

Q1 2010

Contents

Map	2
Ottawa	3
Downtown	4
Suburban East	7
Suburban West	9

Contacts

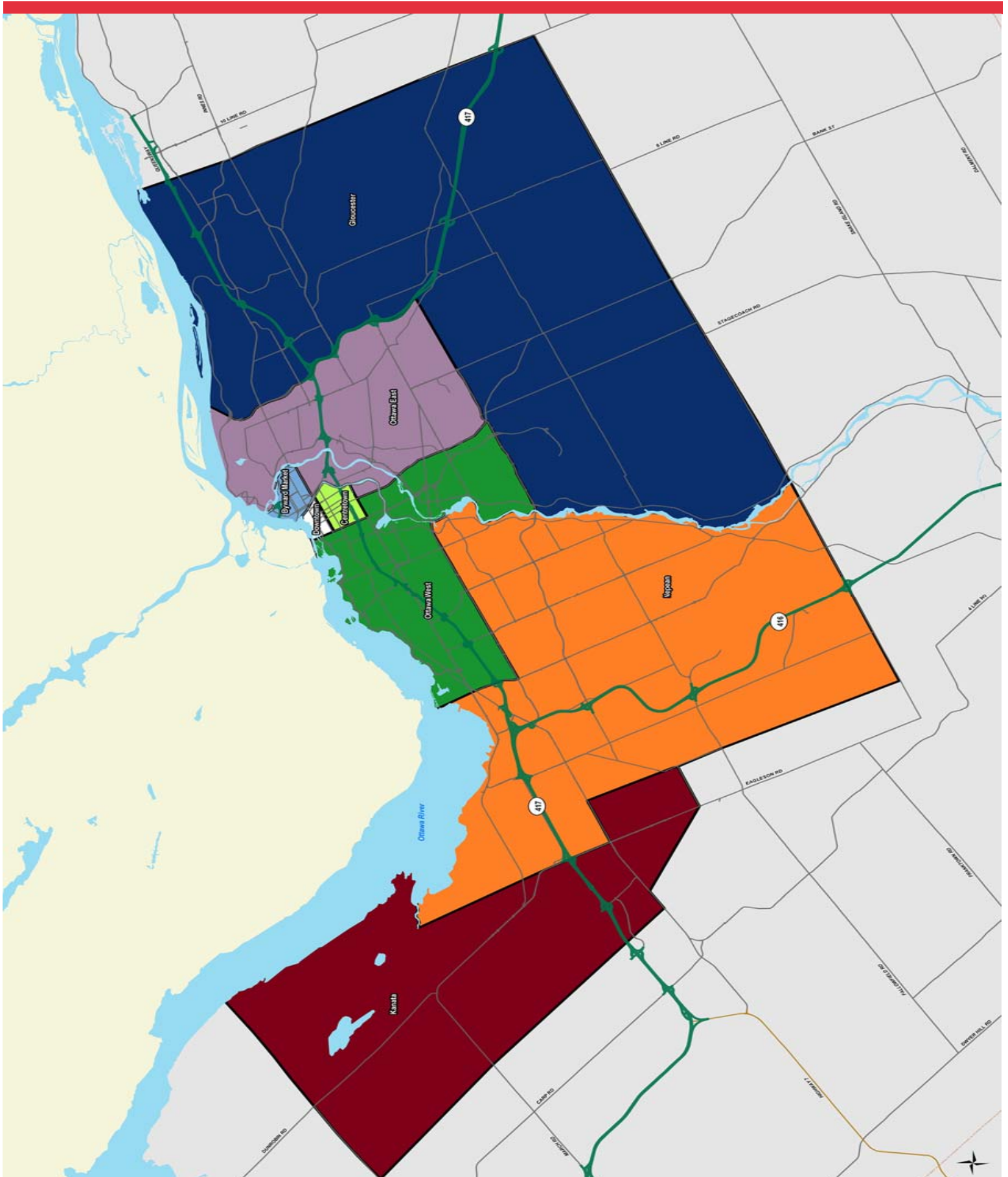
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Executive Summary

- Demand for office space in Ottawa rose in the first quarter of 2010 and as a whole saw 210,000 square feet of positive absorption. Ottawa's overall office market vacancy rate decreased by 62 basis points to 6.6% in the first quarter.
- The amount of sublet space increased in all submarkets in Ottawa except Kanata in Q1 2010. The percentage of vacant space that came from a sublet listing at the end of Q1 2010 was 30.8%.
- There is currently 595,000 square feet of office inventory under construction in Ottawa: 535,000 square feet Downtown (EDC's new headquarters at 150 Slater) scheduled for completion in Q3 2011, and 60,000 square feet in Ottawa East (Accreditation Canada's new headquarters at 1150 Cyrville Road) scheduled for completion in Q2 2010.
- Ottawa's overall average net rental rates decreased by \$0.10 to \$17.65 per square foot, while the average additional rent increased by \$0.14 to \$15.38 per square foot. Net rental rates Downtown and in the eastern suburbs will remain stable, while rates in Kanata and Nepean will continue to experience downward pressure as vacancy rates remain in double digits in 2010.
- Ottawa's Downtown market continues to be one of the tightest markets in North America. The vacancy rate rose for the fifth consecutive quarter by 21 basis points in Q1 2010 to 3.5%. Occupied space decreased by 31,000 square feet in Q1, as several large blocks of sublet space came onto the market which offset positive leasing activity. As of Q1 2010 there are eleven options immediately available greater than 10,000 sq ft, one of which is greater than 50,000 square feet.
- The Kanata market showed signs of improved leasing activity in Q1, as occupied space increased by 130,000 square feet. Overall vacancy decreased by 303 basis points to 14.8% in Q1 2010, mainly as a result of HP leasing two full floors in Dell's former building at 2500 Solandt Road.

