

Q2 2010

Contents

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

Contacts

Paul Mullin

Research Coordinator
+1 613 563 5231
paul.mullin@dtzbarnicke.com

DTZ Barnicke

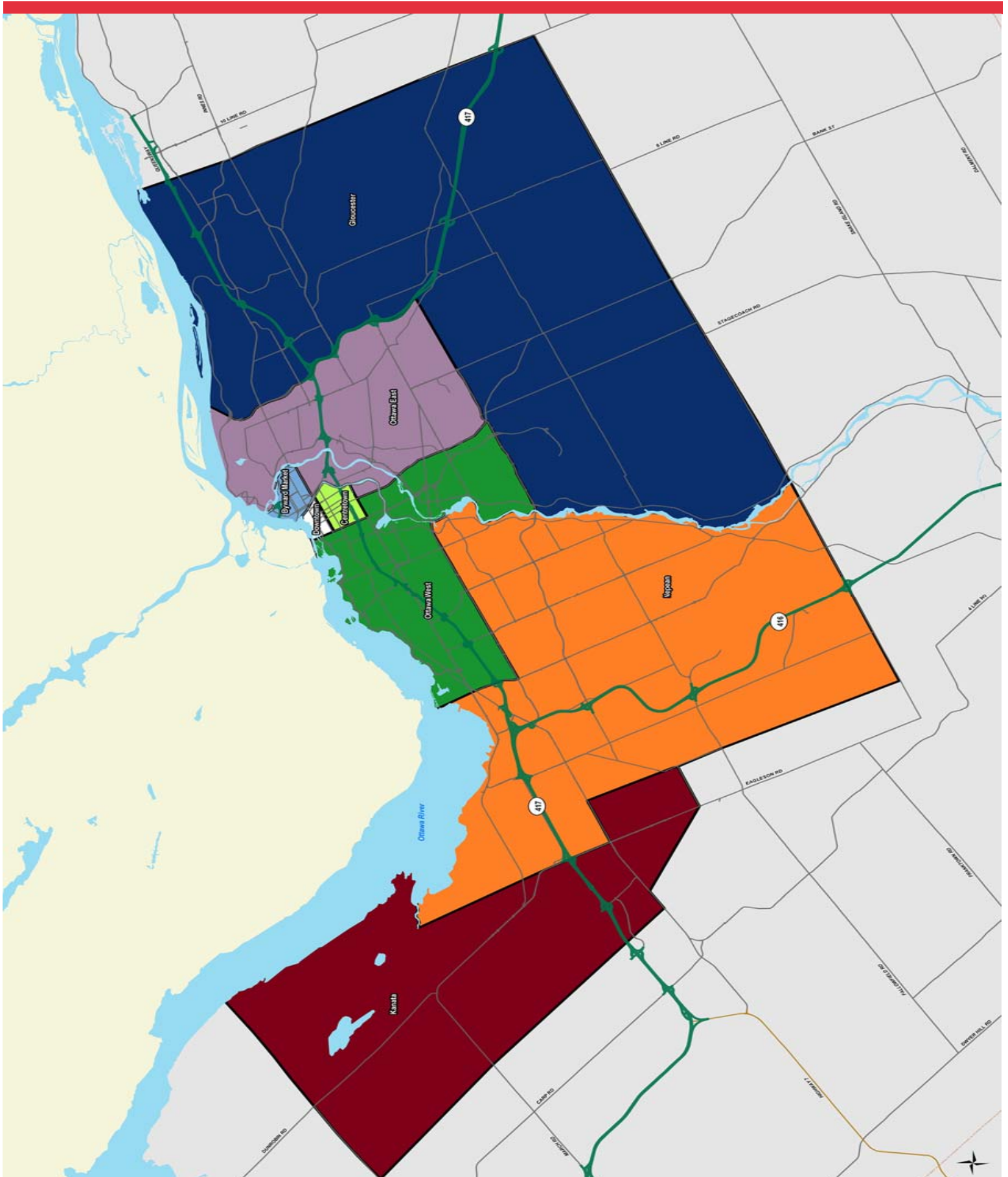
1300-340 Albert Street
Ottawa, Ontario, Canada, K1R 7Y6

