FROM VACANCY TO VIBRANCY:

OFFICE TO RESIDENTIAL BUILDING CONVERSIONS

Design Strategies for the Human Experience

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April 2020

It was an uncertain time for clients…

But **how** can Gensler help **to stabilize** and **rebuild client confidence in their portfolio** and **protect the value of their asset**?

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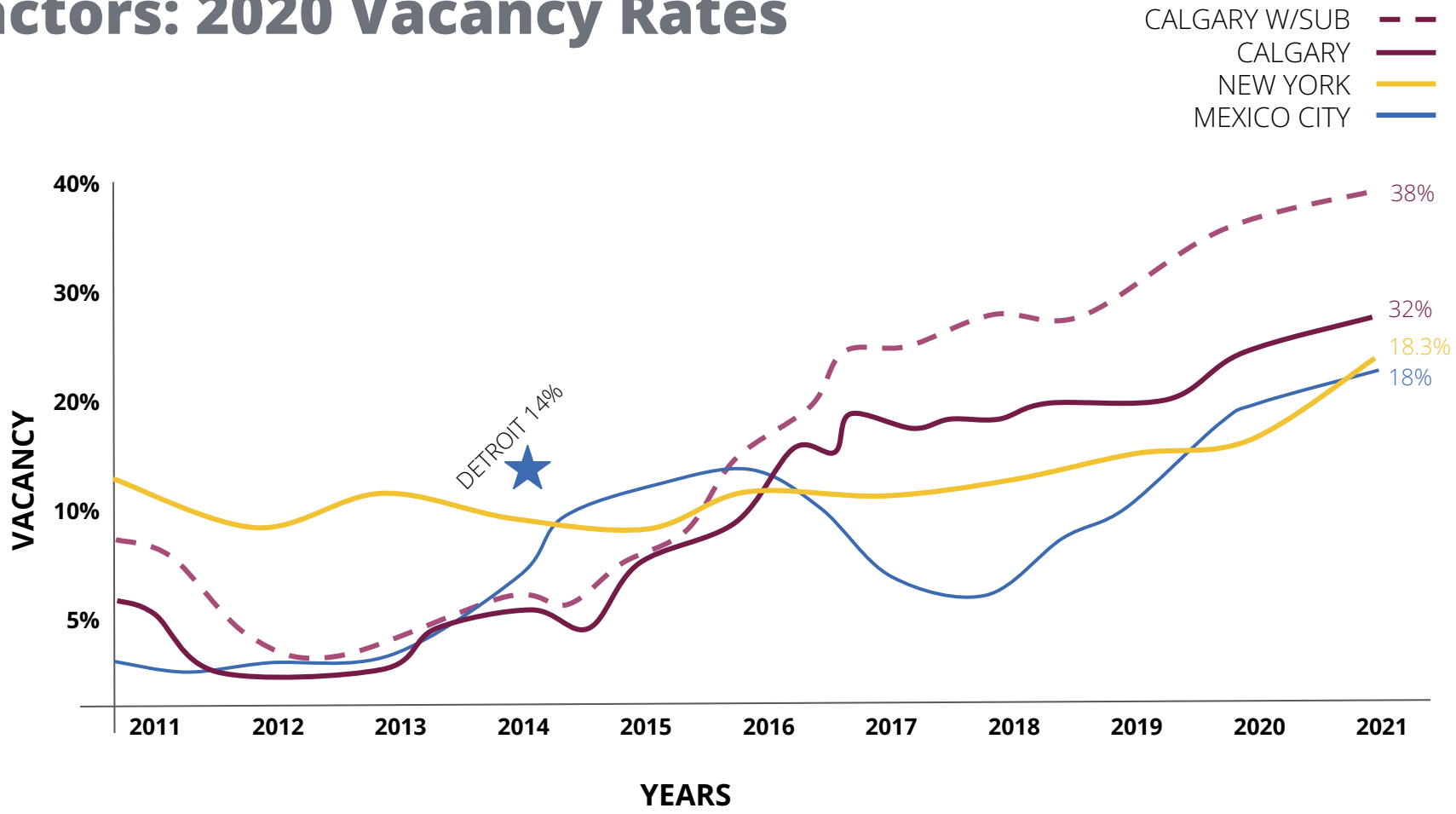
Factors: 2020 Vacancy Rates



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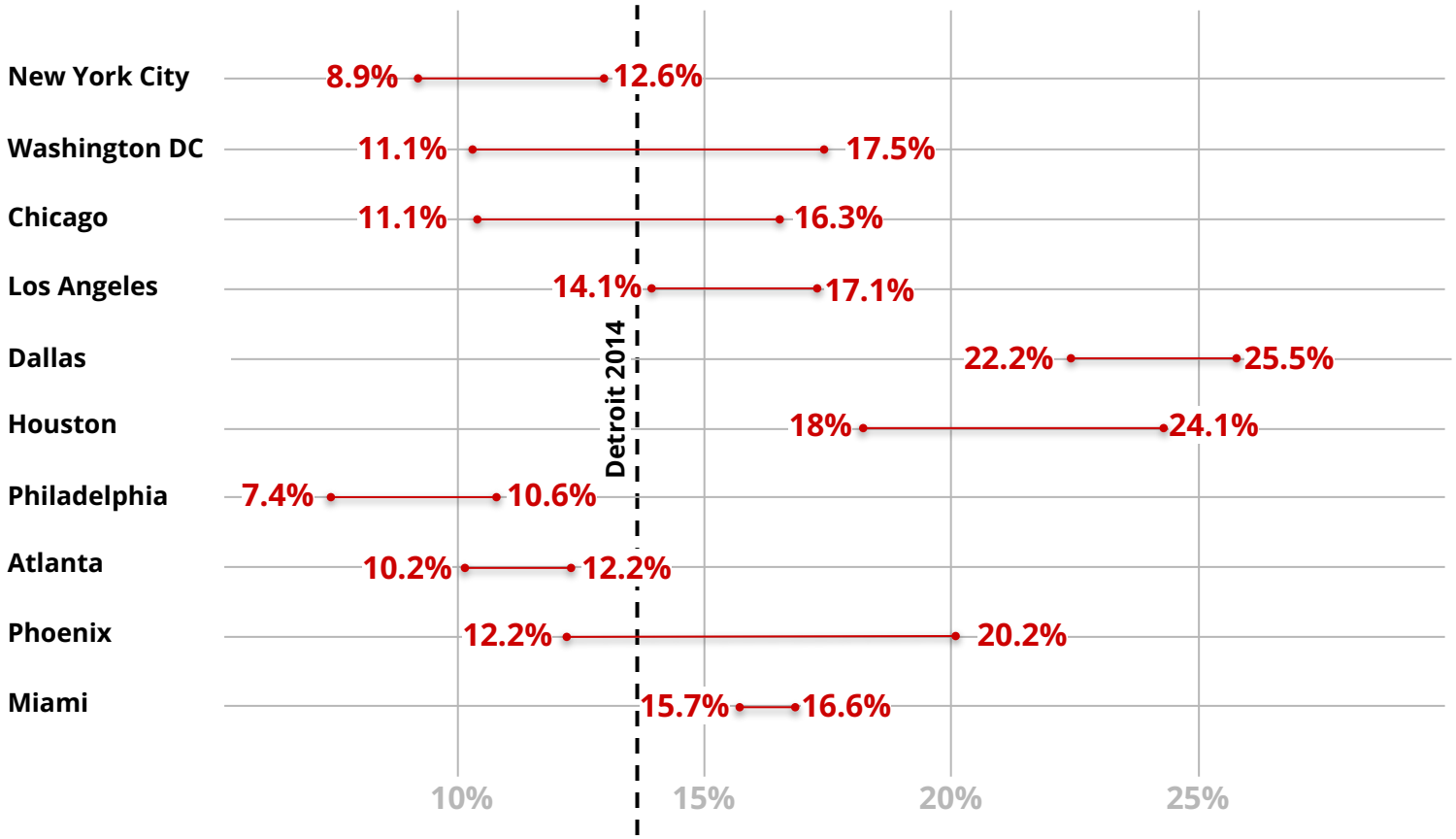
Factors: 2019 - 2022 Vacancy Rates



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'What Do We Do Here?': Distress Signals Are Rising In Major Office Markets

‘Billions in Office Loans at Risk of Distress as Tenants Flee Older Buildings’

Jon Banister, Bisnow Deputy East Coast Editor

Linkedin Email Print

Houses in the suburbs seemed more affordable – then gas prices soared and commuting resumed

