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## Greenrock goes green and beyond to transform Postmedia Place

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When the Empire State Building underwent a massive overhaul in 2009, management undertook substantial renovations and adopted the mandate of new energy-efficient practice for tenants. They attracted LinkedIn as an anchor tenant and raised the value of the entire neighbourhood.

When Greenrock Real Estate Advisors and its partner, Shiplake Properties, decided to embark upon repositioning and recommending renewed investment in 365 Bloor Street East, it wasn't trying to emulate the success of the New York project — but the parallels are hard to ignore.

Head west from the corner of Bloor and Sherbourne, an equivalent distance from Yonge and Bloor on the east side as Yorkville is in the west, and you'll notice a unique community feel. At the street level you'll find an assortment of restaurants and usual suspect coffee shops, but look higher in the buildings and you'll notice a common theme among office tenants.

Now a mini media hub in its own right, the area boasts big-name firms like global PR giant Hill and Knowlton, Rogers Media and Texture, the digital magazine subscription service recently acquired by Apple. Situated at the centre of it all is Postmedia Place, the home of one of Canada's largest national news publications, the National Post.

But the area didn't always look like this. Greenrock attributes a significant amount of change in the area to the pivotal moment that Greenrock and Shiplake agreed to a long-term partnership with Postmedia Networks, which included the opportunity for the media giant to lend its name to its new headquarters at 365 Bloor Street East, which has now been re-established as Postmedia Place. The result ended up being a win-win for everyone involved.

### FROM THE INSIDE OUT

Despite the number of active cranes in the city erecting new office towers and condos alike, Toronto's skyline is made up of buildings of older vintage. This makes management of these assets tricky. For many property managers, keeping the tenants happy means ensuring heating and cooling works, the lights stay on and the lobby stays clean. With older buildings, landlords are sometimes hesitant to invest in projects around energy efficiency. They are getting the rent from tenants, and there's a crunch for space in the city, so some tenants can't often afford to be choosy. With downtown commercial vacancy rates at all-time lows (at the time of publication, office vacancy was at 4.2 per cent), it's true that a lot of building owners may stick with the status quo. For Greenrock, it was never an option.

Greenrock saw the opportunity to create something better, and the ownership team, guided by Greenrock as both a partner at the table and their asset manager, went to work on a plan that would end up increasing the asset value of the building threefold over five years. Despite the exceptional returns on the project, the purpose of the investment wasn't to make a quick buck. As chief operating officer Justin Taylor explains, Greenrock takes a long-term approach to managing its assets as a commitment to



Photos at top and above: Postmedia Place has helped transform the Bloor/Sherbourne corridor. SUPPLIED

maintaining long-term value.

"The property is family-owned and our goal is to make sure that we are driving long-term, sustainable growth," Taylor says. "Taking a long-term approach gives us more freedom to pursue decisions like this, considering that we want to ensure that this investment continues to be sound for when the grandchildren of the owners are ready to take up their seat at the table."

This long-term approach required an investment on behalf of the ownership group to update the building. It started with taking over parts of the building floor by floor to empty it of existing tenants, which enabled management to dive deep into retrofitting and updating the space. The project took approximately four years to rejuvenate 85 per cent of the building, but once the more fragmented tenant base had turned over, Greenrock and Shiplake were able to put together a consolidated bid for a flagship tenant to drive their vision for revitalizing the building and neighbourhood.

When they began conversations with Postmedia

Networks, the renovations on the building were just beginning. However, Greenrock and Postmedia were able to find common ground when it became evident that they had a similar vision of what a workplace should be.

"We were creating a partnership," says Taylor. "They were taking a chance on us delivering the rest of the project, but they could see our commitment to the building in what we had already done. We also both had a clear commitment to making workplaces better — not only for employees but also for the environment."

Part of that comes from changing workplace demographics, especially in media and journalism. The transformation of the industry is evident in many ways, but none so glaring as when you look at the employee base. You'll see more jeans and sneakers waiting in the elevator banks at Postmedia Place than the suits of media past. As media companies make the transition to the digital age, and are attracting employees with different views on how "work" should be, their workspaces are high on

the list of things they want to see changed.