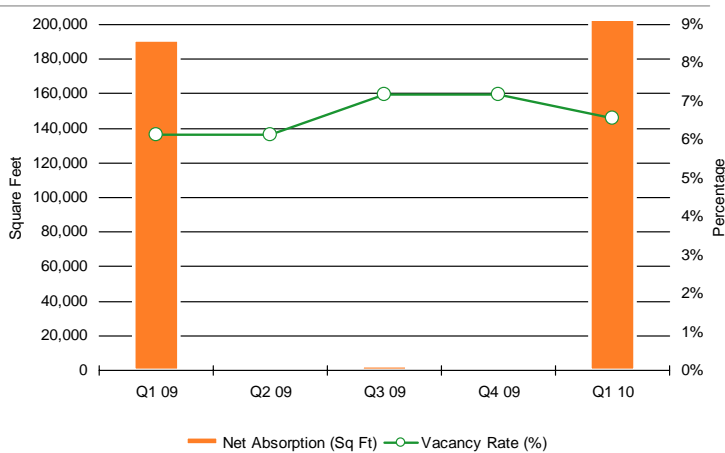


Market Summary

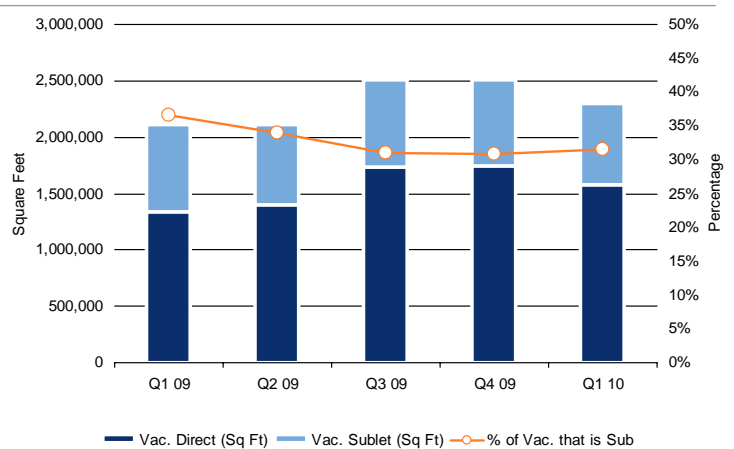
Market Area	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
Downtown	17,266,390	3.8%	77.3%	22.7%	\$21.41	\$18.16	535,000
Suburban East	4,913,652	2.5%	69.8%	30.2%	\$14.07	\$13.15	60,000
Suburban West	12,863,876	11.8%	64.5%	35.5%	\$13.98	\$12.48	0
OTTAWA	35,043,918	6.6%	68.5%	31.5%	\$17.65	\$15.32	595,000

* Market statistics, charts, and tables are based on the office inventory, excluding government occupied offices, owner occupied offices, and offices with less than 20,000 square feet of rentable office space.

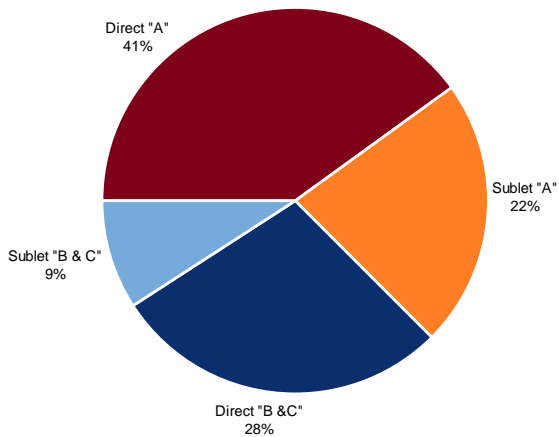
Absorption & Vacancy



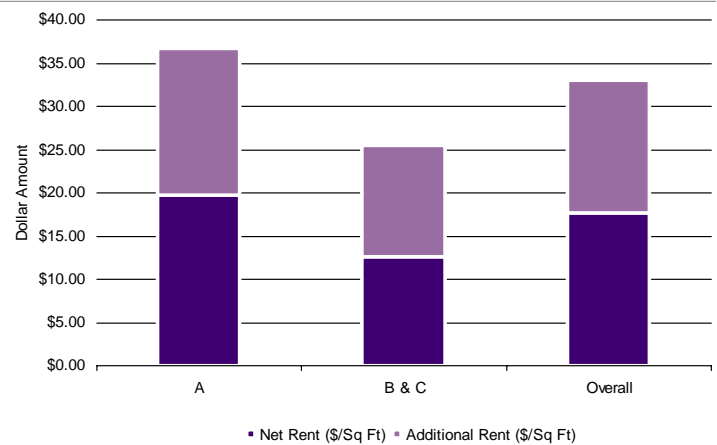
Direct & Sublet Vacancies



Vacancies by Class & Type



Weighted Average Asking Rates & Additional Rents



* Weighted average rents are calculated based on publicly advertised rental rates, which may or may not include inducements. Sample sizes vary node by node.

Map of Market Area



Notable Points

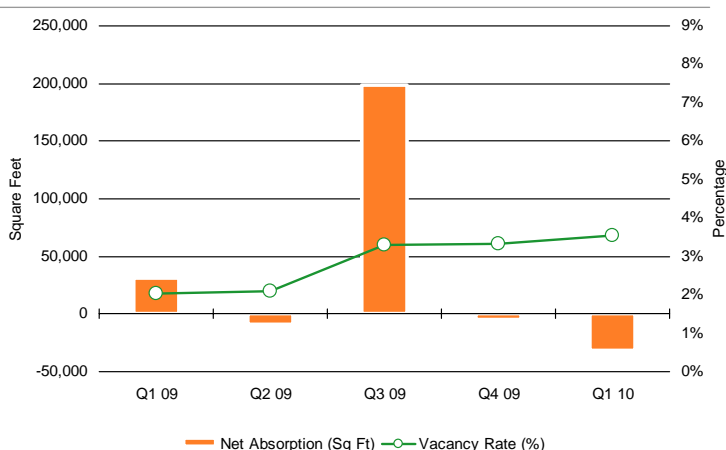
- The Ottawa office market experienced positive absorption this quarter after three quarters of virtually no growth
- The vacancy rate decreased by 62 basis points to 6.6% from Q4 2009 to Q1 2010
- Average asking rate for direct space across all office classes decreased by \$0.10 to \$17.65 from Q4 2009 to Q1 2010
- Average additional rental rates increased by \$0.14 to \$15.38 from Q4 2009 to Q1 2010
- There are 2 office buildings currently under construction in Ottawa
- There are two opportunities for 100,000 square feet and greater spaces