ROB CARRICK > PERSONAL FINANCE COLU

PUBLISHED MARCH 14, 2022

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REAL ESTATE

Midtown Manhattan With Fewer Office Workers: Imagining the Unthinkable

...cials face the reality that the district's economy might never be the same

U.S. Office Buildings Face a $1.1 Trillion Obsolescence Problem

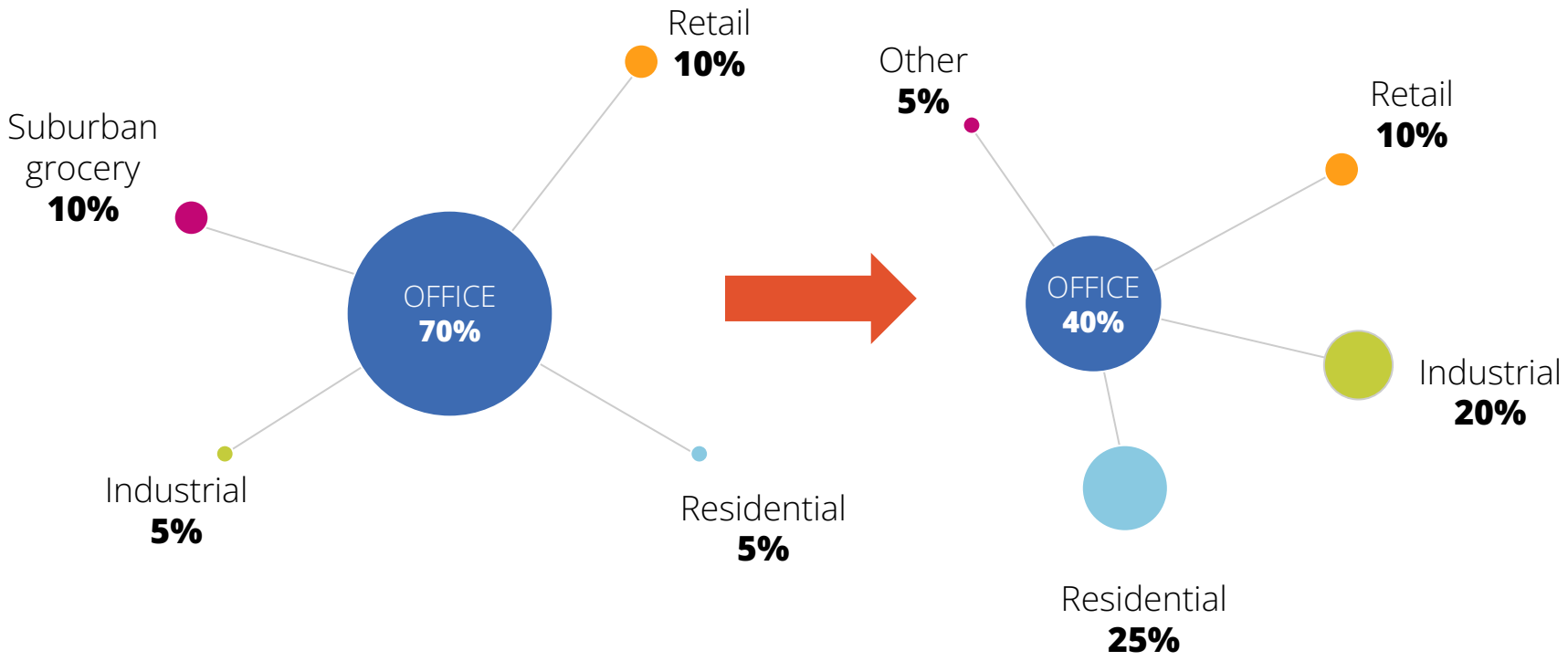
- As tenants favor new towers, 30% of properties are at risk
- Steep value declines are pushing some landlords to walk away

More than $5bn in CMBS backed loans are set to come due in 2022 and experts say many older buildings will default

ector-could-see-more-distressed-loans-as-tenants-

m_campaign=outbound_issue_54881&utm_conten

Our clients portfolios aren't diverse either



[Oxford to sell RBC Place and reinvest in apartment and life science to reduce risk]

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The future of work has changed

Reduction in Cell Phone Data at selected geofenced locations 2019 vs 2021

-58.1% Office	-34.8% Retail	-25.9% Transit	-6.5% Healthcare
-15.4% Education	-40.2% Government	-12.3% Residential	-31.7% Hospitality & Tourism

Note: Select, representative areas of interest only. Weekdays only.
Week of December 2, 2019 vs. week of Week of November 30, 2021.
Source: Orbital Insight, AVANT by Avison Young

‘Flight to quality’ trend has accelerated Q42021

Trophy Manhattan post-COVID leasing activity
Top 10% of offices

Manhattan
Office • Trophy

291
Leases

1.1M sf
Total Lease Size

42,316 sf
Average Lease Size

$109.24
Rent psf FS

10.05
Year Term

$113.05
TIs

11
Months Free

Class C Manhattan post-COVID leasing activity
Bottom 30% of offices

Manhattan
Office • C

75
Leases

142,124 sf
Total Lease Size

20,397 sf
Average Lease Size

$58.07
Rent psf FS

6.84
Year Term

$45.07
TIs

4
Months Free

Source: AVANT by Avison Young

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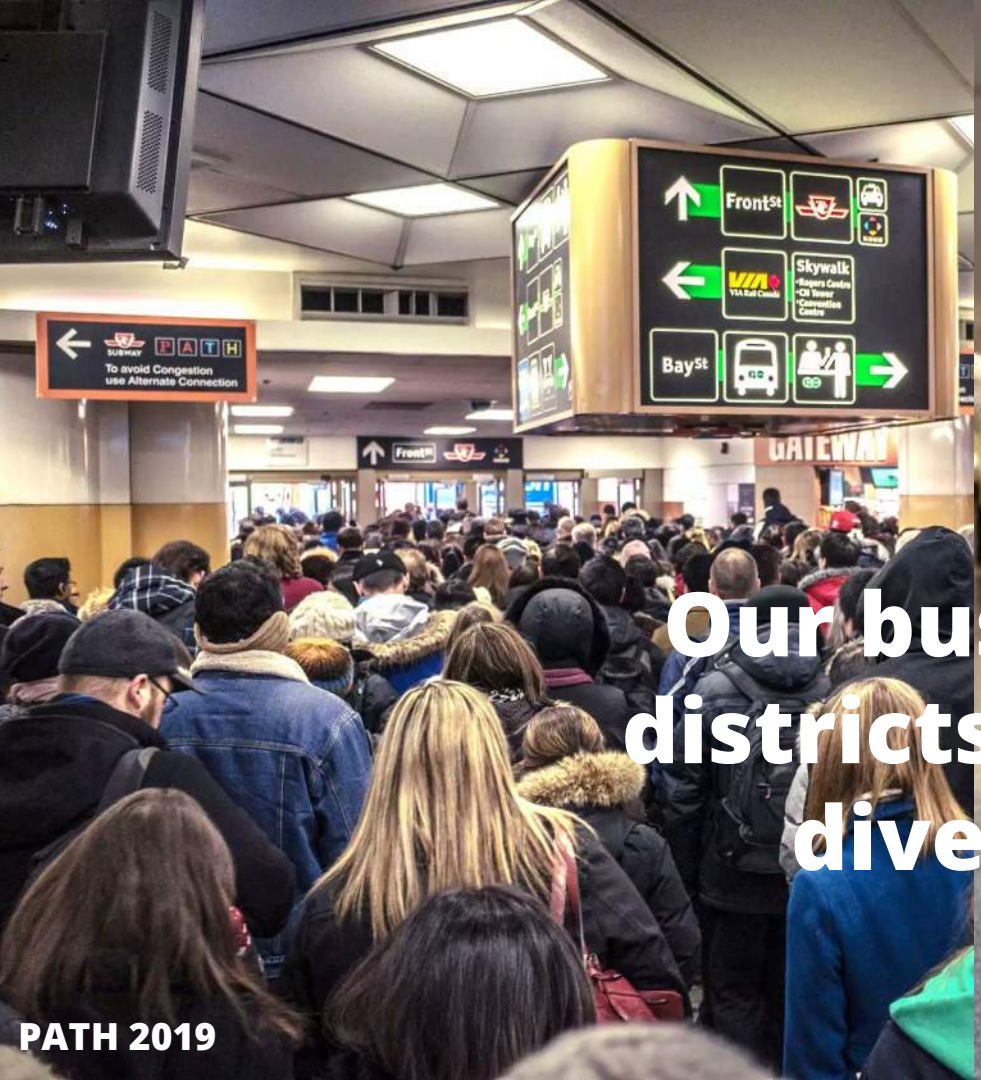
"The Calgary conversion program has increased the residential population of the downtown by 23%"

