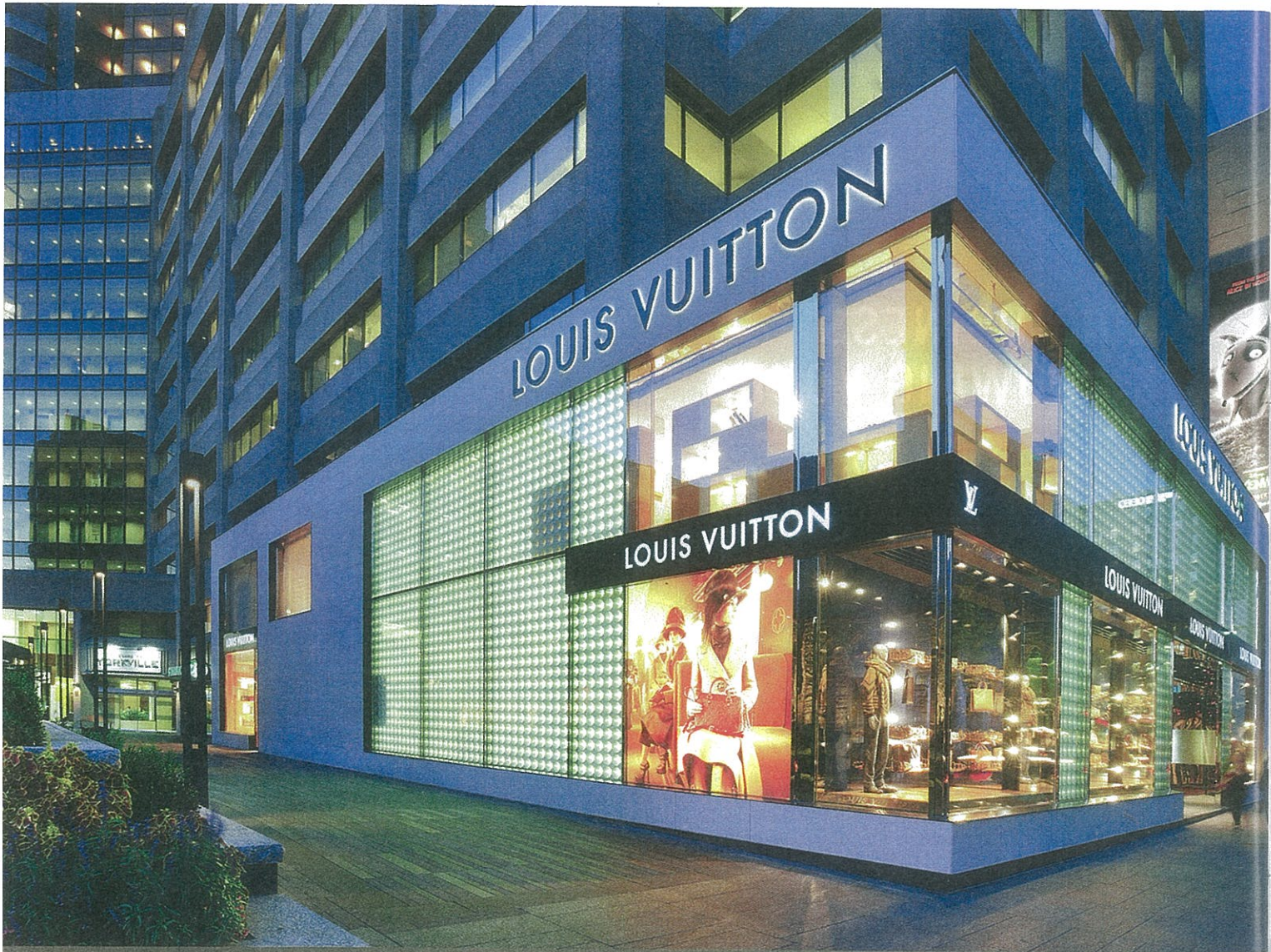


# Reviving 150 Bloor Street West



A dramatic new Louis Vuitton store, fronting on Bloor Street at the western end of the "Mink Mile," anchors the redeveloped mixed-use property.