Market Summary

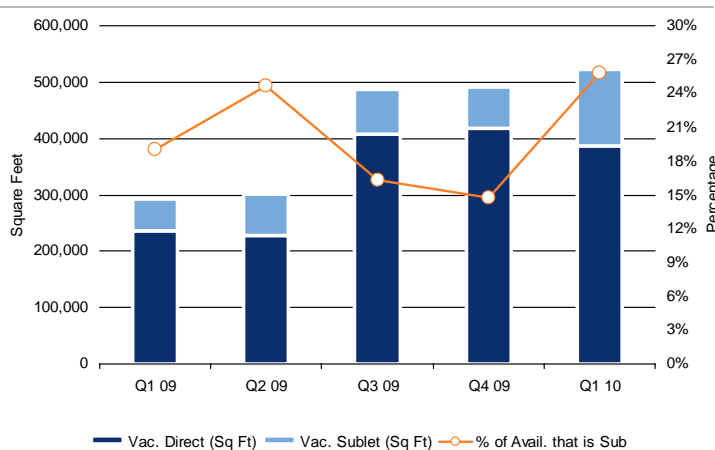
Class	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	9,189,726	3.3%	66.2%	33.8%	\$25.64	\$21.10	535,000
B	4,358,224	2.7%	79.0%	21.0%	\$17.62	\$16.61	0
C	1,265,596	8.2%	91.8%	8.2%	\$16.28	\$11.36	0
CBD	14,813,546	3.5%	74.2%	25.8%	\$22.48	\$18.95	535,000

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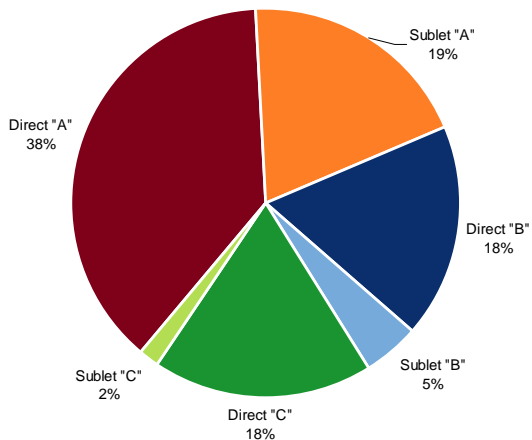
Absorption & Vacancy



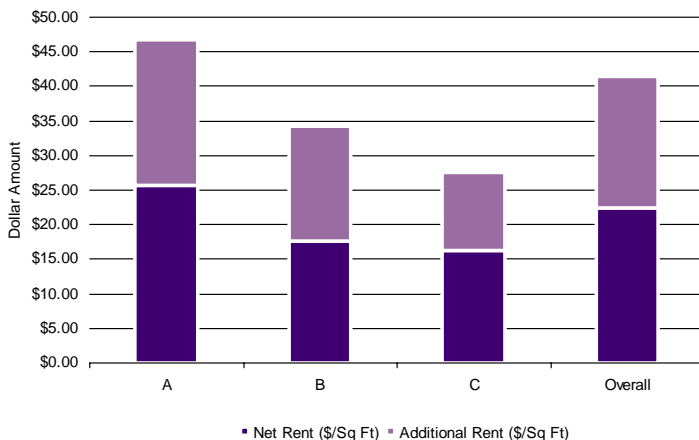
Direct & Sublet Vacancies



Vacancies by Class & Type

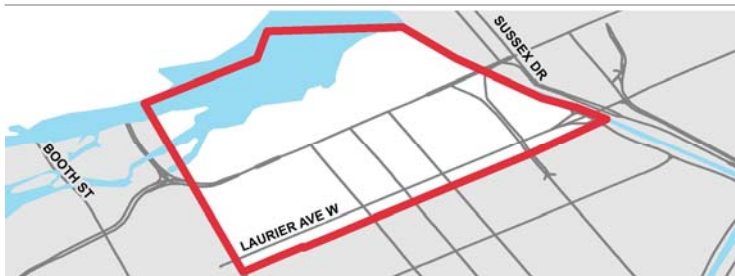


Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

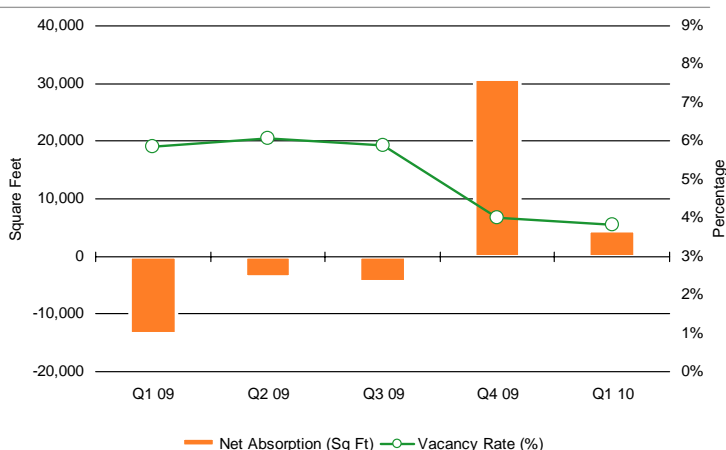
- The Downtown (CBD) market node experienced negative net absorption for the second consecutive quarter
- The vacancy rate increased by 21 basis points to 3.5% from Q4 2009 to Q1 2010
- Average asking rate for direct space across all office classes decreased by \$0.24 to \$25.64 from Q4 2009 to Q1 2010
- There is one office building currently under construction in the Central Business District market – EDC's new 535,000 sq ft headquarters at 150 Slater Street.
- As of Q1 2010, there is one space of 50,000 square feet and greater space immediately available, with two additional spaces coming onto the market in Q1 2011.

Market Summary

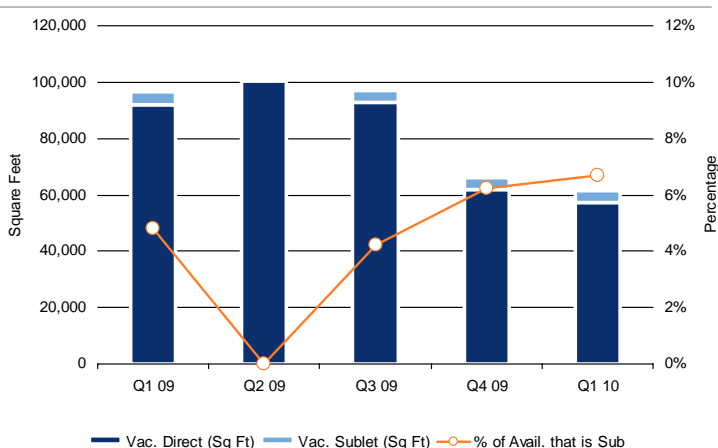
Class	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
B	904,663	2.9%	100.0%	0.0%	\$16.81	\$14.13	0
C	703,908	5.0%	88.4%	11.6%	\$10.83	\$11.46	0
Centretown	1,608,571	3.8%	93.3%	6.7%	\$14.19	\$12.96	0