Our business districts aren't diverse



PATH 2019

PATH 2022

Challenges

Decision Paralysis

Robust Data

First Mover Advantage

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Scoring Criteria

Site Context

10%

Walkability

Transit

Natural light

View Obstruction

Allows for south facing windows

Building Form

30%

Shape of building

How easy is it to plan units

Floor Plate

30%

Window to Core distance

Existing # of elevators

Envelope

10%

Existing window to wall ratio

Ease of window replacement

Servicing

20%

Loading

Parking

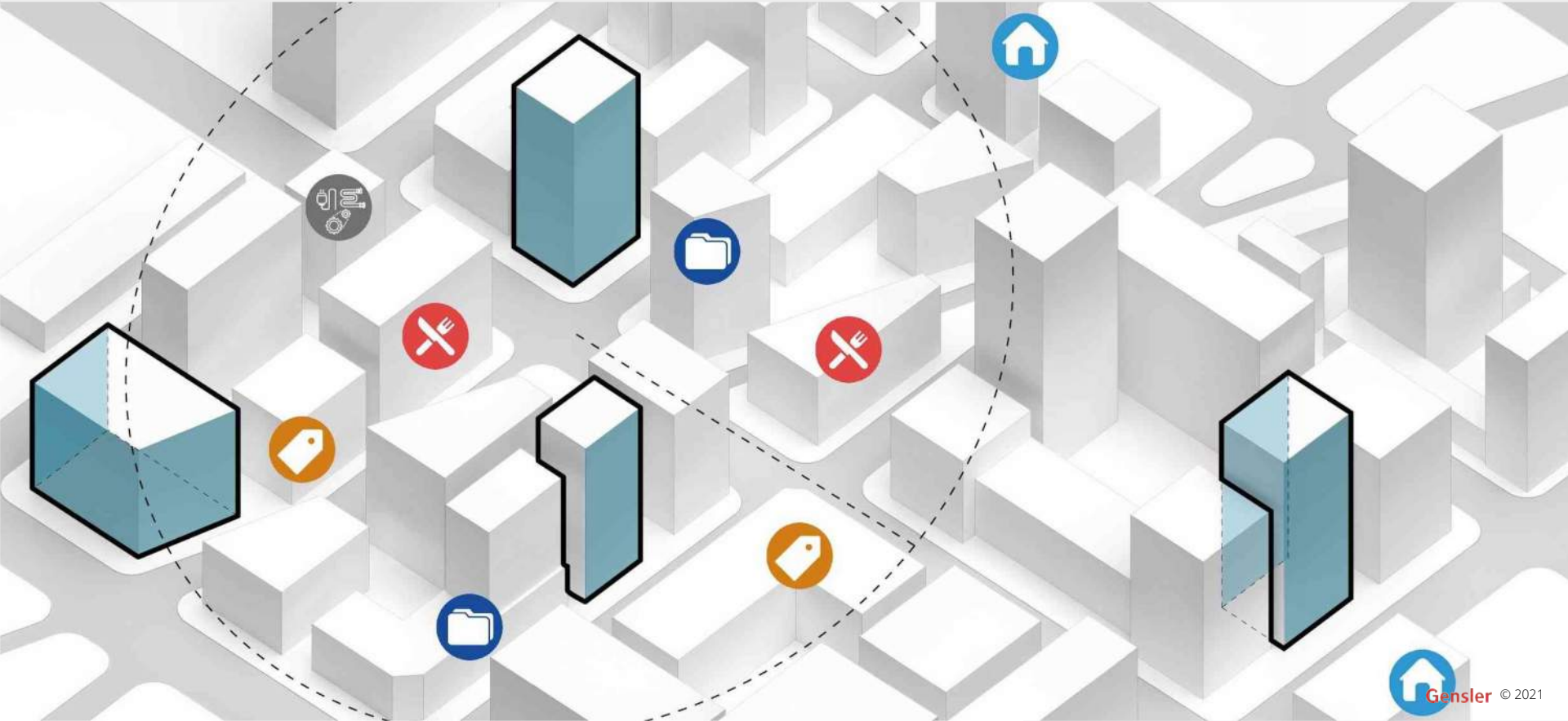
Structure

MEP

Gensler © 2021

Site Context & Position

- Walkability
- Transit
- Natural light
- View Obstruction
- Allows for south facing windows



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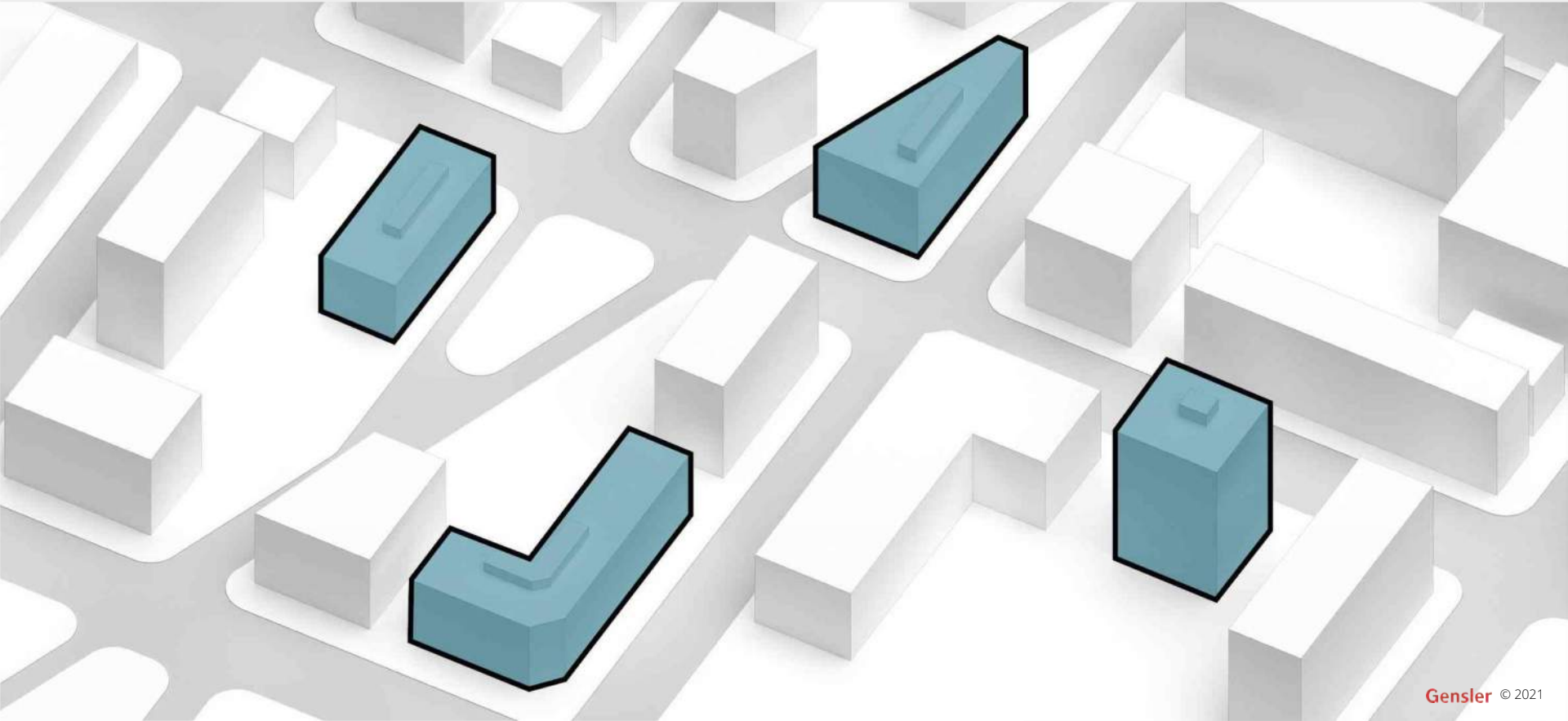
Building Form