A dated mixed-use building in Toronto emerges from a major redevelopment effort as a high-end retail destination topped by modern office space.

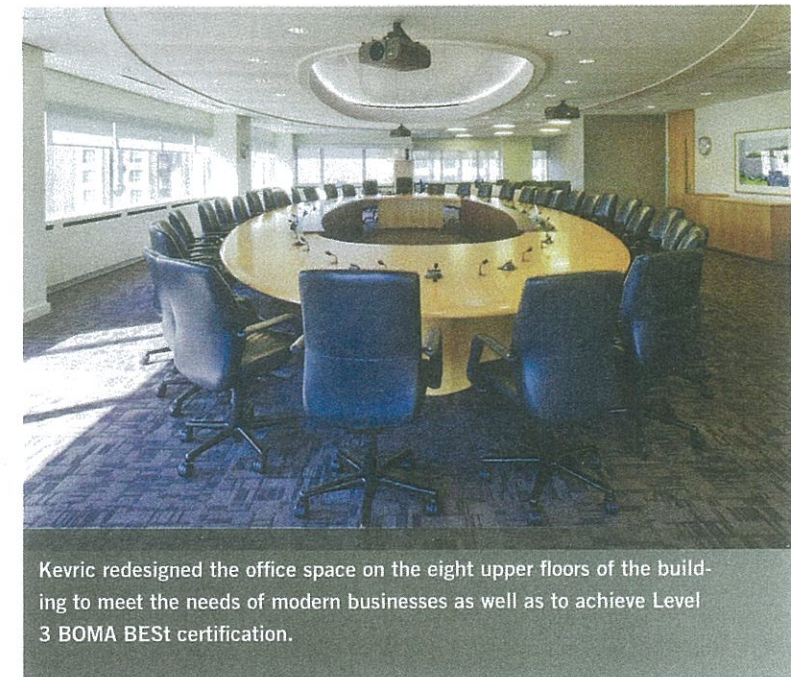
By Richard Hylands

DOWNTOWN Toronto's 150 Bloor Street West was 30 years old and in need of a major overhaul when Kevric Real Estate Corporation acquired it in 2008. The property had so much going for it — especially its location and design — that Kevric recognized that it was an exceptional real estate investment and, with the right vision and some energy and determination, it had amazing potential.

## Property Profile

The property is part of an iconic, L-shaped building wrapped around the historic Church of the Redeemer on the northeast corner of Bloor and Avenue Road. It comprises 274,329 square feet over 10 floors and includes an underground parking garage with 120 parking stalls. Fifteen additional parking stalls with a perpetual access agreement are located across the street. Individually owned residential condominiums occupy the top 15 floors of the 25-story building.

The building backs onto Yorkville, in the Bloor-Yorkville neighborhood, one of Canada's most exclusive shopping districts and home to upscale residences, art galleries, five-star hotels, restaurants and the largest concentration of luxury retail space in Canada.



Kevric redesigned the office space on the eight upper floors of the building to meet the needs of modern businesses as well as to achieve Level 3 BOMA BEST certification.

Its frontage is located on the so-called "Mink Mile," a prestigious section of Bloor Street. One of Toronto's most popular and trendy shopping areas, the Mink Mile houses many well-known fashion and jewelry stores. In 2012, the Mink Mile commanded an average rent of CA\$310 per square foot, making it the most expensive place in Canada to lease retail space and the third most expensive in North America. In 2008, Fortune magazine named this stretch of Bloor the seventh most expensive shopping street in the world, saying its tenants could make CA\$1,500 to CA\$4,500 per square foot in sales.

In 2008, the owner presented 150 Bloor West, then known as Renaissance Plaza, to the market

as a potential condo play, but no potential investor was interested in redeveloping it as housing.

## Challenges in 2008

As promising as the property was, it was not without its challenges. The office space, much of it once occupied by Mackenzie Financial, was traditional and institutional in design and layout. By 2008, the office space was virtually vacant.

