defined and measurable bottom line value to their corporate customer base.

While some may say that we are living in the information age, and that information is power, it is more likely that today's smart ser-

vice providers are becoming much more strategic and much more analytical in nature, with a view to offering customers much more sophisticated and informed advice.

Continued success in the rapidly evolving corporate real estate world involves the anticipation of market changes, an in-depth knowledge of how corporate customers are attacking market share and, in particular, how they are now managing the highly valued commodities of brand, speed to market, and service excellence.

With so many new and emerging markets within what has truly become a real time global village, the lines between "markets" are much less defined and not limited to just geographic issues anymore. In the new economy, markets can simply be demand streams that are waiting to be tapped by the introduction of new products, new services and new ways of providing mutual creative driven products and services.

Following this most recent economic correction the stage is now set for these new technologies, products and service trends to roll out and dramatically influence the nature of work, where we do it, and how quickly decisions will be made. Just take a look at the advanced technologies being implemented in the emerging markets of India and Asia. So

much is being learned from these "emerging tigers", and yet rather than worrying about this as a competitive threat, we must all recognize and acknowledge that they too have much to learn about North American know-how in service delivery, management skills, and the development expertise required to manage growth in the throws of constant and never-ending change.

Historically, a company's cost of occupancy (i.e.: its lease costs or capital real estate costs and related amortization thereon) has always been a focus for cost containment and cost minimization initiatives, as these costs have always had a direct impact on the "bottom line" and a company's valuation model.

Strategically focused corporations, however, now see creative opportunities to utilize real estate assets as a "strategic tool" used or deployed to attract, motivate, retain, and challenge their "best and brightest" employees to promote "Brand" and to demonstrate the corporation's commitment to its values, vision and social responsibility.

Historically companies have always been focused on the wage and salary impacts that often represent the company's largest expense. They also consider the overall impact of real estate decisions (typically long-term planning initiatives) on the economic efficiency and effectiveness of this significant combined expenditure.

PEOPLE, PLACES and PROGRESS – 4
Key Modules to Success:

1. Strategic thinking and planning
2. Enhanced technical sophistication and deep market knowledge
3. Real time reporting and total accountability
4. The measurement of results – the continuous improvement model

It's a very exciting time in the commercial real estate industry right now as companies of all shapes and sizes huddle to right size and re-shape themselves to compete in the new economy and prepare for the stronger days around the corner.

Kevin Beaudry is vice-president for DTZ Barnicke Ltd., and president SIOR

Condo builders beware

By ANNA ESPOSITO

The Open for Business Act, 2010, received royal assent on October 25, 2010.

The aim of this Act is to create a more competitive business climate in the province of Ontario by amending or repealing more than 40 pieces of legislation, including the Construction Lien Act (CLA).

A number of new obligations were created which, when they come into force, will have an impact on condominium construction, and therefore builders and construction trades.

Some of the CLA amendments, including

an expanded definition of the concept of "improvement," came into force on October 25, 2010.

The changes have been already been enacted, but some have not been proclaimed into force yet, but they will be. So, stay tuned.

Duty to publish notice of condo registration, by condo owner

A brand new section was added to the CLA that applies to land that is intended to be registered as a condominium corporation in accordance with the Condominium Act, 1998.

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Wikileaks – dangerous or legitimate?

Is there something about the leaks that presents a perceived threat undermining our political and social fabric?

**LYNNE
MACK**

TECH TALK



Wikileaks. Is it dangerous, immoral, illegal, unlawful, unethical, treasonous, or hazardous to our national health? Or are Wikileaks harmless, vitally legitimate for Joe Public to digest, or just trivia entertainment and somewhat amusing dirt? Perhaps all of the above. No comment here on MissiLeaks. Or on the personal charges against the founder, whether it may or may not be related – true or false.

Is Wikileaks the 21st century version of 60 Minutes and Channel 5 Investigative Reports? Since the beginning of recorded time we have shot the messenger. Not much has changed, except the range, scope and speed of the dissemination of information.

The Internet has given us free access to more information than anyone could have thought possible even 10 years ago. This access to an information platform gives voice to the masses who are the under-represented portion of society.