- Shape of Building
- How easy is it to plan units



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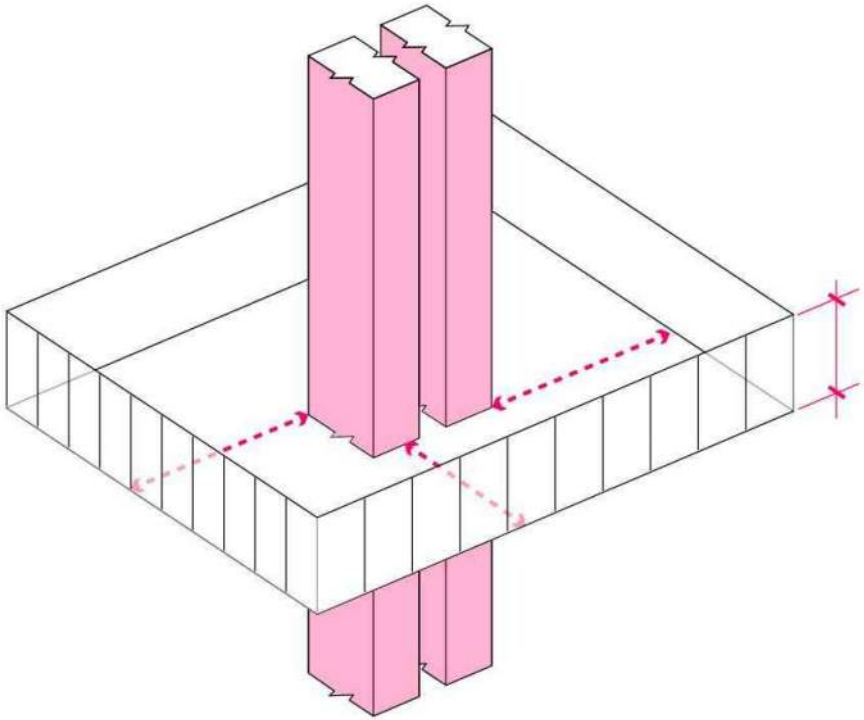

Floor Plate And Core

- Window to Core distance
- Existing # of elevators
- Floor to floor height

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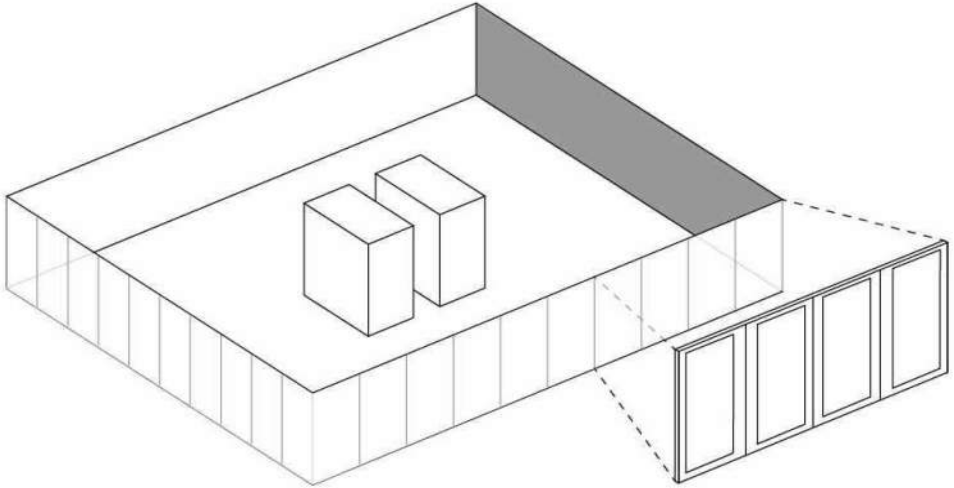

Envelope & Windows

- Sides with window
- Existing window to wall ratio
- Ease of window replacement

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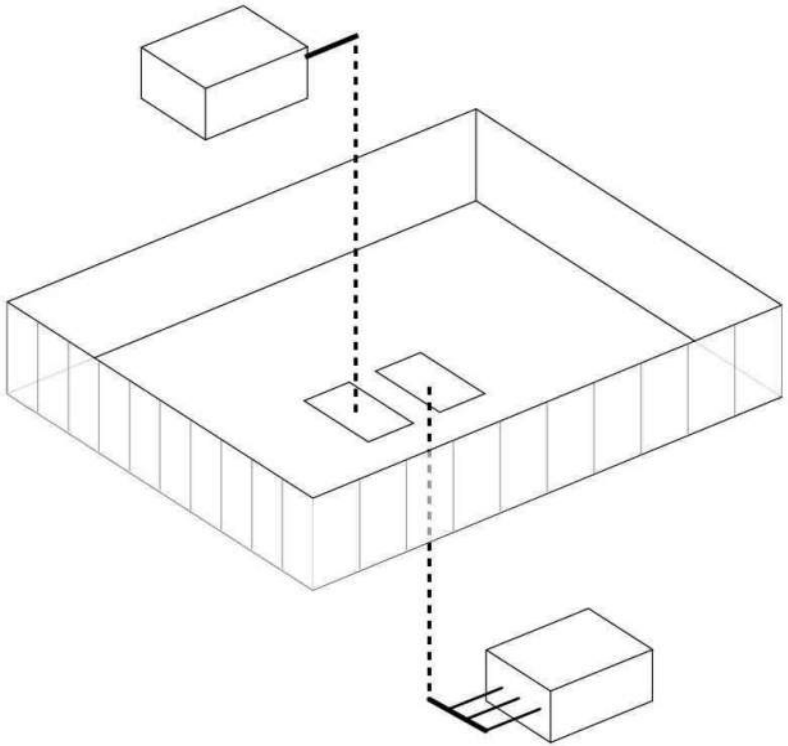

Servicing

- Loading
- Parking
- Structure
- MEP

Gensler © 2021

Gensler © 2021

Our system cuts the leg work

Challenges

Tool Development Round Two - Easy to use Interface

From spreadsheet to client-friendly dashboard

	Reference				Scoring												
	Ideals				Floor Plate			Form		Envelope		Services				Context	
Project Name	Floor to Floor Height	#of units per floor	Elevator Ideal	Parking Ideal	FloorPlateSize [3]	Floor 2 Floor Height	Core2Win Depth	Elevators	Building Geometry	Glazing Face	Window Replacement	Structure	MEP	Parking	Loading	Walk Score	Transit Score
Roslyn Building	12	170	2	153	6	9.17	10	10	10	5	6.66	0	10	2.09	10	91	84
4th & 4th	12	112	2	101	7	8.33	7	10	10	5	6.66	0	no	7.84	10	96	87
Atrium 2	12	152	2	137	5	10.00	8	10	10	5	6.66	0	10	6.58	10	97	87
Optima Place	12	66	1	59	0	9.17	2	10	10	5	6.66	0	10	0.00	10	88	82
Britannia Building	12	180	2	162	4	10.00	0	10	0	5	6.66	0	no	3.09	10	95	82
Parallel Centre	12	90	1	81	7	7.50	0	10	10	10	6.66	0	10	4.57	10	95	85
McFarlane Tower	12	266	3	239	8	6.67	6	10	10	10	6.66	0	10	0.08	10	92	82
Life Plaza	12	342	4	308	5	10.00	10	10	10	10	6.66	0	10	3.22	10	87	82
Bantrel Tower	12	330	4	297	8	10.00	6	10	10	10	6.66	0	10	1.21	10	95	82
Asia Pacific Centre	12	120	2	108	9	9.17	7	10	10	5	6.66	0	10	1.85	10	89	82
The Centennial Buildi	12	42	1	38	0	6.67	10	10	10	0	6.66	0	10	1.32	10	97	91
Five Ten Fifth Building	12	144	2	130	4	10.00	10	10	10	5	6.66	0	no	2.08	10	95	88
441 Fifth	12	80	1	72	4	10.00	8	10	10	0	6.66	0	10	0.69	10	95	88
Prospect Place	12	152	2	137	5	9.17	0	10	10	5	6.66	0	10	3.65	10	82	82
First Alberta Place	12	437	5	393	5	10.00	2	10	0	10	6.66	0	10	0.76	10	95	81
Western Union Buildir	12	96	1	86	4	9.17	7	10	10	10	6.66	0	10	2.78	10	95	88
Atrium 1	12	144	2	130	6	7.50	9	10	10	5	6.66	0	10	6.02	10	97	84
Aquitaine Tower	12	360	4	324	6	10.00	9	10	10	10	6.66	0	10	0.62	10	95	85
Guiness House/Elved	12	280	3	252	8	10.00	10	10	10	5	6.66	0	10	0.79	10	97	88
1000 8th	12	55	1	50	10	10.00	4	10	10	5	6.66	0	10	4.04	10	95	86
Hanover Place	12	325	4	293	9	10.00	9	10	0	5	6.66	0	10	0.68	10	95	82
Dominion Centre	12	132	2	119	10	8.33	7	10	10	0	6.66	0	10	1.68	10	95	81
Canadian Centre	12	216	3	194	5	9.17	8	10	10	10	6.66	0	10	1.03	10	94	81
Panarctic Plaza	12	224	3	202	7	10.00	8	10	10	5	6.66	0	10	0.99	10	94	81
Eau Claire Place 1	12	98	1	88	8	10.00	7	10	10	5	6.66	0	10	2.27	10	88	84

