

Skyline makeover

Two new towers projected in response to demand for office space

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Plans for at least one, and possibly two, new office buildings downtown should be announced by the end of 2008, a commercial real estate expert forecast Thursday.

The likely additions to Saskatoon's skyline will help ease pressure on the city's tight office space market, said Tom McClocklin, president of Colliers McClocklin Real Estate Corp., which presented its real estate forecast and review Thursday. The city's vacancy rate for commercial space is 5.14 per cent, the same rate Edmonton was at in 2005. Alberta's capital announced plans for a new downtown office building late last year.

"If you compare our market with those across the country we've reached a point where it's just the next logical step," McClocklin said. "I know there are various people looking at it right now, people considering it, lots of people who've said they want to do it, but everything has to come into line -- the economics, the timing, the tenants."

There's room downtown to build a multi-storey office tower, McClocklin explained, adding older, smaller buildings could be remodeled for a large project. If the forecast is accurate, it would take between two and four years to build each tower after plans are announced. Rumours about one potential tenant, he said, have been making the rounds for some time.

"I'd love to see, obviously, Cameco (Corp.), they would be fantastic for downtown Saskatoon, they would help bolster the economy downtown," he said.

CAMECO A NATURAL FIT

In a conference call interview earlier this week, Cameco CEO Jerry Grandey said the company is "busting at the seams" and is trying to find space for its employees. A three-storey building is going up across the street from Cameco's 11th Street office, but it's intended to be only an interim measure, said Grandey. He adds moving downtown is a possibility if the company can work something out with developers.

McClocklin believes there's demand for a multi-purpose office building as well.

"Kind of your standard office building," he said. "That's what we will likely see happen as long as tenants are willing to pay rental rates."



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A construction window of four years is estimated for the completion of the anticipated office buildings

By the end of 2008, rental rates in existing buildings will be between \$15 and \$20 per square foot, according to the forecast. To cover construction and material costs for a building, tenant rates in any new facility would be at least \$30 per square foot, McClocklin said. In Calgary, tenant rates average \$50 per square foot for new construction.

While there is some space available downtown for smaller businesses, larger operations are presently out of luck if they're looking for space in the city's core, the president explained.

Building an office building downtown will only boost the area's profile, said Terry Scaddan, executive director of The Partnership, a downtown business improvement district organization. The idea a developer will build an office in the core isn't unusual, he said.

"It is absolutely realistic to expect that there could be good office space constructed in the downtown sometime starting in the next six months to a year," Scaddan said. "I would be more surprised if there wasn't a new tower coming up, just because of the things that are happening."

GOOD FOR BUSINESS

The more people who work downtown, the more customers for businesses in the area, he explained. He said a new workplace could also draw more residents to live in the core -- a project The Partnership is working on.

Randy Grauer, the City of Saskatoon's development services manager, said infrastructure is in place for an office building development downtown. Grauer, who attended the company's forecast event, agrees with McClocklin's view the development of at least one new building will start within the next 12 to 24 months.

"It's certainly consistent with our long term planning strategy to have a very strong and vibrant downtown and so we have the infrastructure in place and the planning framework in place to accommodate downtown office construction," Grauer said.

No building permits for new office space have been issued, but people have been asking about a project of that scale, he said.

A four-storey office building was announced in September as part of Lake Placid Development's project at River Landing. Possible sites for an office building could include the lot beside the Galaxy Theatre.

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