The retail space was occupied, but its architecture — with structural supporting walls breaking up the space into small blocks — did not permit the mix of very high-end large and small stores that characterized the area. Existing retailers included Calvin Klein Underwear,





The iconic L-shaped 150 Bloor Street West wraps around the historic Church of the Redeemer on the northeast corner of Bloor and Avenue Road. A new, contemporary plaza surrounds the church and welcomes tenants, residents and visitors to the rebranded property. Individually owned condominiums occupy the building's top 15 floors.

a mobile telephone outlet, a chain cosmetic store, a retailer of crystal and housewares, The Irish Shop and a restaurant.

The building's unusual residential component presented a special challenge. Residents fought in the courts and the press, ultimately unsuccessfully, to retain access to parking spaces. Parking in the building was at a premium because it was constructed immediately over the city's cross-town subway line, so no new parking could be added. Kevric knew that maximizing its control over parking was critical to attracting the kinds of tenants that would make the redevelopment a success.

A shared, central plant for heating and air conditioning that served the building's residential, retail and office components presented an additional challenge. Managing the plant from an operational and accounting perspective required ongoing and meticulous attention to detail to account for and process costs, as well as extensive coordination to assure that all needs were met on a 24/7 basis.

## The Redevelopment Vision

Kevric's investment in 150 Bloor was based on a firm vision and plan:

- Empty out the existing retail space, remove structural barriers and convert some storage space into retail space, to create the mix of large and small stores in demand by high-end retailers.
- Repurpose the traditional office space into office lofts by removing walls and installing open ceilings, an emerging trend at the time.
- Repair the exterior plaza structure and replace its waterproofing membrane to make possible the creation of a new, welcoming, contemporary plaza.
- Redesign the external facade of the building's first two floors.
- Rebrand Renaissance Plaza as 150 Bloor Street West.
- Update the building's heating and air conditioning infrastructure.
- Install new roofs throughout.

Based on this vision, Kevric completely restructured the building's first two floors to make room for the kind of high-end commercial activity for which Yorkville is famous: upscale boutiques, fashionable restaurants and exclusive shops. Kevric also completely redesigned the office space on the eight upper floors to meet the needs of modern businesses and the norms of Level 3 BOMA BEST (Building Environmental Standards) certification (on a four-level scale), the Canadian industry standard for green building certification.

Kevric's work coincided with a significant program, started in 2008, by the local business improvement area and the city of Toronto to update the streetscape, creating an enhanced pedestrian experience with wider sidewalks, mature trees, flower gardens, modern lighting and public art.

Once Kevric's work was complete, leasing both office and retail space was straightforward. The result: the building's uses today, just seven years later, are significantly differ-



When Kevric purchased Renaissance Plaza — as the property was known before redevelopment — its architecture did not permit the mix of very high-end large and small stores that characterized the area.

ent than they were when Kevric acquired it.

## The Property Today

Resold in July 2014, 150 Bloor Street West is now positioned as a prestigious mixed-use building. The property is comprised of about 232,000 square feet of office space and 42,000 square feet of retail space, representing 85 and 15 percent of the property's net leasable area (NLA), respectively. The property's office component generates approximately 47 percent of the total rental revenue, while the retail portion makes up the remaining 53 percent.

**Retail.** The property's retail component consists of two two-story units fronting on Bloor Street West and Avenue Road as well as six single-story units located on the courtyard plaza and within an interior walkway connecting Bloor and Cumberland streets.

Fronting Bloor Street West are the Canadian flagship locations of Louis Vuitton (15,980 square feet) and

Tiffany & Co. (9,700 square feet), anchoring the western point of the Mink Mile. Both occupy newly renovated, two-level retail space, featuring attractive custom exterior facades and high-quality interior buildouts.

The renovated courtyard plaza offers a gathering place for residents, neighbors and visitors. It features granite tile finishes, modern park-like lighting fixtures, attractive landscaping and seating areas. The main entrance to the office component is accessed via the courtyard, as are the newly renovated branch of HSBC (Hong Kong Shanghai Bank of Commerce) (9,970 square feet), Starbucks (1,340 square feet) and a Prairie Girl cupcake shop (870 square feet).