	Scoring Summary													
	0.3 [1]	0.3	0.2	0.1	0.1	100.0%								
Project Name	Floor Plate	Form	Envelope	Services	Context	Compatibility	lding (123 King Street West)	City	Province	Postal Code (A3A 3A3)	e is the building situated in?	y floors are to be converted?	ze (sq. feet) of the building?	existing elevators are there?
Roslyn Building	8.39	10.00	5.83	5.52	8.75	81.1%	400 5th Ave SW	Calgary	Alberta	T2P 0L6	Large City Center	10	13109	4
4th & 4th	7.44	10.00	5.83	5.95	9.15	79.1%	435 4th Ave SW	Calgary	Alberta	T2P 3A8	Large City Center	7	12000	3
Atrium 2	7.67	10.00	5.83	6.64	9.2	80.5%	840 6th Ave SW	Calgary	Alberta	T2P 3E5	Large City Center	8	14394	3
Optima Place	3.72	10.00	5.83	5.00	8.5	66.3%	744 4th Ave SW	Calgary	Alberta	T2P 3T4	Large City Center	11	4610	2
Britannia Building	4.67	5.00	5.83	4.36	8.85	53.9%	703 6th Ave SW	Calgary	Alberta	T2P 0T9	Large City Center	9	15324	3
Parallel Centre	4.83	10.00	8.33	6.14	9	76.3%	1040 7th Ave SW	Calgary	Alberta	T2P 3G9	Large City Center	6	11698	2
McFarlane Tower	6.89	10.00	8.33	5.02	8.7	81.0%	700-710 4th Ave SW	Calgary	Alberta	T2P 0R4	Large City Center	19	10842	5
Life Plaza	8.33	10.00	8.33	5.80	8.45	85.9%	734 7th Ave SW	Calgary	Alberta	T2P 3P8	Large City Center	18	14571	5
Bantrel Tower	8.00	10.00	8.33	5.30	8.85	84.8%	700 6th Ave SW	Calgary	Alberta	T2P 0T8	Large City Center	22	11580	6
Asia Pacific Centre	8.39	10.00	5.83	5.46	8.55	80.8%	305 Centre St SW	Calgary	Alberta	T2P 3N2	Large City Center	10	9250	3
The Centennial Buildi	5.56	10.00	3.33	5.33	9.4	68.1%	816 7th Ave SW	Calgary	Alberta	T2P 1A1	Large City Center	7	4967	1
Five Ten Fifth Building	8.00	10.00	5.83	4.03	9.15	78.8%	510 5th St SW	Calgary	Alberta	T2P 3S2	Large City Center	18	6461	3
441 Fifth	7.33	10.00	3.33	5.17	9.15	73.0%	441 5th Ave SW	Calgary	Alberta	T2P 2V1	Large City Center	10	6200	3
Prospect Place	4.72	10.00	5.83	5.91	8.2	69.9%	505 2nd St SW	Calgary	Alberta	T2P 3H7	Large City Center	8	14638	4
First Alberta Place	5.67	5.00	8.33	5.19	8.8	62.7%	777 8th Ave SW	Calgary	Alberta	T2P 3R5	Large City Center	23	14484	6
Western Union Buildir	6.72	10.00	8.33	5.69	9.15	81.7%	640 8th Ave SW	Calgary	Alberta	T2P 1G7	Large City Center	12	6297	3
Atrium 1	7.50	10.00	5.83	6.50	9.05	79.7%	839 5th Ave SW	Calgary	Alberta	T2P 3C8	Large City Center	8	13615	3
Aquitaine Tower	8.33	10.00	8.33	5.15	9	85.8%	540 5th Ave SW	Calgary	Alberta	T2P 0M2	Large City Center	20	13667	5
Guiness House/Elved	9.33	10.00	5.83	5.20	9.25	84.1%	727 7th Ave SW	Calgary	Alberta	T2P 0W5	Large City Center	20	10900	4
1000 8th	8.00	10.00	5.83	6.01	9.05	80.7%	1000 8th Ave SW	Calgary	Alberta	T2P 3M7	Large City Center	5	8331	2
Hanover Place	9.33	5.00	5.83	5.17	8.85	68.7%	101 6th Ave SW	Calgary	Alberta	T2P 3P4	Large City Center	25	10280	5
Dominion Centre	8.44	10.00	3.33	5.42	8.8	76.2%	665 8th St SW	Calgary	Alberta	T2P 3K7	Large City Center	11	9001	3
Canadian Centre	7.39	10.00	8.33	5.26	8.75	82.8%	833 4th Ave SW	Calgary	Alberta	T2P 3T5	Large City Center	12	14200	4
Panarctic Plaza	8.33	10.00	5.83	5.25	8.75	80.7%	815/825 8th Ave SW	Calgary	Alberta	T2P 2T4	Large City Center	14	12330	4
Eau Claire Place 1	8.33	10.00	5.83	5.57	8.6	80.8%	525 3rd Ave SW	Calgary	Alberta	T2P 0G4	Large City Center	7	10662	2