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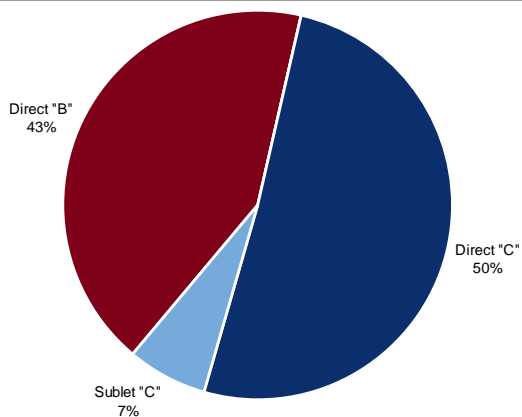
Absorption & Vacancy



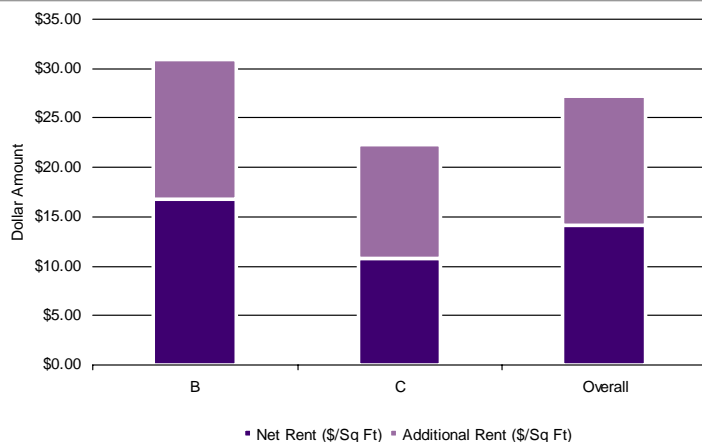
Direct & Sublet Vacancies



Vacancies by Class & Type



Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

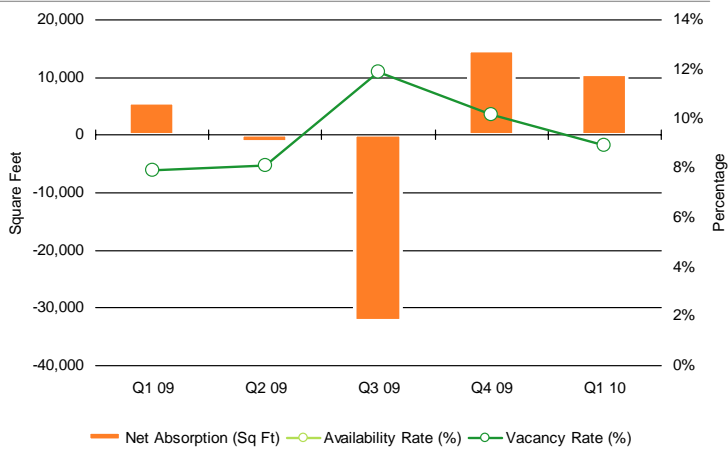
- The Centretown market experienced positive net absorption for the second consecutive quarter
- The vacancy rate decreased by 18 basis points to 3.8% from Q4 2009 to Q1 2010
- The average net asking rental rates increased by \$0.09 to \$14.19
- There are no office buildings currently under construction in Centretown
- There are no opportunities for 10,000 square feet and greater spaces.

Market Summary

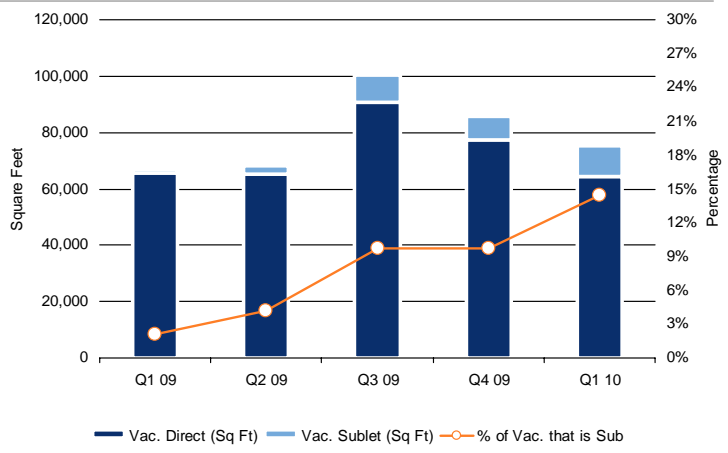
Class	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	335,217	5.0%	77.3%	22.7%	\$17.36	\$16.51	0
B & C	509,056	11.5%	87.9%	12.1%	\$15.72	\$12.70	0
Byward Market	844,273	8.9%	85.6%	14.4%	\$16.37	\$14.21	0

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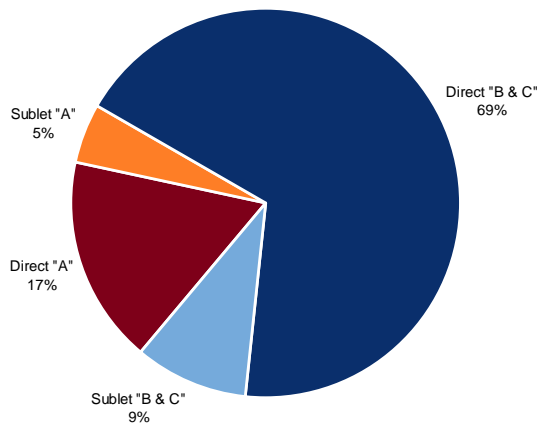
Absorption & Vacancy



