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Office leasing conducted at a torrid pace

How Leopold Property ensured clients weren't homeless for long

By Bernadette Cahill

MONTREAL — The phone call that rudely interrupted the peace and quiet of Stephen Leopold's Sunday evening heralded the start of the most frantic two days in the history of Leopold Property Consultants Inc.

By the end of that time, Leopold, president of the Montreal-based commercial property consultant firm, and many of his staff had clocked up to about 36 hours without sleep, had virtually turned the company into a detective agency, and clinched what is probably the all-time speed record for closing deals on the leasing of more than 100,000 square feet of office space.

The agenda of that hectic time reads like the schedule of a whistle stop Royal tour. On the Monday morning, in two separate operations, a large list of potential properties for Steinberg Inc. of Montreal and Electrolux Canada was compiled. In the afternoon the clients were taken to examine the locations.

In the evening, leasing consultants were called in and the drafting of legal documents set in motion. At midnight negotiations started in earnest with three different developers.

By dawn, Steinberg's deal for 90,000 sq. ft. was closed. Tuesday morning, before the ink was even dry on Electrolux's contract for 12,000 sq. ft., the two clients moved into their temporary digs.

At one point, 25 staff members — whose hurried meal of sandwiches at 11 p.m. cost \$200 — were working far into the night, negotiating deals and analysing draft contracts. In the end, something that usually took six months or more to complete had been largely expedited in 21 hours.

The unprecedented speed was due to unusual circumstances: when the unthinkable happened and the two clients' office building went up in flames. In the heat of

the crisis, Leopold's real es-



tate staff went straight to work, but the pace "was revved up 1,000 times," says executive vice-president Harry McKeague, who quarterbacked the search for a new location for Electrolux.

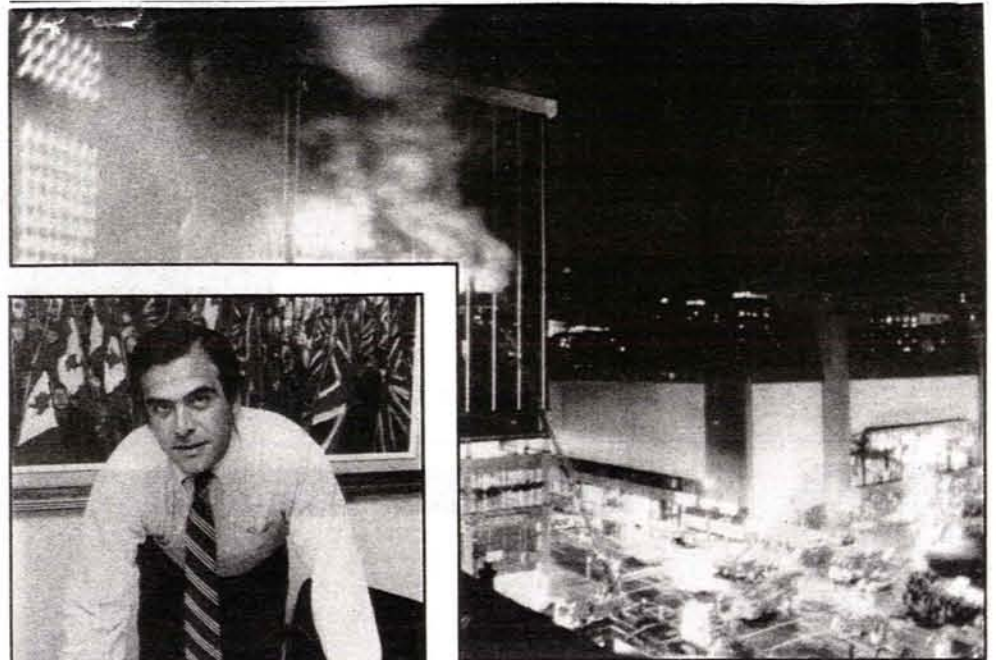
The company's response to the disaster elicits unbounded praise from Steinberg. "Extremely professional," comments Bernard McDonnell, Steinberg's vice-president of real estate who toured eight potential premises in one hectic afternoon before zeroing in on his preferences. "We can't say too much good about them. They were very, very helpful to us."

Steinberg and Electrolux took up Leopold's offer to find, free of charge, temporary premises for any tenants stricken by the fire which destroyed the whole office tower of Montreal's Alexis Nihon Plaza on the night of Oct. 26.

Steinberg's was the largest of the corporate offices destroyed in the disaster. Among the others were Air Canada, Petro-Canada and Bell Canada.

Leopold would not divulge what his company's services would have normally cost, but industry sources indicate it would have hit six figures for Steinberg's space and about \$10,000 for that located for Electrolux. The latter was already an established client of Leopold's.

Steinberg's adjustment in the aftermath of the Alexis Nihon fire was "very impressive with minimal loss," in a situation which could easily have destroyed a lesser organization, notes Martin Kaufman, an analyst with Nesbitt Thomson Dea-



Times photo: Canapress
Leopold (left) and Alexis Nihon fire in Montreal: Unthinkable happened.

con Ltd. in Montreal.

Despite the relatively happy ending for these two companies, temporary relocation of a business after a disaster can be the trickiest part of recovery.

Lease requirements for office space normally allow the landlord a certain amount of time to decide whether or not to rebuild, and then they usually have six months to do so, Leopold explains.

But clients can't afford to wait around for repairs before they start up again, particularly if there is any possibility rebuilding will not take place. Alexis Nihon Corp. of Montreal has so far not decided what to do about the destroyed building, says the company's secretary, Donald Michelin.

Temporary accommodation — besides being hard to find — can also create a quandary. If the new location turns out to be preferable to the old one, a burned-out tenant may have to pay rent for two locations, or incur heavy penalties for con-

travening the conditions of the lease.

Even so, securing new, if temporary, premises is a key part of disaster recovery, says Doug McCullagh, president of Montreal-based Cadre d'Informatique Protegees Inc., a company with 16 years' experience in disaster recovery that helped several key victims of the Alexis Nihon fire, including Steinberg.

But disaster recovery tends to concentrate on the replacement of the computer facilities, says Frank Bailey, manager of information services at Canadair Ltd. of Montreal, who is in charge of that company's disaster recovery plan. Space may be reserved in case of disaster, but often, he says, it is not nearly enough.

Enormous costs also tend to discourage advance planning. It costs about \$100,000 to create a computer system disaster recovery plan for a company the size of Canadair, says Bailey, and then around \$200,000 a year simply to keep it at the ready.

Lease requirements and high costs are buttressed in many cases by the false sense of security some businesses assume when a fire hall is close by.

They may also be lulled into complacency by the fact that some insurance companies have calculated that damage from fire in a standard office tower will normally be restricted to three floors. (In light of the Nihon disaster, at least one Montreal insurance company says it's reviewing that assumption.)

Yet, McCullagh says, "Regardless of the size of your company, disaster recovery must encompass the complete corporate structure." It is now part of the cost of doing business, of enabling a company to get back on its feet quickly, he says, "because, if you don't service your clients (after a disaster), your competition will."

Bernadette Cahill is a Montreal-based freelance writer.