Project Name	g floor to floor height (feet)?	escribes your building form?	more than 40% of windows?	equire facade replacement?	y wall and the elevator core?	de of post tension concrete?	ing parking stalls are there?	h central mechanical risers?	uilding have a loading area?	le floor plans are preferred	Name of landlord/developer	Name of Broker	What is the Walk Score?	What is the Transit Score?	Vacancy Rate	area (sq. ft.) of the building?
Roslyn Building	11	Rectangular	3 Faces	Requires new windows	36	Yes	32	Yes	Yes	https://drive.goog	Slate	N/A	97	87	51.85%	120,693 sqft
4th & 4th	10	Rectangular	3 Faces	Requires new windows	40.7	Yes	79	Not Sure	Yes	https://drive.goog	Slate	N/A	97	87	51.54%	86,664 sqft
Atrium 2	12	Rectangular	3 Faces	Requires new windows	33	Yes	90	Yes	Yes	https://drive.goog	Slate	Collier	97	87	53.25%	107,173 sqft
Optima Place	11	Rectangular	3 Faces	Requires new windows	23.5	Yes	0	Yes	Yes	https://drive.goog	744 (2011) Capit	Collier	88	82	54.47%	46,900 sqft
Britannia Building	12	Irregular	3 Faces	Requires new windows	52	Yes	50	Not Sure	Yes	https://drive.goog	Avison Young	N/A	95	82	55.33%	121,069 sqft
Parallel Centre	9	Rectangular	All faces	Requires new windows	79.5	Yes	37	Yes	Yes	https://drive.goog	Avison Young	N/A	95	85	56.78%	74,163 sqft
McFarlane Tower	8	Rectangular	All faces	Requires new windows	42	Yes	2	Yes	Yes	https://drive.goog	Avison Young	N/A	92	82	59.00%	196,083 sqft
Life Plaza	12	Rectangular	All faces	Requires new windows	36.6	Yes	99	Yes	Yes	https://drive.goog	Slate	Collier	87	82	59.92%	215,172 sqft
Bantrel Tower	12	Rectangular	All faces	Requires new windows	30	Yes	36	Yes	Yes	https://drive.goog	Second Real Pro	N/A	95	82	60.04%	215,790 sqft
Asia Pacific Centre	11	Rectangular	3 Faces	Requires new windows	41.3	Yes	20	Yes	Yes	https://drive.goog	N/A	Bow R	89	82	62.98%	87,687 sqft
The Centennial Buildi	8	Rectangular	1 Face	Requires new windows	36.7	Yes	5	Yes	Yes	https://drive.goog	Barclay Street	N/A	97	91	63.10%	25,561 sqft
Five Ten Fifth Building	12	Rectangular	3 Faces	Requires new windows	36	Yes	27	Not Sure	Yes	https://drive.goog	SCREO	Collier	95	88	63.21%	103,878 sqft
441 Fifth	12	Rectangular	2 Faces	Requires new windows	39	Yes	5	Yes	Yes	https://drive.goog	SCREO	Collier	95	88	63.38%	63,115 sqft
Prospect Place	11	Rectangular	3 Faces	Requires new windows	60	Yes	50	Yes	Yes	https://drive.goog	Hines	N/A	82	82	67.98%	99,113 sqft
First Alberta Place	12	Irregular	All faces	Requires new windows	47.5	Yes	30	Yes	Yes	https://drive.goog	Berezan	N/A	95	81	69.03%	282,200 sqft
Western Union Buildir	11	Rectangular	All faces	Requires new windows	32	Yes	24	Yes	Yes	https://drive.goog	Second Real Pro	N/A	95	88	71.14%	73,300 sqft
Atrium 1	9	Rectangular	3 Faces	Requires new windows	34.4	Yes	78	Yes	Yes	https://drive.goog	Slate	Collier	97	84	73.20%	106,858 sqft
Aquitaine Tower	12	Rectangular	All faces	Requires new windows	34.5	Yes	20	Yes	Yes	https://drive.goog	Second Real Pro	N/A	95	85	74.42%	237,555 sqft
Guiness House/Elved	12	Rectangular	3 Faces	Requires new windows	36	Yes	20	Yes	Yes	https://drive.goog	Estancia Investm	N/A	97	88	74.70%	113,772 sqft
1000 8th	12	Rectangular	3 Faces	Requires new windows	45	Yes	20	Yes	Yes	https://drive.goog	Triovest	N/A	95	86	75.29%	40,805 sqft
Hanover Place	12	Irregular	3 Faces	Requires new windows	37.7	Yes	20	Yes	Yes	https://drive.goog	593306 Alberta L	Avison	95	82	75.34%	227,055 sqft
Dominion Centre	10	Rectangular	2 Faces	Requires new windows	32	Yes	20	Yes	Yes	https://drive.goog	Slate	Collier	95	81	77.70%	95,790 sqft
Canadian Centre	11	Rectangular	All faces	Requires new windows	39	Yes	20	Yes	Yes	https://drive.goog	Artis REIT	Barcla	94	81	81.17%	152,976 sqft
Panarctic Plaza	12	Rectangular	3 Faces	Requires new windows	39	Yes	20	Yes	Yes	https://drive.goog	815 Properties Ir	Collier	94	81	88.82%	140,000 sqft
Eau Claire Place 1	12	Rectangular	3 Faces	Requires new windows	32	Yes	20	Yes	Yes	https://drive.goog	Triovest	Triover	88	84	100.00%	75,443 sqft

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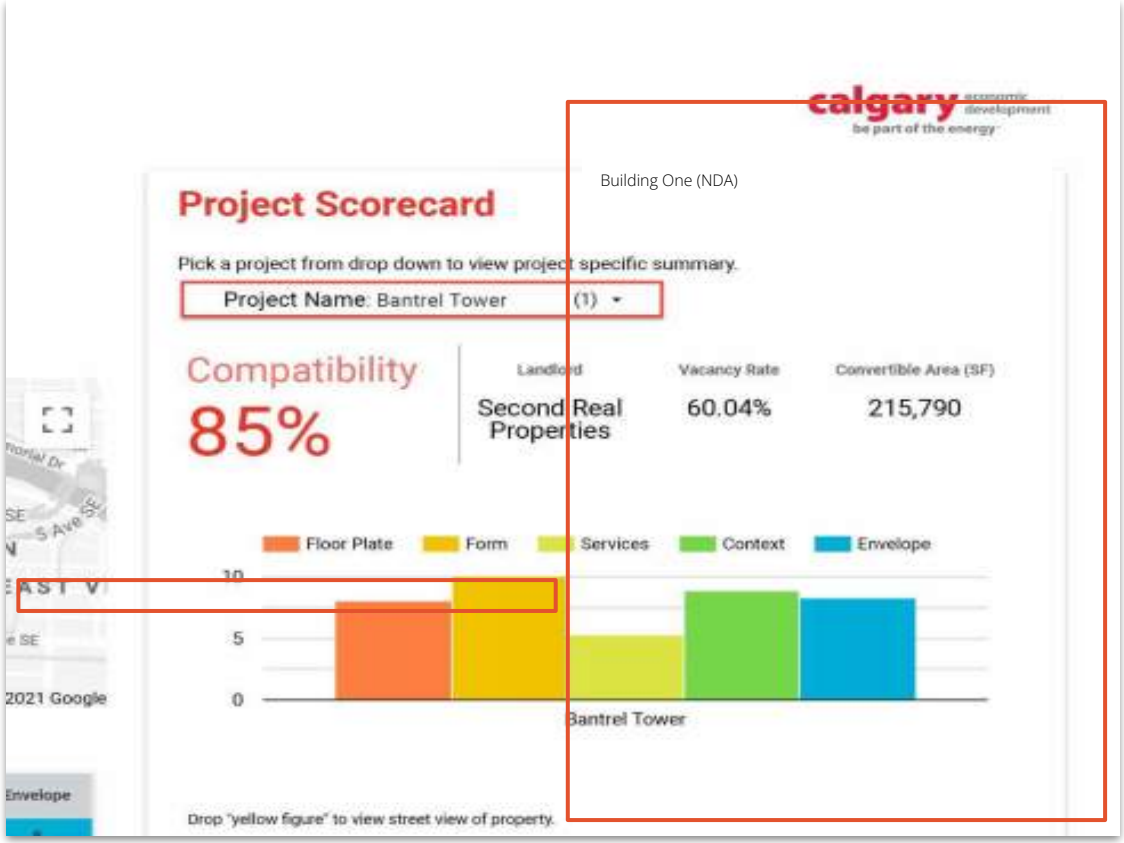
How we tested it to make it accurate

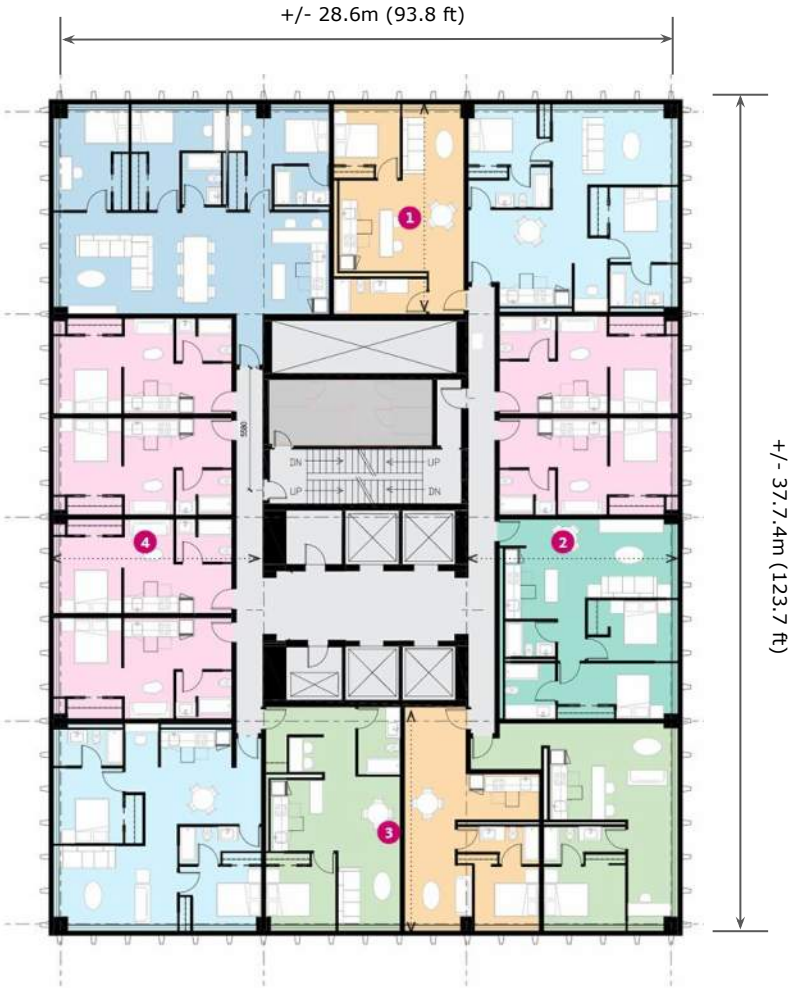
Typical Rectangular Plate



Typical Rectangular Plate

PLATE GFA +/-	**1,076 SM (11,580 SF)**
RESIDENTIAL AREA +/-	892 SM (9,601 SF)
LEASABLE STORAGE +/-	23 SM (236 SF)
TOTAL UNITS:	14*
EFFICIENCY:	**83%**