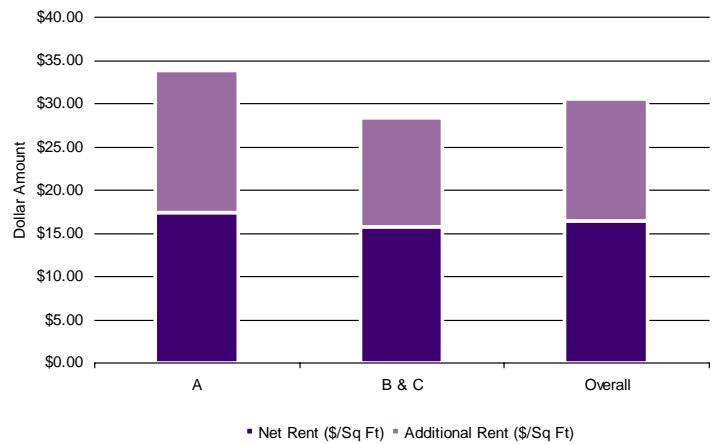
Direct & Sublet Vacancies



Vacancies by Class & Type



Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

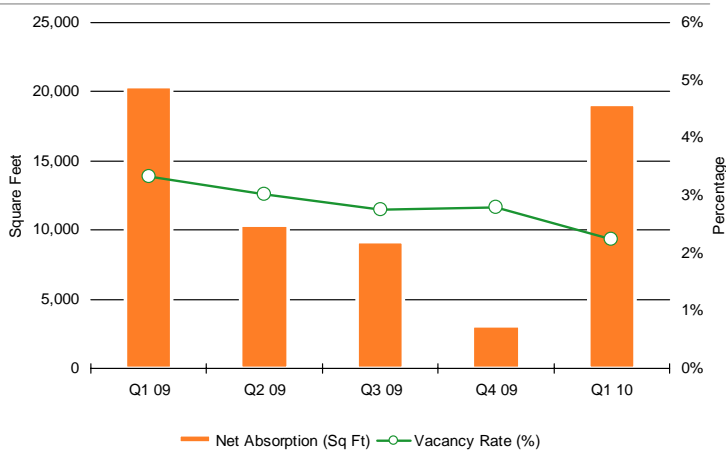
- The Byward Market experienced positive net absorption for the second consecutive quarter
- The vacancy rate decreased by 125 basis points to 8.9% from Q4 2009 to Q1 2010
- The average net asking rental rates increased \$0.16 to \$16.37 from Q4 2009 to Q1 2010
- There are no office buildings currently under construction in the Byward Market
- There is three opportunities for 10,000 square feet and greater spaces

Market Summary

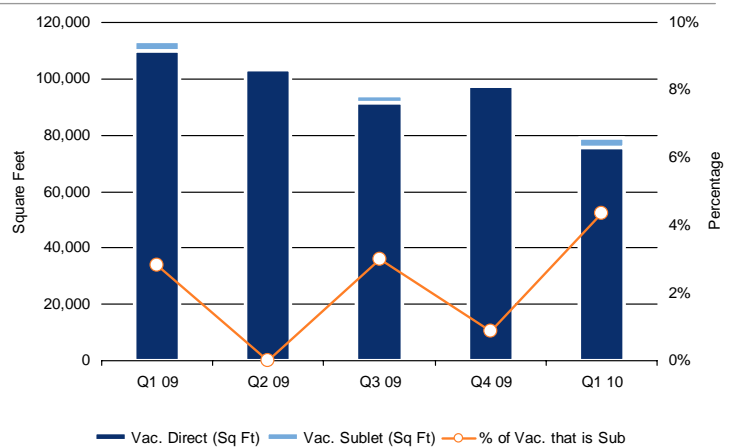
Class	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	1,489,981	0.8%	92.5%	7.5%	\$13.57	\$13.01	60,000
B & C	2,028,066	3.3%	96.2%	3.8%	\$12.87	\$11.07	0
Ottawa East	3,518,047	2.2%	95.6%	4.4%	\$13.17	\$11.89	60,000

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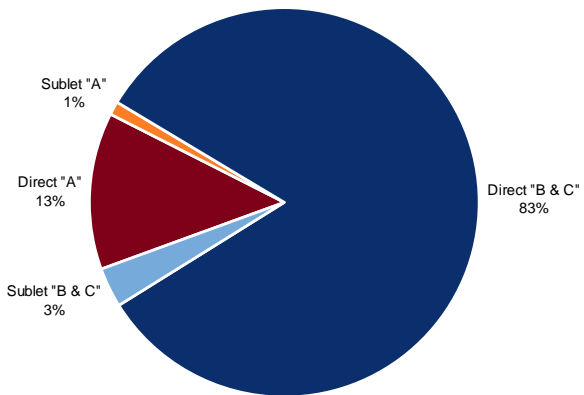
Absorption & Vacancy



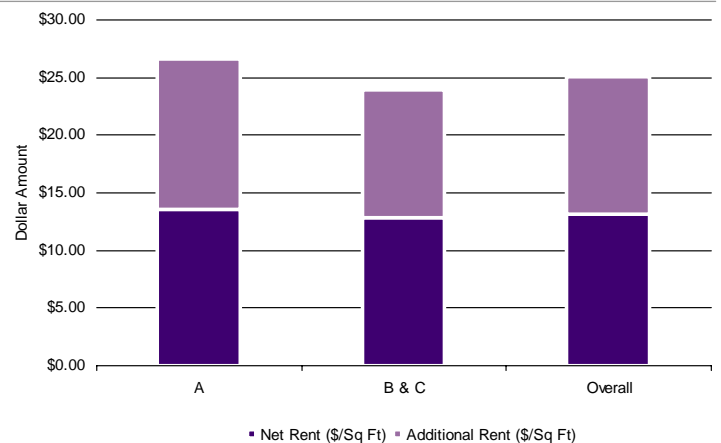
Direct & Sublet Vacancies



Vacancies by Class & Type



Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

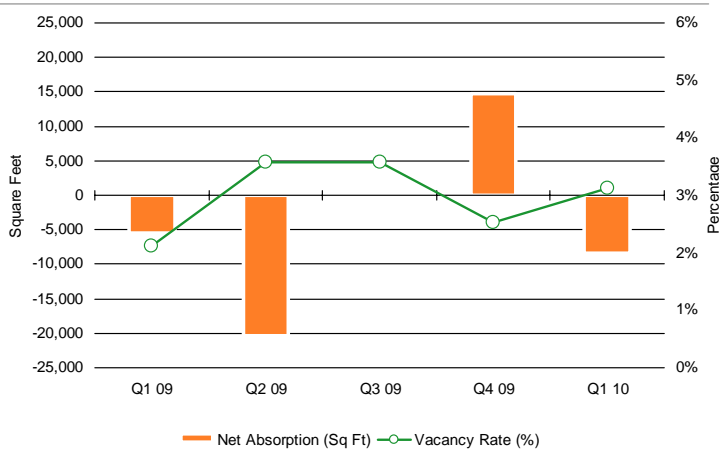
- The Ottawa East market experienced positive absorption for the fifth consecutive quarter
- The vacancy rate decreased by 55 basis points to 2.2% from Q4 2009 to Q1 2010
- The average net asking rates remained unchanged at \$13.17
- There is currently one office building under construction in Ottawa East at 1150 Cyrville Road
- There are no opportunities for 10,000 square feet and greater spaces.