Tel: +1 613 232 1215

Fax: +1 613 232 2136

Executive Summary

- Overall, leasing markets continued to improve with a second quarter of positive net absorption. Approximately 250,000 square feet of office space was leased relative to the number of suites that came to the market in Q2 2010. Ottawa's overall office market vacancy rate decreased by 49 basis points to 6.1% in the second quarter.
- The amount of sublet space increased in the Downtown, Ottawa East, and Nepean markets in the second quarter. The percentage of vacant space that came from a sublet listing at the end of Q2 2010 was 29.3%.
- Supply of office inventory in Ottawa was met by the addition of one new building in Q2 2010. In Ottawa East, 1150 Cyrville Road, Accreditation Canada's new headquarters, added 60,000 square feet to the market.
- There is currently only one building under construction in Ottawa, EDC's new headquarters at 150 Slater Street in the Downtown Core which is scheduled for completion in Q3 2011.
- Ottawa's overall average asking rates decreased by \$0.13 to \$17.52 per square foot, while the average additional rent increased by \$0.01 to \$15.39 per square foot. Net rental rates Downtown will begin to experience downward pressure as vacancy rates continue to creep upwards throughout 2010 and early 2011. While rates in Kanata and Nepean will continue to experience downward pressure as vacancy rates will likely remain in the double digits in 2010.
- Ottawa's downtown market continues to loosen as large blocks of office space come onto the market. The vacancy rate rose for the sixth consecutive quarter by 15 basis points in Q2 2010 to 3.7%. Occupied space decreased by 23,000 square feet in Q2. As of Q2 2010 there are 14 options immediately available greater than 10,000 sq ft, of which one space is greater than 50,000 square feet. Looking ahead to 2011, there are several large blocks totaling in excess of 234,000 sq ft expected to come onto the market at the Sun Life Financial Centre, which would result in the downtown vacancy rate rising above 6%.
- The Kanata market for the second consecutive quarter was the top performing market in Ottawa, where 72% of all net absorption in Ottawa has occurred in the first half of the year. Kanata's vacancy decreased by 361 basis points to 11.2% in Q2 2010, mainly as a result of RIM leasing Dell's former building at 1001 Farrar Road.

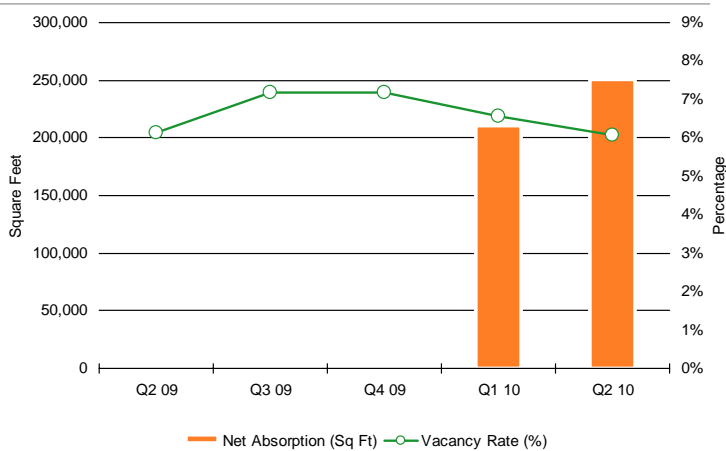


Market Summary

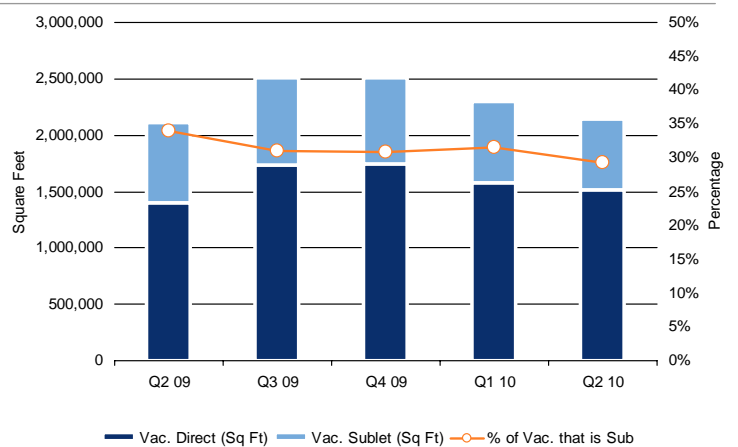
Market Area	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
Downtown	17,266,390	3.8%	65.8%	34.2%	\$21.33	\$18.21	535,000
Suburban East	5,010,181	3.0%	81.0%	19.0%	\$13.71	\$13.15	0
Suburban West	12,876,366	10.4%	72.0%	28.0%	\$13.89	\$12.48	0
OTTAWA	35,152,937	6.1%	70.7%	29.3%	\$17.52	\$15.39	535,000