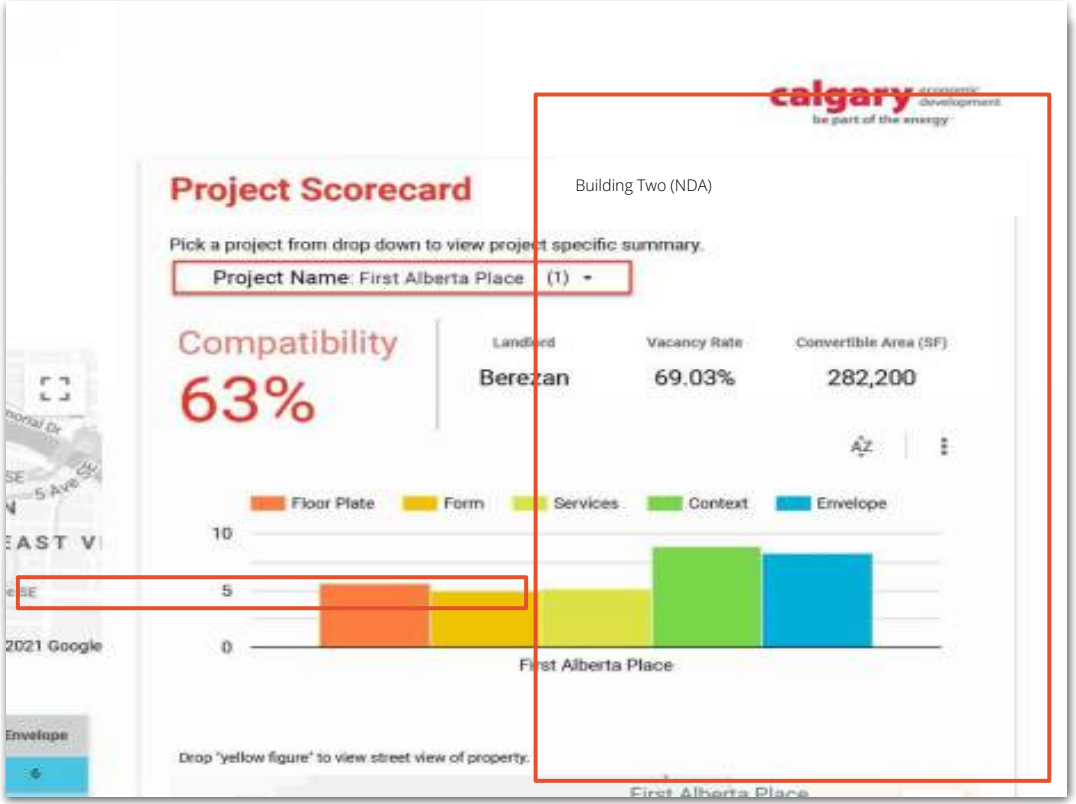
*Flexible unit mix- can range from 10 to 16 units



3 BEDROOM
2 BEDROOM + DEN
2 BEDROOM
1 BEDROOM +DEN
1 BEDROOM
STUDIO

Gensler © 2021

Atypical Plate



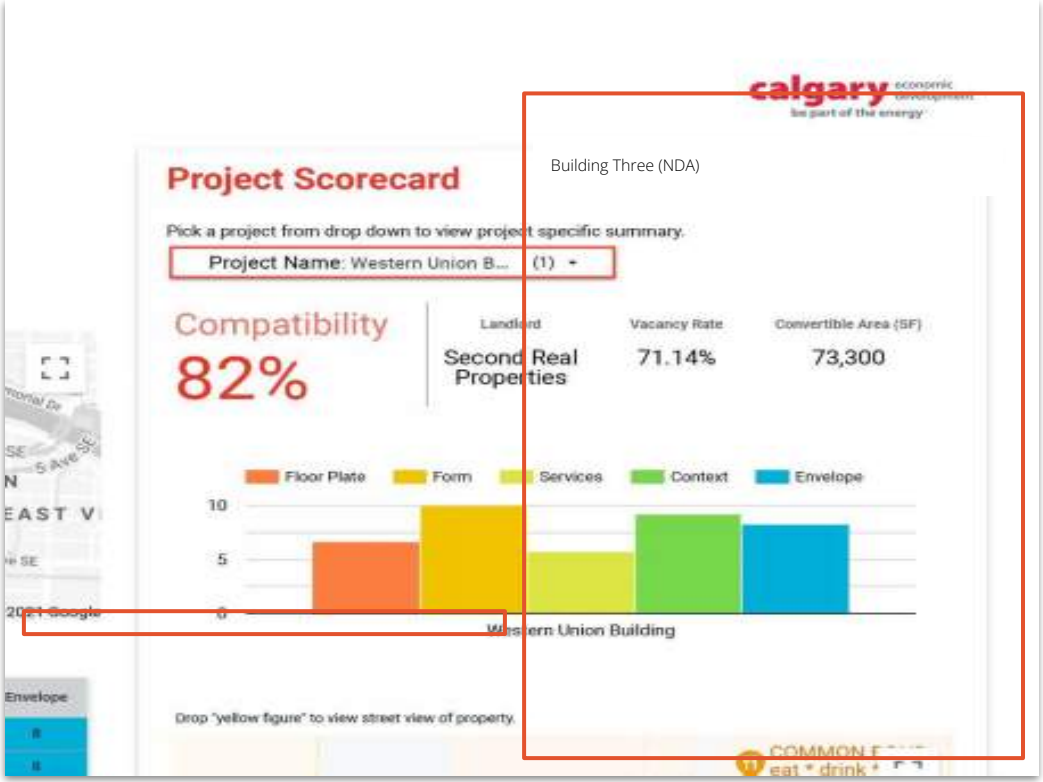
Atypical Plate

PLATE GFA +/-	**1,670 SM (17,976 SF)**
RESIDENTIAL AREA +/-	1,294 SM (13,929 SF)
LEASABLE STORAGE +/-	69 SM (738 SF)
TOTAL UNITS:	18
EFFICIENCY:	**77%**

3 BEDROOM
2 BEDROOM + DEN
2 BEDROOM
1 BEDROOM +DEN
1 BEDROOM
STUDIO

Gensler © 2021

Typical Rectangular Side Core



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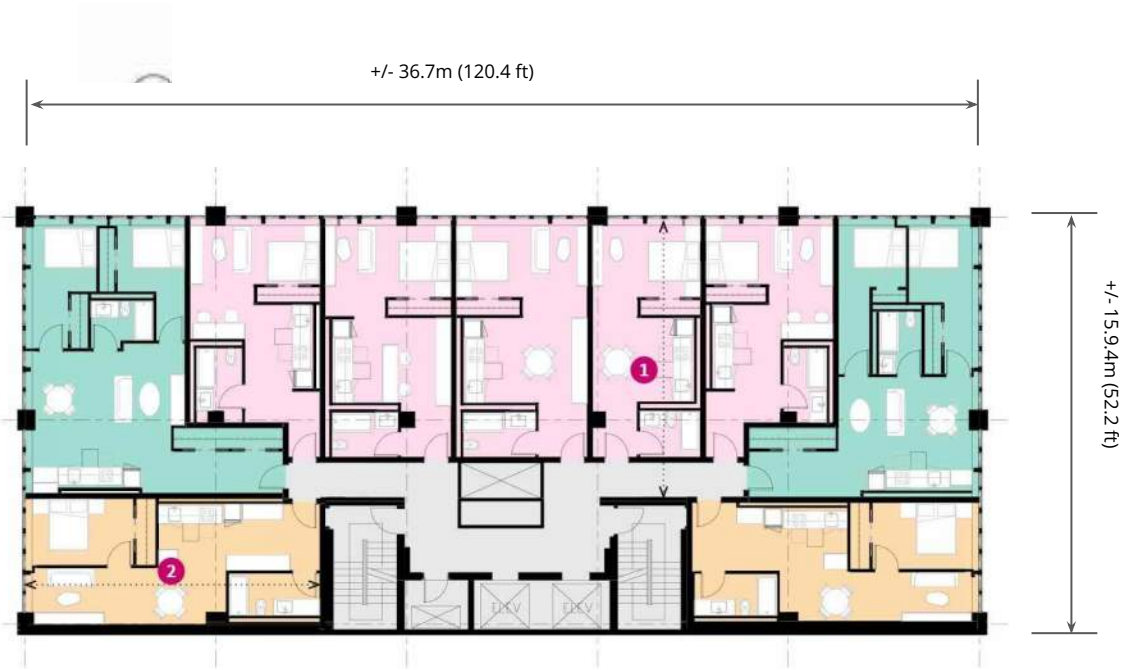
Typical Rectangular Side Core