Folks off the radar – those who don't hold office, don't have money and are not part of an official protest group – perhaps the silent majority. Is all this freedom a threat to politics and politicians as well as world peace? Given all the fighting factions the world over, it looks like they have something to hide.

Simplistic viewpoint

The problem with the Wikileaks phenomenon is that the values by which it operates either presume a lack of trustworthiness or honesty, or rely on such untrustworthiness in others. A simplistic viewpoint, perhaps. Is there something about the leaks that presents a perceived threat of undermining our political and social fabric?

Is Wikileaks a passing fad? Or perhaps the bigger issue is, is it a threat to free speech, which has certain governments attempting to silence its founder Julian Assange - that is, if we do have free speech?

We live in a very politically correct world, where everyone has to make sure they don't offend even their cat or dog.

This may be a dumb question, but why is any public document confidential? Again, is there something to hide? No walking the talk here on transparency. If an elected official creates a document that concerns the public – should it not be publicly available? Is it not made publicly available because the general public (that's you and me) would find it far too complex for us 'stupid' people to understand?

No charges – yet

The Wikileaks founder has yet to be charged with any wrong-doing relating to the cables, however various governments are conducting criminal probes and attempting to lock away Wikileaks assets by coercing Amazon, Visa, MasterCard and PayPal into freezing Wiki-funds – the objective of

bankrupting the organization.

However, despite the hyperbolic posturing of the U.S. government (being the loudest – methinks they doth protest too much), there is unprecedented support from world leaders, celebrities and the free Internet community. Russian leaders even suggested Assange should receive a Nobel Prize for freedom of speech – strange bedfellows, indeed.

The ripple effect is widening.

The Internet community of white hat hacker-activism (groups: Anonymous, 4Chan and United Hackers) are doing their part by sabotaging the daily business processes of many major companies showing support for government suppression of Wikileaks.

This might be turning into a major public relations disaster – seems as if nobody thought it through regarding potential consequences.

Wikileaks has not broken any laws in any democratic country that supports freedom of speech and freedom of the press. Although the U.S. (with British and Swedish co-operation) is aggressively pursuing ways to have Assange extradited for espionage – blowing a whistle on an illegal activity in public is protected under the U.S. First Amendment.

Are there lessons here? My mother used to preach to me to "have the same manners at home as when you are out – that way you will never embarrass yourself". So for corporations – what goes on 'behind closed doors' needs to be irreproachable in maintaining and controlling sensitive data. We work in very challenging and competitive times with increasing mobility and an independent workforce. Corporations need to implement strategies with which they can

defend their reputation against powerful, faceless and unpredictable online hack-actors.

We all live in glass houses – transparency is a double-edged sword. CEOs and CIOs should be asking themselves: "What if this got on Wikileaks?" Then act accordingly.

The best defense we have is building secure systems that work correctly. Companies do this by: 1) determining the need for risk-based assessments of critical assets and data; 2) tighter access control; 3) better monitoring of threats; and 4) instilling a culture of security that flows from the top down; and build from there.

Perhaps much of what we have read about the cables thus far confirms more than it informs. "We need to prepare ourselves," wrote Malcolm Gladwell in *The Tipping Point*, "for the possibility that sometimes big changes follow from small events, and that sometimes these changes can happen quickly... Look at the world around you. It may seem an immovable, implacable place. It is not. With the slightest push – in just the right place – it can be tipped."

So consider: How safe is your data? I recommend putting the publication of 250,000 (sensitive) diplomatic cables into a corporate perspective, viewing the released documents attack as both a warning and an opportunity to be pro-active.

Now is the time to review and update corporate security strategies and tactics.

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Condo owners must publish notice of intentions

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An owner must now publish notice of his or her intention to register the condominium, in a construction trade newspaper, at least five and not more than 15 days before the condominium is submitted for approval under the Condominium Act.

This is a new obligation imposed upon owners of condominium projects.

The publication is intended to give notice to all suppliers of services or materials to the project that the land will soon be registered as a condominium. This gives an unpaid trade the opportunity to decide whether to register a lien before the lands and premises are divided into separate condominium units and title is transferred to various homebuyers.

Under the Act, a person has a lien upon the interest of the owner in the premises improved. However, the definition of owner specifically excludes a 'home buyer,' which includes a typical purchaser of a

condominium unit.