Market Summary

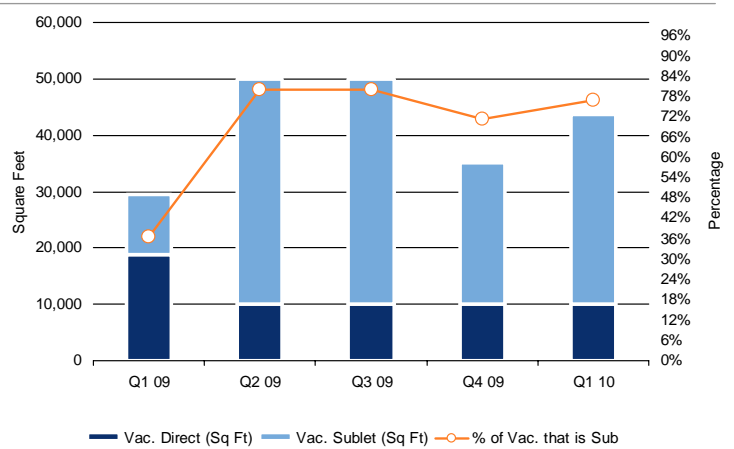
Class	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	1,274,823	3.3%	21.1%	78.9%	\$16.78	\$16.94	0
B & C	120,782	0.8%	100.0%	0.0%	\$11.79	\$10.09	0
Gloucester	1,395,605	3.1%	22.9%	77.1%	\$16.35	\$16.34	0

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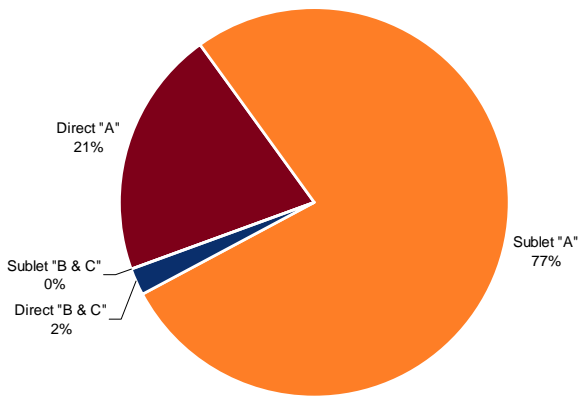
Absorption & Vacancy



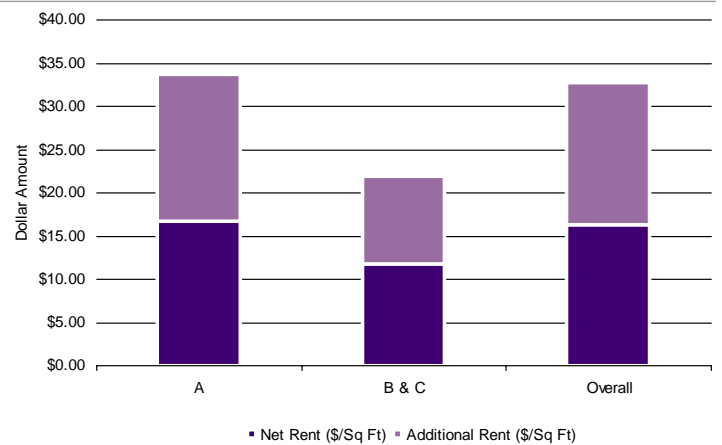
Direct & Sublet Vacancies



Availabilities by Class & Type



Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

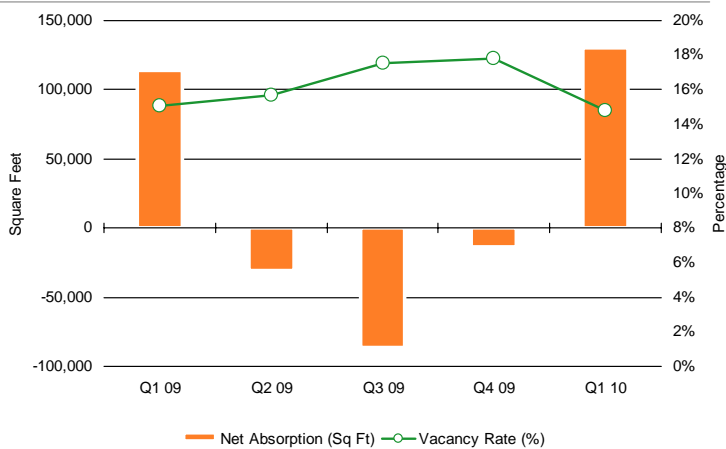
- The Gloucester market area experienced negative net absorption this quarter
- The vacancy rate increased by 61 basis points to 3.1% from Q4 2009 to Q1 2010
- The average net asking rental rates increased by \$0.07 to \$16.35
- There are no office buildings currently under construction in Gloucester
- There are two opportunities for 10,000 square feet and greater spaces

Market Summary

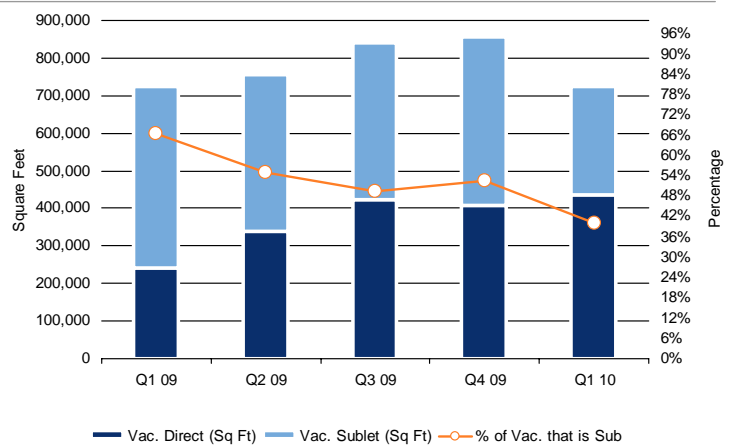
Class	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	3,981,474	15.9%	56.5%	43.5%	\$12.71	\$12.38	0
B & C	927,059	9.9%	84.9%	15.1%	\$9.09	\$9.04	0
Kanata	4,908,533	14.8%	60.1%	39.9%	\$12.02	\$11.75	0

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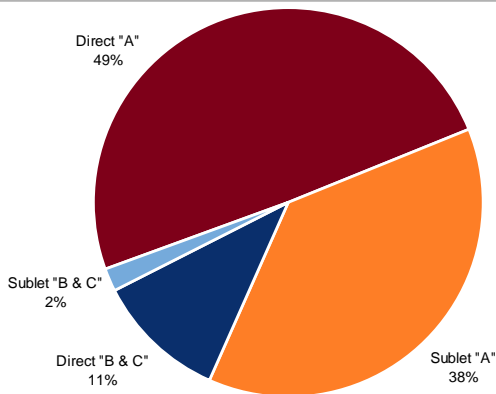
Absorption & Vacancy



