

HOW TO MANAGE HVAC ISSUES WITH YOUR LANDLORD

The most common complaint we hear from office tenants are issues related to their HVAC. Although some aspects are naturally difficult to manage because different people have different comfort levels, when it comes to temperature there are a couple key initiatives you can employ to significantly improve the likelihood of better HVAC performance in your office space.

1. An HVAC Tune-Up

Like a car, over time certain components of an HVAC system wear out or need repairs. Broken seals on VAV boxes, disconnected diffusers, jammed dampers are examples. Our experience has shown that when an HVAC audit is undertaken by a qualified mechanical engineer, and issues like these are identified and remedied, often the performance of the HVAC system can improve significantly; ultimately making everyone more comfortable. When you have an upcoming lease renewal, this is an excellent time to talk to your landlord about an HVAC tune up. In a number of recent lease renewal negotiations we have managed, Ellington has been able to get landlords to agree to perform this audit and any applicable repair at their cost.

2. An HVAC Standard

It is a good idea to have HVAC standards that both the tenant and landlord can refer to. The most commonly accepted standard, the ASHRAE Standard, sets guidelines for temperature, humidity, fresh air exchanges, etc. As the ASHRAE Standard can be quite detailed, some landlords will accept it (or some form of it), but smaller, less sophisticated landlords will avoid it as they are simply not familiar with the requirements.

Regardless of the two initiatives above, always make sure when negotiating a lease that there is a requirement for the landlord to provide the HVAC systems in good working order. If you would like more information on this topic or any other real estate and facilities item, please contact an Ellington Advisor.

ELLINGTON INDEX Q3, 2016

FACTOR	VALUE/DESCRIPTION	RANK (1-10)
Current Availability Rate (GTA)	11.1%	5
Current Availability Rate (DT)	7.8%	5
Change in Availability Rate since last Quarter (DT)	0.6%	4
Sublet Space Availability as % of Direct Space (DT)	1.0%	4
New Supply (DT)	7 buildings under construction	4
Space Leased since last Quarter (DT)	429,095 sf	4
Tenant Confidence (DT)	Medium	5
Landlord Confidence (DT)	Strong	4
Forecasted Rental Rates over next 3 months (DT)	Up slightly	5
Tenant Deal Velocity in Market (DT)	Medium	4
Total		44

GTA-Greater Toronto Area

DT-Downtown Toronto

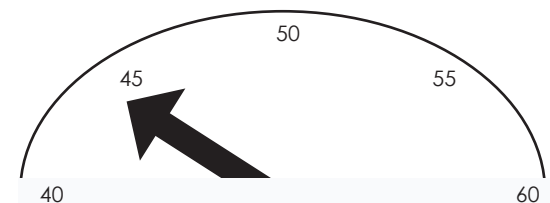
NOTABLE TRANSACTIONS - Q3, 2016

TENANT	ADDRESS	SIZE (SF)
OSC	20 Queen St. W	203,000
Fidelity Investments	483 Bay Street	142,000
Capital One	161 Bay Street	112,000
RBC	483 Bay Street	80,536
SpinMaster	225 King St. West	80,004
KPMG	4100 Yonge Street	75,000
Booking.com	70 University Ave.	53,501
Revena	5055 Spectrum Way	50,000
One Eleven	325 Front St. West	48,467
GM Canada	101 McNabb Street	46,000



An index of 44 indicates that we are in a Landlord's market.

Landlord's Market Balanced Tenant's Market



THE ELLINGTON INDEX is designed to take into consideration a variety of factors which influence the market. We do this on a quarterly basis. The higher the individual factor is ranked means it influences the overall market in a positive way for the tenant or in other words, contributes to a "Tenant's Market". Conversely the lower the rank the more the factor contributes to it being a "Landlord's Market"