

# Vancouver office buildings share their storied past with a dynamic present

Those wood-and-brick spaces give a sense of history &#8212; and are cheaper to lease

BY BILL METCALFE, VANCOUVER SUN MARCH 18, 2014

VANCOUVER — In 1910, the Dominion Building at 207 West Hastings opened as Vancouver's first commercial highrise, and it's still functioning as an office building today. It was the tallest building in the British Empire at the time.

Many similar early office buildings, a few stories high, built around the turn of the 20th century, have come down to make way for taller ones. But others remain, granted extended life by heritage status and major upgrades, and by tenants who prefer the unique working atmosphere those buildings offer.

"If you are working in a nice wood-and-brick building with large windows," says Eugen Klein, a commercial real estate broker and principal of the Klein Group at Royal LePage, "it feels soft. You have this sensation of being in a building that is sort of a staple. When your customers come in, they feel the longevity of the business, they feel these human touches.

"Some of those old brick office buildings in Gastown, in Yaletown, have excellent life in them," he says. "If you go to other parts of the world — London, Vienna — their buildings are 400 years old, with old brick and solid construction. Those are still very functional."

Because Vancouver's mid-size older office buildings are cheaper to lease than their newer highrise neighbours, they serve an important function in the economy of downtown, says Lonnie Neufeld, an appraiser and consultant at Burgess, Cawley, Sullivan and Associates.

"If those smaller office buildings came down," he says, "those tenants can't be in the downtown core any more. For example, the Vancouver Block on Granville — they have things like physiotherapists in there, they have a hair salon, a lot of small mining firms."

At the low end, tenants in those buildings might pay between \$15 and \$25 per square foot plus operational costs, whereas space in a newer tower can cost up to \$70.

But at the same time those older, smaller buildings are sitting on prime development property, so owners and developers have to weigh all the costs and benefits of demolition and re-construction, including the state of the office space market and whether the site would run afoul of one of the 18 city-designated view corridors that criss-cross downtown Vancouver.

Klein says the next generation of office buildings, taller towers built in the 1960s, '70s, and '80s, tend to have a lower standard of construction.

“They were not built to the same level. They are very cookie-cutter, the spaces feel very plastic, it’s just a box. They are harder to rent. Tenants don’t want to spend money on those, and so they can only compete by cheapening the rent.”

Those decades-old taller structures would more difficult, if not impossible, to take down, so for many buildings there is a continuous process of upgrading and renovating, trying to increase what real estate professionals call the effective age of a building.

“If you have replaced the hot water systems and the piping, the electrical, the sprinkler systems, the effective age of a building can be much younger than the oldest component within it,” says Terry Rudolph of Cascadia Inspection Engineering. “The bone structure might be 50 years old but the building might have an effective age of 30.”

Other factors that can influence the effective age of a building include heating, paint, flooring, plumbing, cladding and windows.

When owners apply for a building permit to renovate a building, they may discover that what was intended to be a minor renovation might trigger the need for major work, based on the current building code. This could include such things as sprinkler systems and seismic requirements.

“Our response to upgrades is proportional to what is being proposed, keeping in mind that they have to meet building code,” says head city planner Brian Jackson.

“The intent is to gradually obtain an improvement to the building stock balancing safety, accessibility, energy and economics,” he says. “We tailor our approach to meeting the code, but say for example if it is a heritage building, we want to save our heritage, so we look at what has to be done to meet code and adjust the requirements accordingly.”

Jackson says there is no commercial real estate in Vancouver that is too old.

“In comparison to cities like Chicago, New York and Philadelphia, where there have been highrises for well over 100 years and they are still standing, the stock of Vancouver is relatively young.”

“There is no reason why they could not last a century,” says Rudolph, referring to newer highrise buildings constructed in Vancouver in the last couple of decades.

That youngest generation of buildings has benefited from new construction methods and energy efficiency techniques, along with a new awareness of what it takes to create a productive and healthy workplace.

Oldest still-functioning office buildings in Vancouver

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