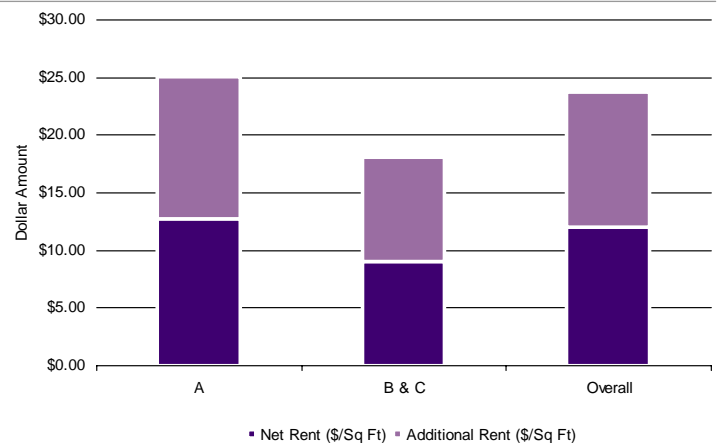
Direct & Sublet Vacancies



Vacancies by Class & Type

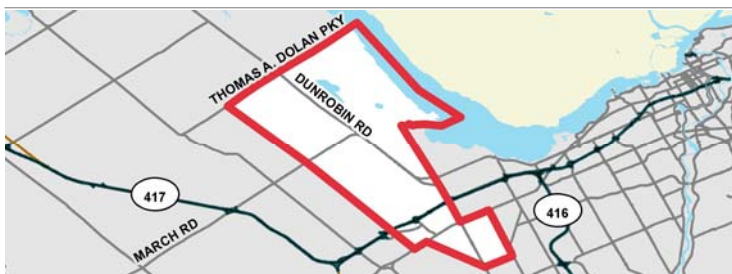


Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

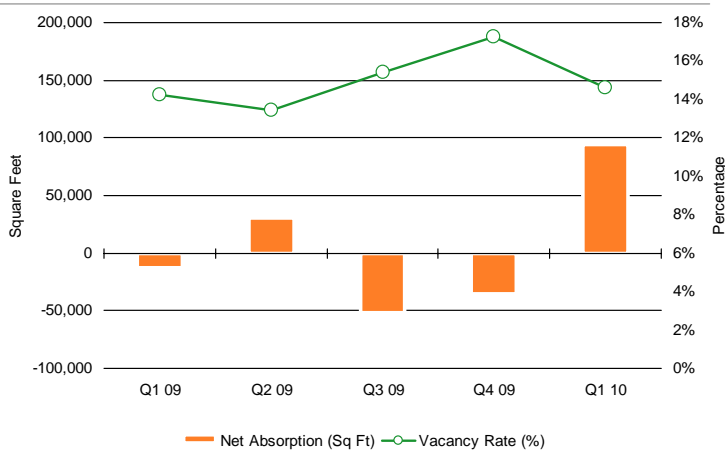
- The Kanata market experienced positive absorption this quarter
- The vacancy rate decreased by 303 basis points to 14.8% from Q4 2009 to Q1 2010
- The average net asking rental rate decreased by \$0.23 to \$12.02 from Q4 2009 to Q1 2010
- There are three opportunities for 50,000 square feet and greater spaces

Market Summary

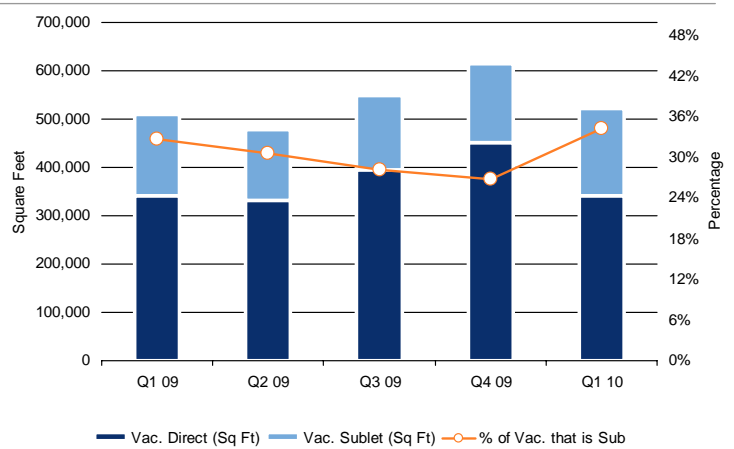
Class	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	1,948,937	13.8%	86.5%	13.5%	\$14.57	\$11.89	0
B & C	1,620,953	15.6%	43.5%	56.5%	\$12.09	\$9.47	0
Nepean	3,569,890	14.6%	65.7%	34.3%	\$13.44	\$10.79	0

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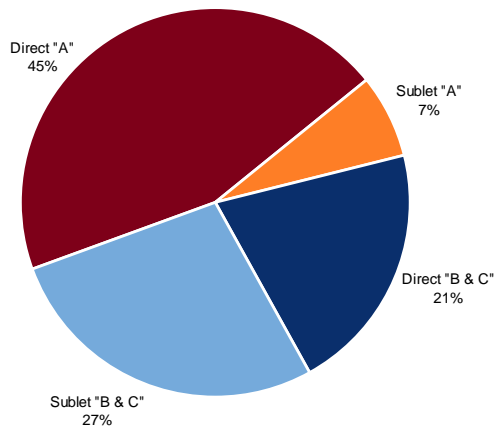
Absorption & Vacancy