PLATE GFA +/-	**585 SM (6,297 SF)**
RESIDENTIAL AREA +/-	492 SM (5,296 SF)
LEASABLE STORAGE +/-	0 SM (0 SF)
TOTAL UNITS:	9
EFFICIENCY:	**84%**



3 BEDROOM
2 BEDROOM + DEN
2 BEDROOM
1 BEDROOM +DEN
1 BEDROOM
STUDIO

Gensler © 2021

Gensler © 2021

The Projects

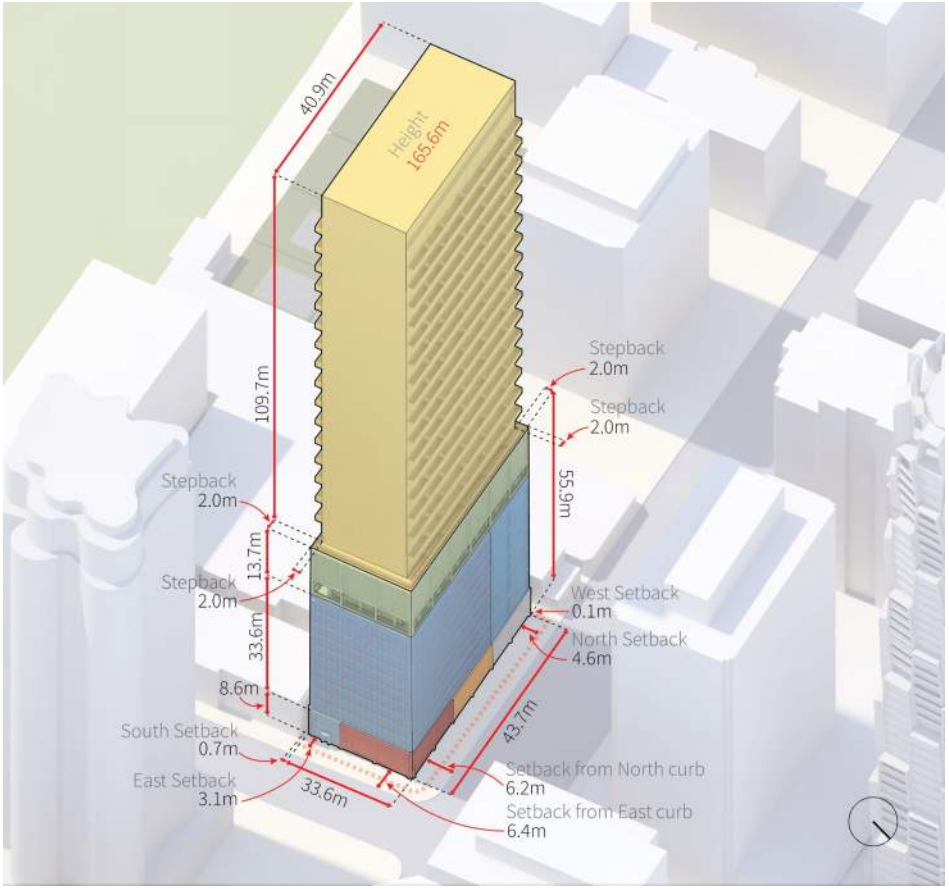
Existing Building

Gensler © 2021

Visual: New Elevation

Gensler © 2021

Building Setbacks and Stepbacks



- Subject site boundary
- Retail
- Office (retained)
- Office (new)
- Residential lobby
- Residential
- Amenities
- Parking and servicing

Gensler © 2021

Visual: Tower Size

Gensler © 2021

Visual: Amenity Space

Visual: Residential Unit

Gensler © 2021

Franklin Tower: Philadelphia
(PMC Property Group)

Franklin Tower

Gensler

N

FRANKLIN TOWER | PHILADELPHIA, PA

Gensler

MARKET

Gensler

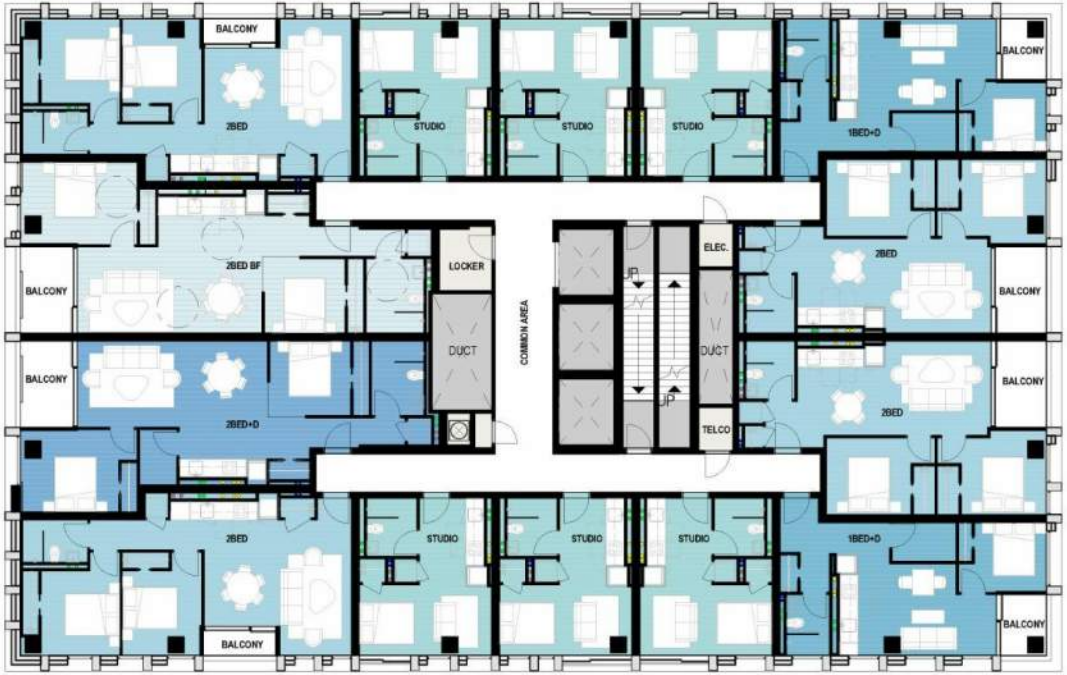
Gensler

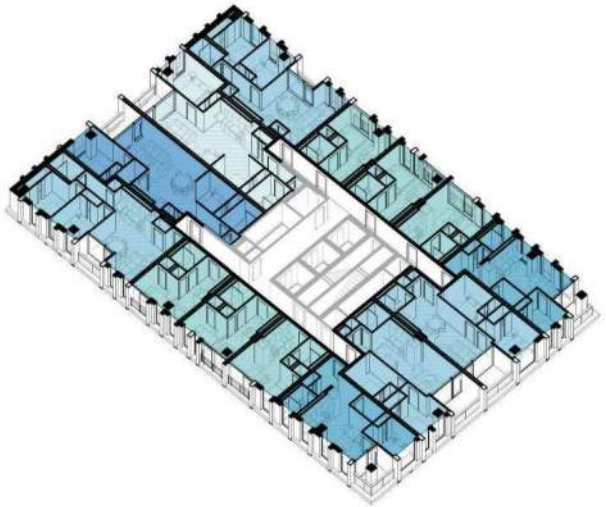
E-Lofts, Alexandria, VA

Confidential Project

Existing vs New

Gensler © 2021





TYPE	COUNT	%
STUDIO	6	43%
1 BED + D	2	14%
2 BED	4	29%
2 BED BF	1	7%
2 BED + D	1	7%
TOTAL	14	
EFFICIENCY	85%	

Typical Plan

Visual: Residential Unit

Visual: Amenity Space

Thank You

(steven_paynter@gensler.com)

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