The property's 3,880-square-foot interior retail corridor connects the main lobby and the courtyard plaza to Cumberland Street, to the north of the property. Currently tenanted by a number of convenience retailers, the interior retail corridor and street-facing units provide an attractive repositioning opportunity

to capitalize on the rejuvenation of Cumberland Street. This interior retail corridor has enhanced floor and ceiling finishes, in line with the design of the rest of the property.

The building now fits into a retail area populated by Holt Renfrew, Hermès, Gucci, Prada, Chanel, Hugo Boss, Cartier, Burberry, Dolce & Gabbana, Escada, Cole Haan, Michael Kors and Harry Rosen.

**Office.** The office component is located on floors two through nine, with a mechanical room occupying the 10th floor. A large-scale renovation included upgrades to the lobby, washrooms, elevators and corridors. Significant energy-saving and efficiency measures were also undertaken, resulting in Level 3 BOMA BEST certification.

Most of the office suites incorporate an open-concept design, allowing employers to maximize their workspaces while proving suitable for a wide spectrum of both large and mid-sized tenants.

The relatively low (eight and a half-foot) ceilings are counteracted by an open ceiling configuration, painted white with installed reflective lighting. The resulting bright, open ceiling plan was an important element in rebranding the structure as a luxury boutique building with high-quality office space. It proved to be a major selling feature.

Upper floors offer panoramic views of the Toronto skyline. The efficient design of the office space has helped secure an excellent roster of tenants ranging from financial institutions to government organizations, including the Ontario Medical Association, Altera Corporation and Edelman Public Relations Worldwide. These tenants occupy approximately 68 percent of the office component's



net leasable area and 57 percent of the total property area.

What Kevric Learned

The property's successful repositioning and redevelopment validated Kevric's redevelopment strategies. First, developers must think outside the box, as Kevric did when 150 Bloor West was presented to the marketplace as a condo play. Existing owners don't always have the right vision for their properties, even though they may have been on-site for decades. Kevric had to see through the challenges of the property, its dated retail space structure and office configuration. The team needed to imagine it as could be, not as it was.

The next lesson is to work closely with municipal authorities. The city of Toronto knew that this was a very important corner for the city, directly across from the massive Lee-Chin Crystal redevelopment of the Royal Ontario Museum. The city's participation in updating the streetscape of the Mink Mile was a great coincidence for 150 Bloor West.

The final strategy is to serve the neighborhood. The property's retail spaces are perfectly in keeping with those on neighboring blocks, and the enhanced, contemporary courtyard plaza has become a welcoming oasis for neighbors and visitors.