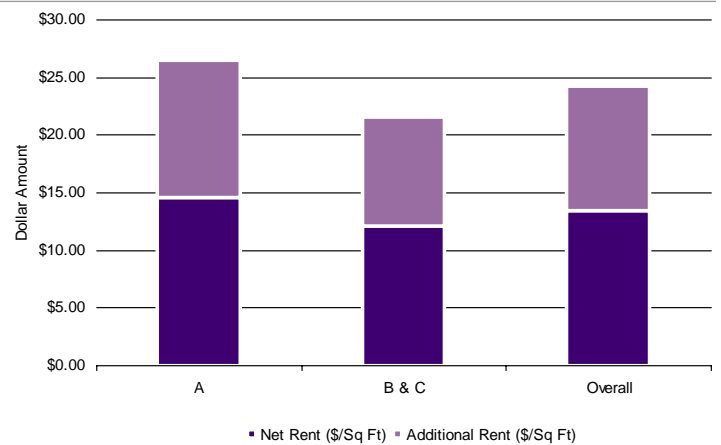
Direct & Sublet Vacancies



Vacancies by Class & Type

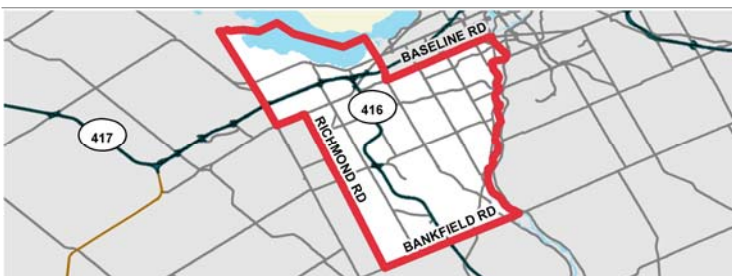


Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

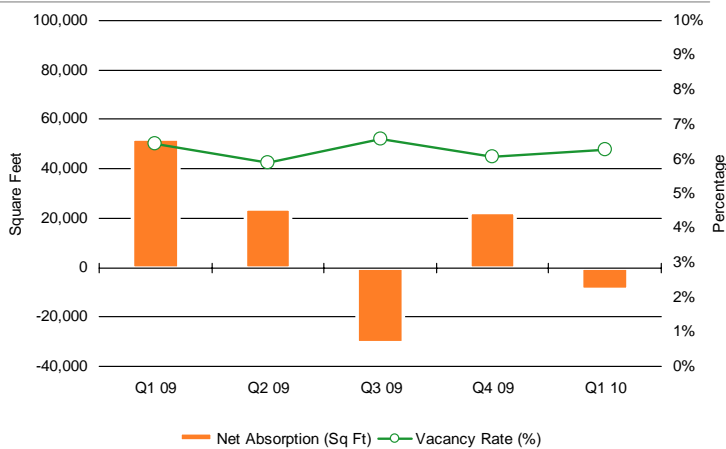
- The Nepean market area experienced positive absorption in Q1 2010
- The vacancy rate decreased by 265 basis points to 14.6%
- Average net asking rental rate decreased by \$0.04 to \$13.44 from Q4 2009 to Q1 2010
- There are no office buildings currently under construction in Nepean
- There are two opportunities for 50,000 square feet and greater spaces

Market Summary

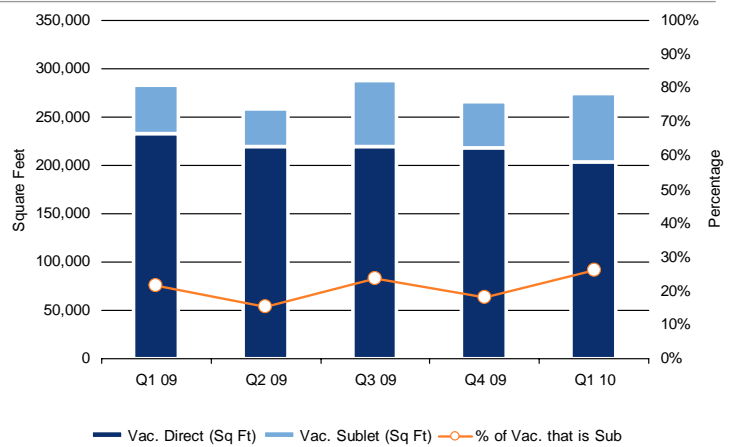
Class	Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	2,850,465	5.8%	60.9%	39.1%	\$18.33	\$15.87	0
B & C	1,534,988	6.7%	94.0%	6.0%	\$13.41	\$12.48	0
Ottawa West	4,385,453	6.3%	74.0%	26.0%	\$16.61	\$14.69	0

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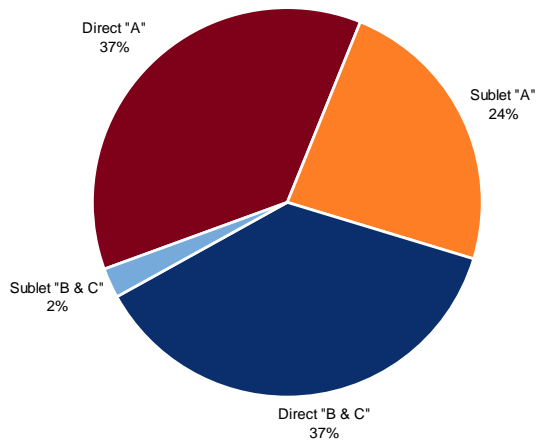
Absorption & Vacancy



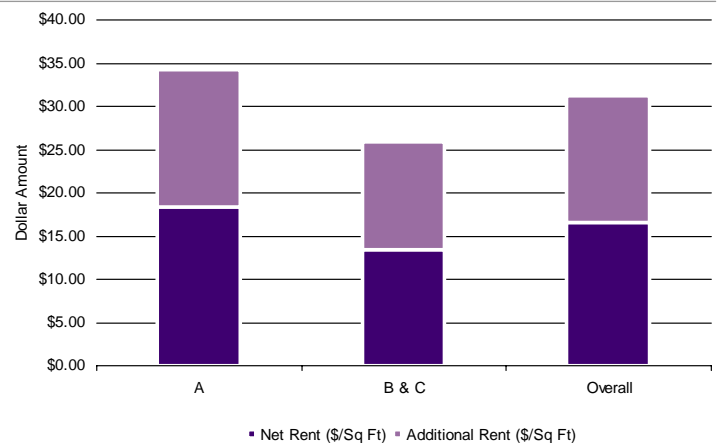
Direct & Sublet Vacancies



Vacancies by Class & Type

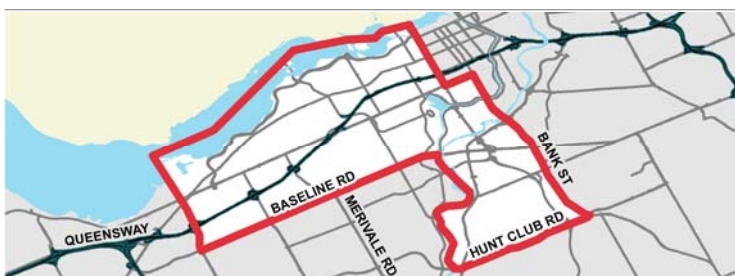


Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

- The Ottawa West market area experienced negative absorption this quarter
- The vacancy rate increased by 20 basis points to 6.3%
- Average net asking rental rates increased \$0.27 to \$16.61
- There are no office buildings currently under construction in Ottawa West
- There is one opportunity for 25,000 square feet and greater spaces

Disclaimer

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