* 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.

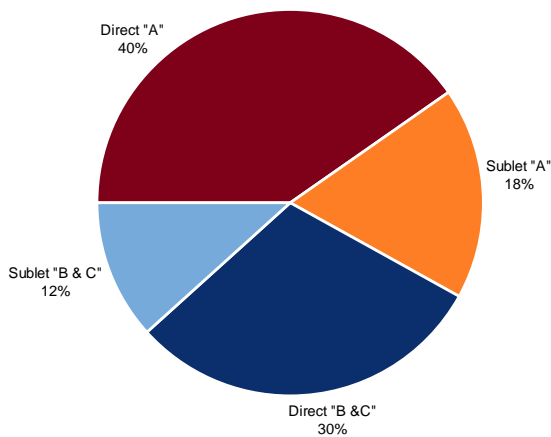
Absorption & Vacancy



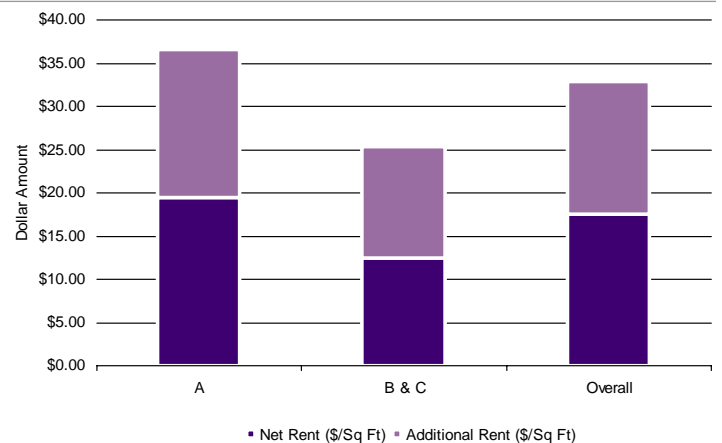
Direct & Sublet Vacancies



Vacancies by Class & Type

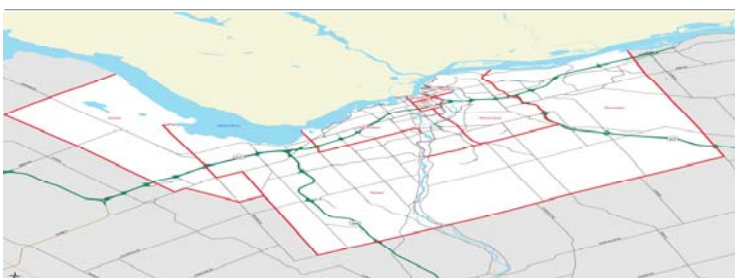


Weighted Average Asking Rates & Additional Rents



* 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 for the second consecutive quarter after three consecutive quarters of no growth
- The vacancy rate decreased by 49 basis points to 6.1% from Q1 2010 to Q2 2010
- Average asking rate for direct space across all office classes decreased by \$0.13 to \$17.52 from Q1 2010 to Q2 2010
- Average additional rental rates increased by \$0.01 to \$15.39 from Q1 2010 to Q2 2010
- There is one office building currently under construction in Ottawa
- There is one opportunity of space equal to or greater than 100,000 square feet in Ottawa