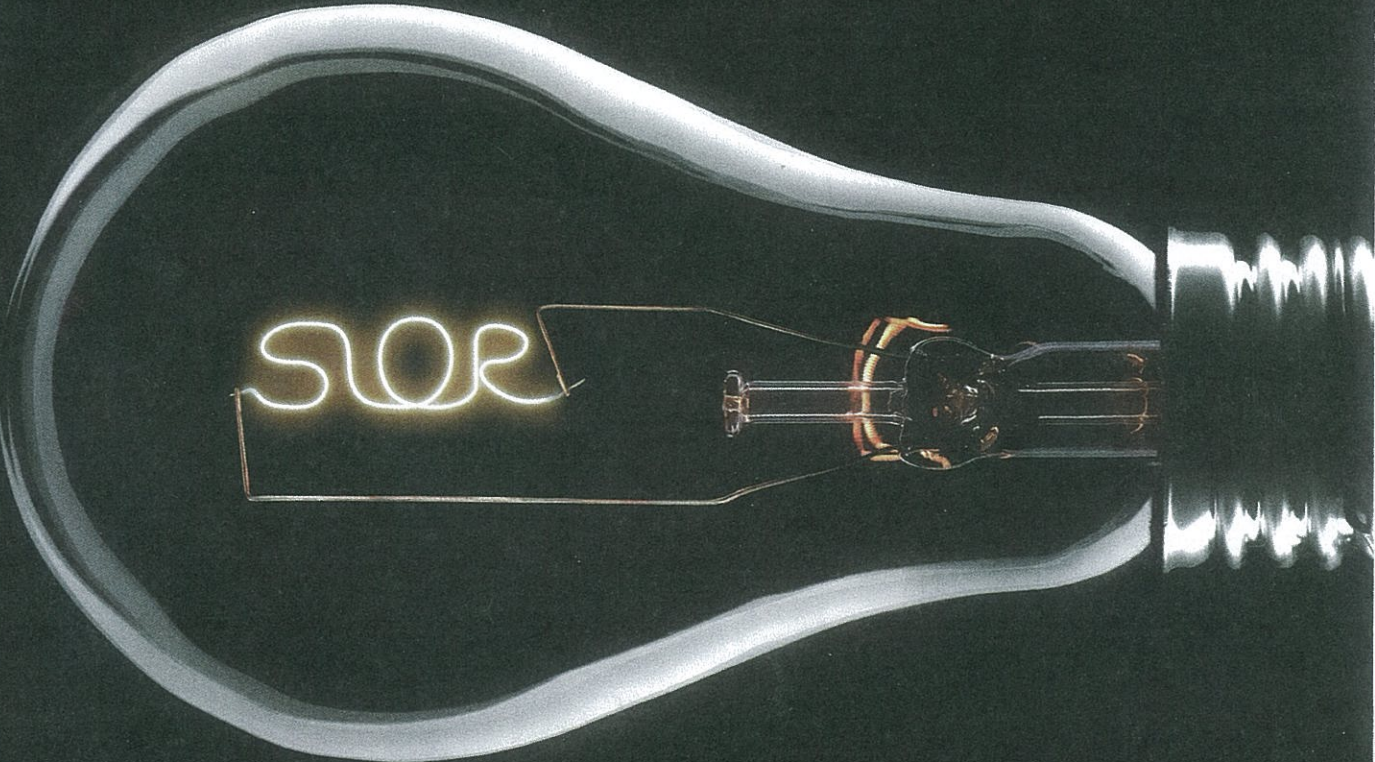
These strategies clearly succeeded; in July 2014, Kevric sold the building to Ponte Gadea Group and Brookfield Financial for \$254.45 million. In April 2015, 150 Bloor Street West was named Investment Deal of the Year by NAIOP Greater Toronto at its annual Real Estate Excellence (REX) Awards Gala. ■

Richard Hylands is president of Kevric Real Estate Corporation.

150 Bloor Street West Project Summary

Project Location	Toronto, Ontario
Type of Site	Urban
Development Type	Redevelopment
Transportation Modes	Car, Transit (Subway, Bus), Pedestrian
Mix of Uses	
Office	232,000 sq. ft.; 8 floors
Retail/Restaurant	42,000 sq. ft.; 2 floors
Residential (under separate ownership)	15 floors
Parking	120 underground spaces shared with residential condominium owners plus 65 dedicated spaces for office and retail
Site Dimensions	
Total Acreage	0.878 acres
Total sq. ft.	38,000 sq. ft.
Major Office Tenants	
Ontario Medical Association	85,600 sq. ft.
Altera Canada Co.	48,800 sq. ft.
Edelman Public Relations	22,100 sq. ft.
HRPA of Ontario	18,100 sq. ft.
Toronto Centre for Advanced Reproductive Therapy (TCART)	12,000 sq. ft.
Louis Vuitton Canada Inc.	10,700 sq. ft.
Edgepoint Investment Group Inc.	9,700 sq. ft.
Office Rents	CA\$20-\$24/sq. ft. NNN
Office Lease Terms	10-15 years
Major Retail Tenants	
Tiffany & Co. Canada	9,700 sq. ft.
Louis Vuitton Canada Inc.	15,980 sq. ft.
HSBC Bank Canada	9,970 sq. ft.
Retail Rents (\$/sq. ft.)	CA\$300-\$325
Retail Lease Terms	10-15 years
Development Team	
Developer	Kevric Real Estate Corporation
Base Building and Interiors Architect	Zeidler Architects
General Contractors	Alliance Reliance Construction
Timeline	
Building Acquired	October 2008
Construction Started	2009
Construction Completed	2013
Leasing Completed	2013
Building Sold	July 2014
Total Redevelopment Costs (Excludes Legal and Leasing Fees)	CA\$12.76 million

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