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Metro Vancouver Relocates to Metrotower III to Better Serve the Region

Burnaby, BC - Metro Vancouver today announced the acquisition of Metrotower III, located in Burnaby’s Metrotown Centre from Ivanhoé Cambridge. Opened in 2014, the 29-storey LEED® Platinum certified office building will serve as the regional government’s new Head Office. The transaction, with a purchase price of Cdn $205 million, was approved by the Metro Vancouver Board.

“As part of our long-term strategic planning, we evaluated options to best meet our future needs for necessary office facilities including potential redevelopment scenarios and relocation,” says Greg Moore, Metro Vancouver Board Chair. “Based on thorough due diligence, detailed forecasting and independent third-party validation, the acquisition of Metrotower III was deemed by the Board to be the most economically and environmentally responsible decision in the best interests of our members and ratepayers.”

With a growing population and increasing demands on service delivery across the organization and throughout the region, Metro Vancouver is planning for the future based on sustainable practices with a commitment to maintain the liveability of the region.

“Metrotower III will accommodate Metro Vancouver’s unique and essential requirements while providing the flexibility needed to accommodate our organization for many years to come,” says Carol Mason, CAO/Commissioner, Metro Vancouver.

Additional benefits include predictable revenues from current and future tenants, lower operating and maintenance costs, and considerable positive environmental attributes including energy and resource savings.

Metrotower III is centrally located in Metrotown and offers over 414,000 square feet (38,500 square meters) of ‘AAA’ Class office space. The property is well serviced by transportation options, including Skytrain and public transit that reduce traffic, energy consumption and air pollution.

Ivanhoé Cambridge will continue to own and operate Metrotowers I and II, as well as Metropolis at Metrotown. Ivanhoé Cambridge will manage Metrotower III on behalf of its new owner.

Metro Vancouver’s existing head office complex, consisting of two office towers located at 4330 Kingsway and 5945 Kathleen Avenue in Burnaby, will be disposed of at market value and the proceeds used to offset costs associated with the acquisition of Metrotower III.

Media Contacts:

Don Bradley, Division Manager, Media Relations
604.788.2821, don.brady@metrovancouver.org

Sebastien Theberge, VP, Public Affairs and Media Relations
+1.866.456.3342, sebastien.theberge@ivanhoecambridge.com
How did Metro Vancouver learn about the opportunity to purchase Metrotower III?

Over the last year, Metro Vancouver has been updating all of its long term plans for its infrastructure, which includes a detailed evaluation of the options for the current Head Office at 4330 Kingsway and 5945 Kathleen.

Through this review, the opportunity arose to consider the purchase of Metrotower III as a future Head Office location. A detailed review was undertaken that examined financial implications over a 20 year period through to 2035 for remaining at the current location and compared these costs to relocating to Metrotower III. The business case demonstrated that the purchase of Metrotower III, along with the sale of the current office site, was the most economically and environmentally responsible decision in the best interests of Metro Vancouver members and ratepayers.

How did Metro Vancouver evaluate the Business Case?

In the business case, several options were evaluated to best meet Metro Vancouver’s future needs including potential redevelopment and relocation scenarios. Three scenarios were explored which included remaining at the current location, relocating to a new location and custom building new head offices at either the current location or elsewhere.

The business case included independent third-party evaluations and detailed forecasting over a 20 year timeframe. It demonstrated that the overall cost to remain at the existing location, with necessary improvements to the office buildings to accommodate future growth over the next 20 years, are approximately the same as purchasing and relocating to Metrotower III when all revenue and cost factors are taken into account, including the disposition of Metro Vancouver’s existing office buildings.

At the end of 20 years, Metrotower III remains a functional and valuable asset with a lifespan of approximately 75 years, while the existing buildings will be close to the end of their usable life, at capacity and requiring additional significant capital investment.

What are the plans for the current Head Office?

Metro Vancouver will be selling its existing head office complex consisting of two adjacent office towers located at 4330 Kingsway and 5945 Kathleen Avenue in Burnaby. The sale will be completed through an open and competitive process to ensure fairness and best value for the region. The net sale proceeds from divesting of the existing office buildings will be used to offset the acquisition costs of approximately $205 million for Metrotower III. The combined 2016 Property Assessments for Metro Vancouver’s existing head office complex is approx. $82.5 million. The buildings are 29 – 32 years old. Metro Vancouver has been located in these buildings for the last 30 years.
What are the benefits of a LEED Platinum building?

Metrotower III exemplifies the pinnacle of green buildings with lower operating and maintenance costs, while also providing lease revenues from current and future tenants in addition to considerable environmental benefits including energy and resource savings.

Sustainability features include storm water management systems that collect water for reuse in landscaping and toilets, heat recovery, energy efficient lighting, circulated filtered fresh outdoor air, non-toxic building materials, optimized indoor temperature and more.

Situated 15 minutes by SkyTrain from downtown Vancouver or Surrey, cycling facilities and pedestrian walkways are steps away from a 24 hour bus loop encouraging alternative modes of transportation.

What are the projected energy and water consumption usage savings in the new building?

The new building is projected to save about 40% or 4.25 million litres of water per year through the use of rainwater collection. Early numbers suggest the new building will require 26% less energy (electricity and natural gas) to support the HVAC system.

What are the projected savings in annual operations & maintenance costs by moving to a building that is brand new, compared to a 30 year old building?

The 2016 Operating budget for Metro Vancouver’s existing Head Office complex is $5.6 Million. The 2016 Operating budget for the new building is $4.2 Million. We anticipate that these levels of savings will continue for the next 20-plus years. The $1 million per year in projected savings will be achieved through the more efficient building operations, maintenance and management services.

What is the timeline for relocating to Metrotower III?

It is hoped that all staff will be moved in within 13 months of taking possession. This date will be adjusted once we complete our design work.

What is the projected household impact?

There is no financial impact to the average household in 2016 as a result of the purchase of Metrotower III. Costs that would otherwise be allocated to improvements at the current Head Office will not be undertaken and will be reallocated to Metrotower III. The annual household impact is expected to be $5 - $6 per household per year from 2018 to 2031.

What is the projected cost in tenant improvements compared to staying at the current building for the next 20 years?

The projected tenant improvements at the new location is currently budgeted at $28 Million. This is slightly less than the planned upgrades to the office space at the current location since the new building will not require demolition or staff relocation prior to office upgrades.

How many floors will Metro Vancouver occupy and how many vacant floors will be available to lease?

The business case projections estimate a requirement to occupy 13 floors and lease the remaining 12 floors, of which 7 floors are currently occupied. This is based on 200 sq. ft. per employee and includes three full floors dedicated for a Boardroom, Library, Committee Room, Print Room, and Data Centre.

For more information on Metrotower III, visit http://www.metrotowerofficecomplex.com/MetrotowerIII