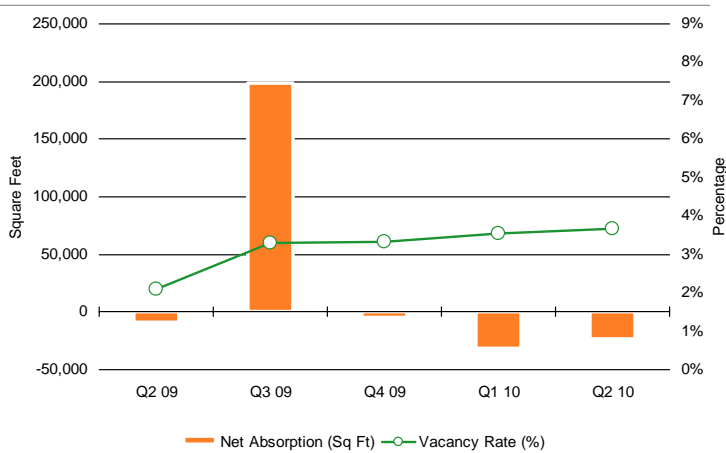
Ottawa - Downtown – Central Business District

Market Summary

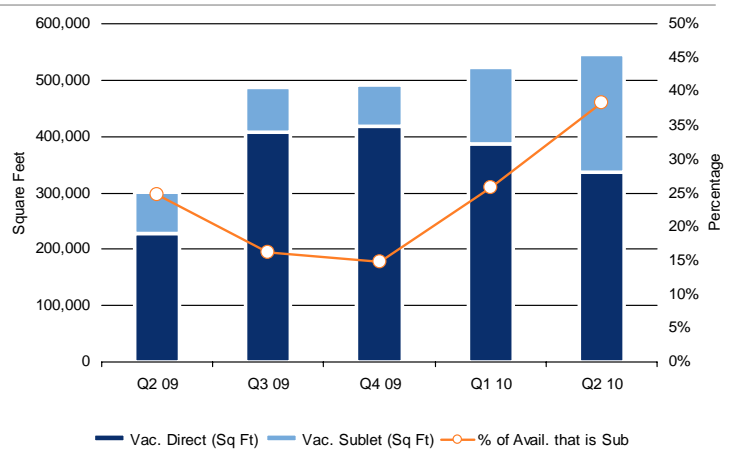
Class	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	9,189,726	3.6%	46.3%	53.7%	\$25.34	\$21.15	535,000
B	4,358,224	2.9%	79.2%	20.8%	\$17.85	\$16.66	0
C	1,265,596	6.8%	95.3%	4.7%	\$16.58	\$11.46	0
CBD	14,813,546	3.7%	61.7%	38.3%	\$22.39	\$19.00	535,000

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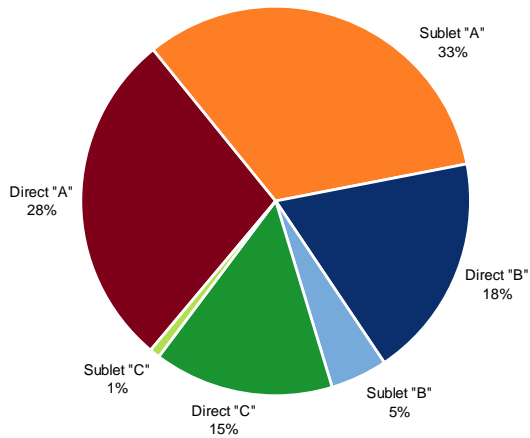
Absorption & Vacancy