This new notice must be in a prescribed form and must include:

(a) the owner's name and address for service;

(b) a concise overview of the land described in the description, including reference to the lot and plan number and the parcel number or numbers of the land; and

(c) if, to the best of the owner's knowledge, information and belief, a contractor supplied services or materials to an improvement in respect of the land during the 90-day period preceding the day on which the description is to be submitted for approval under subsection 9 (3) of the Condominium Act, 1998, the contractor's name, address and, if known, address for service.

Failure to comply with this obligation may have serious consequences.

An owner who fails to publish this new notice will be liable to any person entitled to

a lien who suffers damages as a result.

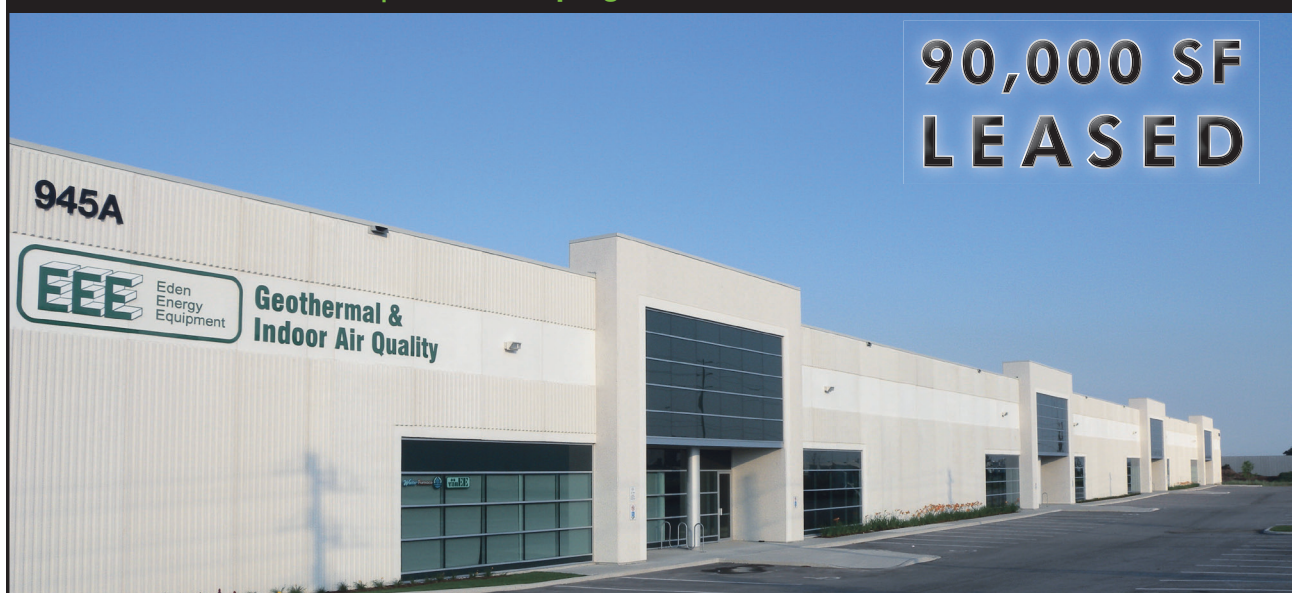
As of January 6, 2011, there has been no proclamation of the Lieutenant Governor naming the date when this change will come into force.

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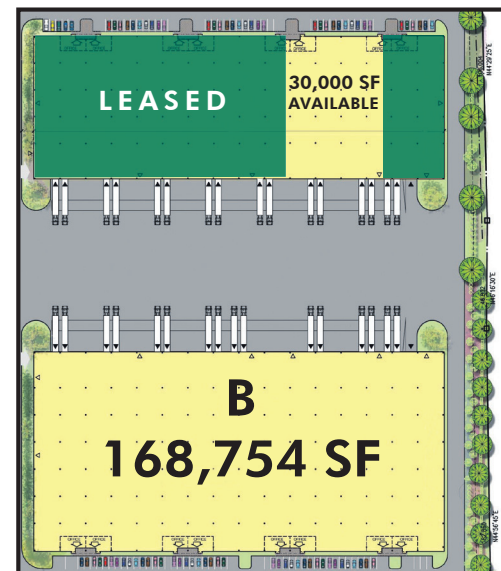
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