But it's not all cool office spaces and good locations (Postmedia Place is located right on the subway line at Sherbourne Station and minutes from Yonge/Bloor station). Employees want to see substance in terms of their employer's commitment to sustainability. For service-based firms, a lot of their impact is driven by the office space they occupy — and they need to work with their landlord to drive savings.

"Teaming up with Greenrock allowed us to create purpose-built, high-tech and energy-efficient spaces for our employees to work and collaborate in, in entirely new ways," says Paul Godfrey, executive chairman and CEO, Postmedia. "It has been a real partnership in bringing the forward-focused vision of Postmedia Place to life."

### SUSTAINING SUSTAINABILITY

Greenrock's strategy involved more than just a one-time investment in updating the building. It had a plan to sustain performance and

it assumed direct property management responsibility in a bid to ensure that its performance continued to improve.

Part of this is the energy management plan that Greenrock and Energy@Work, Greenrock's energy management consultant, meet to discuss each month. Alaric da Cunha, general manager at Postmedia Place, and Scott Rouse, managing partner at Energy@Work, analyze utility consumption and look at opportunities for improvement. It's where talking the talk turns into walking the walk. Putting money behind a retrofit to LEDs is one thing, but if those lights are always on or a building automation schedule isn't set correctly, energy could still be used at off-hours and essentially wasted. Utility monitoring and regular meetings about performance allow Greenrock to benchmark the results and show real improvement.

This hands-on approach contributed to the recent recertification of Postmedia Place under the BOMA BEST program to the Platinum standard — the highest avail-

able through the national green building certification program for existing buildings.

### WHAT'S NEXT

If you want to be the best, your work is never done. Greenrock wasn't complacent when it undertook the initial project and it isn't slowing down now that its success has been proven. While retrofit projects may be fewer (most of them are completed), there are still opportunities to create efficiencies in terms of how the building is used.

As it was when repositioning the building, continued partnership with tenants is key.

For many buildings that have done what is possible at the base building level, working with its tenants is the next step to realizing operational efficiencies. Greenrock has taken steps to work with Postmedia Networks and other tenants at Postmedia Place in order to bring these types of opportunities into their tenants' workspaces. Creating a conversation is the first step, and Greenrock is using programs like Toronto Hydro and BOMA Toronto's race2reduce as a platform to convey its message of sustainability to tenants and their employees. In fact, Greenrock won the Collaborative Excellence award at the first annual race2reduce, CREST (commercial real estate sustainability trailblazers) Awards in April. Greenrock was recognized for its partnership with Postmedia to progress sustainability at 365 Bloor East.

The awards didn't stop there. Greenrock continued its push for industry leadership, adding a BOMA Toronto Earth Award at the association's Celebration of Excellence Gala in May. The Earth Award is presented to buildings that have demonstrated environmentally sound building management. The award also makes Postmedia Place eligible for BOMA Canada's National Earth Award later this year.

Greenrock's proven success gives its tenants the confidence to take the next step is to see where action can be taken — from no-cost initiatives like adjusting lighting or HVAC scheduling to helping tenants meet their own "green" objectives (many organizations have implemented sustainable purchasing policies and have established their own waste diversion targets) or finding synergies in the building for other equipment upgrades and keeping up with the latest technologies that marry sustainable practices with tenant comfort.

In transforming not only the building but serving as a catalyst and partner in the revitalization of the Bloor/Sherbourne corner, Postmedia Place is an example to others about how investing in a space with a long-term vision makes good business sense. Not only can you yield higher rents — but when you invest in the community around your building, you reap the benefits, amenities and services that can only contribute to the attractiveness and positioning of your space. It's a great example of creating value not only for the property owner but for those who live and work in the area, and the environment as well.

*Kyle Pinto is program manager for race2reduce, a sustainability program that brings together landlords and tenants to promote energy efficiency.*