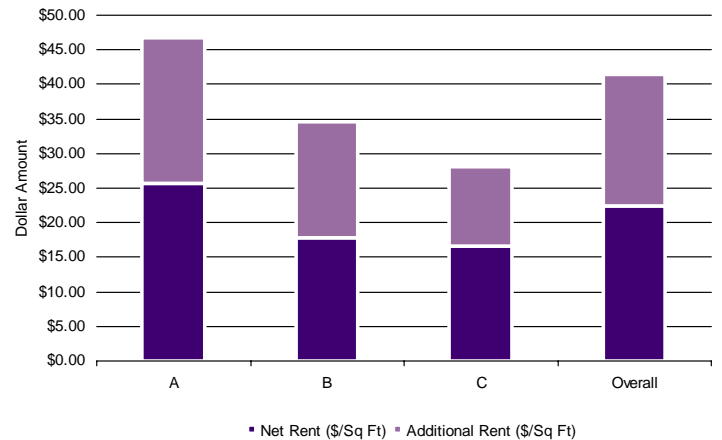
Direct & Sublet Vacancies



Vacancies by Class & Type

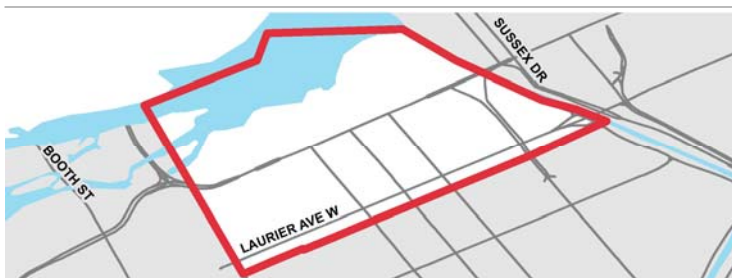


Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

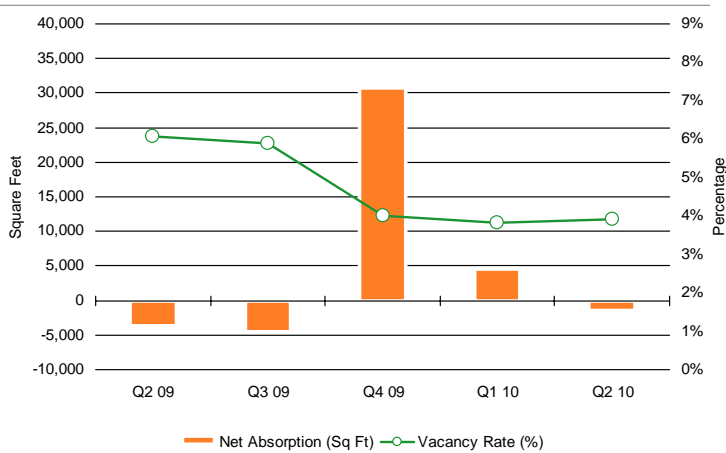
- The Downtown (CBD) market node experienced negative net absorption for the third consecutive quarter
- The vacancy rate increased by 15 basis points to 3.7% from Q1 2010 to Q2 2010
- Average asking rate for direct space across all office classes decreased by \$0.09 to \$22.39 from Q1 2010 to Q2 2010
- 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.
- There is one opportunity of space equal to or greater than 50,000 square feet in this market

Market Summary

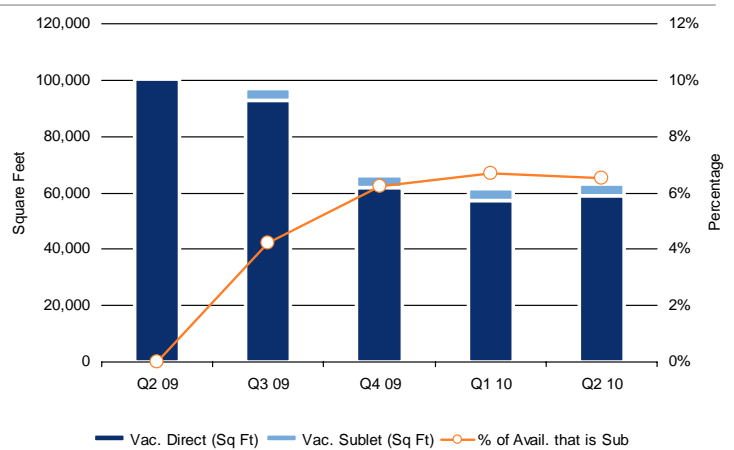
Class	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
B	904,663	3.1%	100.0%	0.0%	\$16.81	\$14.16	0
C	703,908	5.0%	88.4%	11.6%	\$10.83	\$11.46	0
Centretown	1,608,571	3.9%	93.5%	6.5%	\$14.19	\$12.96	0

* 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.

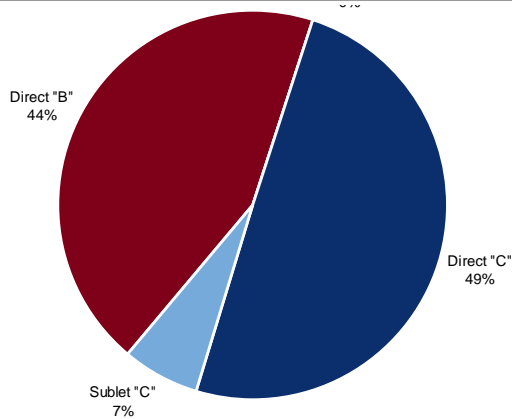
Absorption & Vacancy



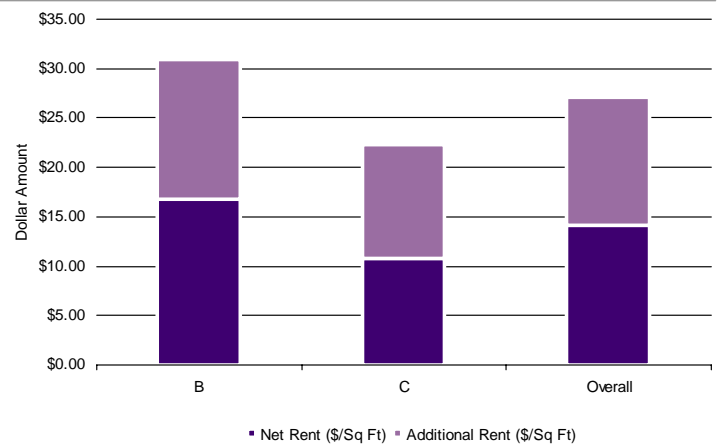
Direct & Sublet Vacancies



Vacancies by Class & Type



Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

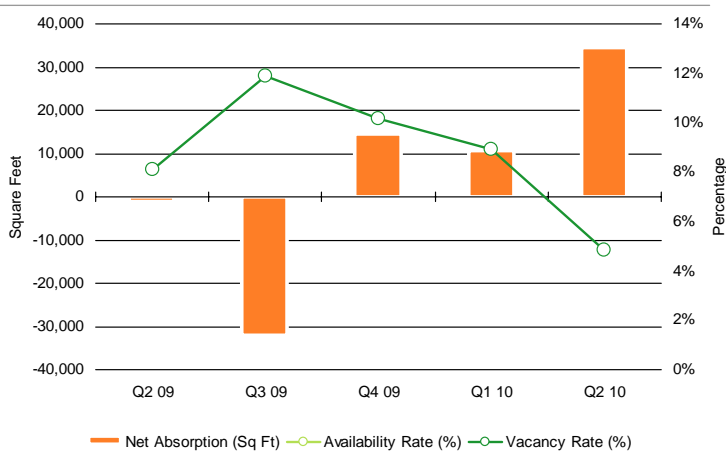
- The Centretown market experienced negative net absorption this quarter
- The vacancy rate increased by 9 basis points to 3.9% from Q1 2010 to Q2 2010
- The average net asking rental rates was unchanged at \$14.19
- There are no office buildings currently under construction in Centretown
- There are no opportunities for 10,000 square feet and greater spaces.

Market Summary

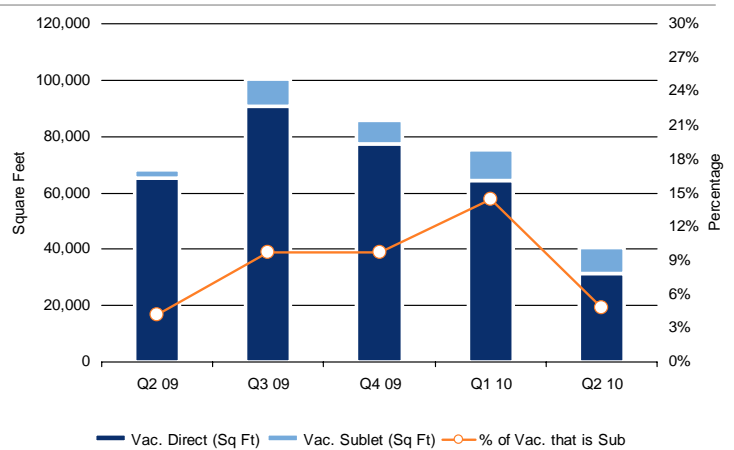
Class	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	335,217	5.0%	77.3%	22.7%	\$17.36	\$16.55	0
B & C	509,056	4.7%	77.4%	22.6%	\$15.91	\$12.70	0
Byward Market	844,273	4.8%	85.6%	14.4%	\$16.49	\$14.22	0

* 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.

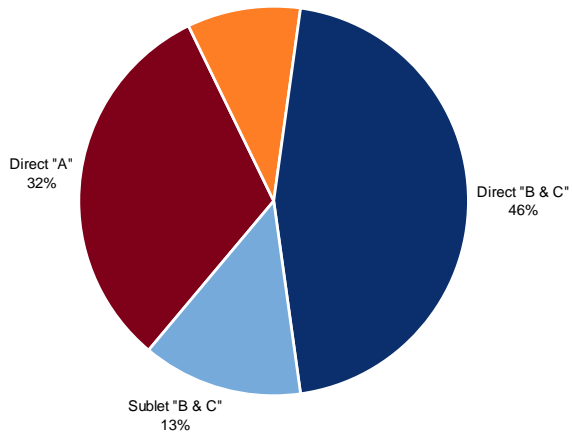
Absorption & Vacancy



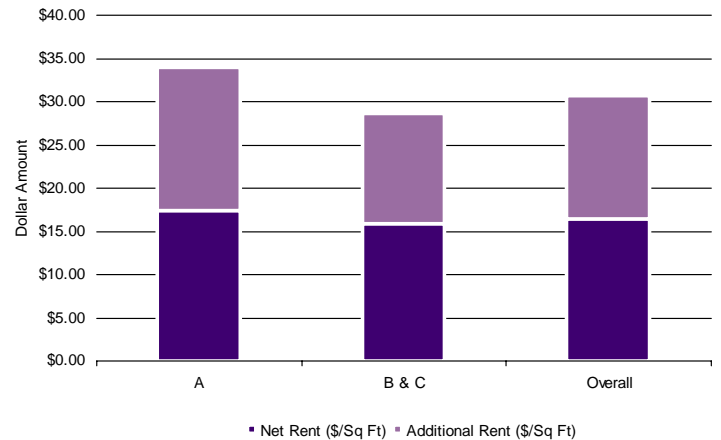
Direct & Sublet Vacancies



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

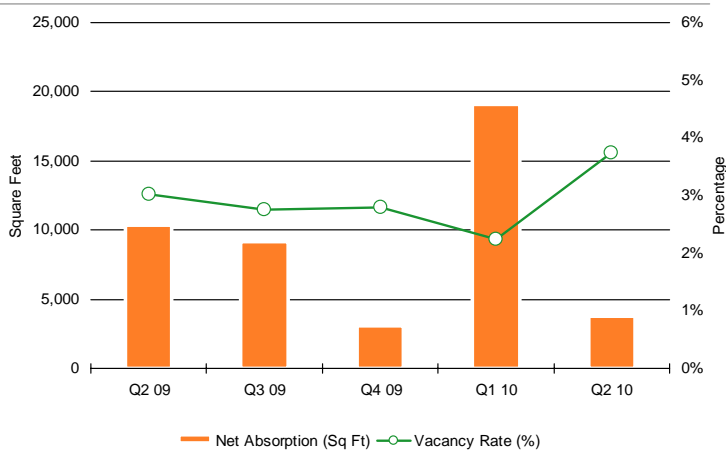
- The Byward Market experienced positive net absorption for the third consecutive quarter, mainly as a result of 10 Rideau being fully leased to Open Text and the Federation of Canadian Municipalities
- The vacancy rate decreased by 409 basis points to 4.8% from Q1 2010 to Q2 2010
- The average net asking rental rates increased \$0.12 to \$16.49 from Q1 2010 to Q2 2010
- There are no office buildings currently under construction in the Byward Market
- There are two opportunities for 10,000 square feet and greater spaces

Market Summary

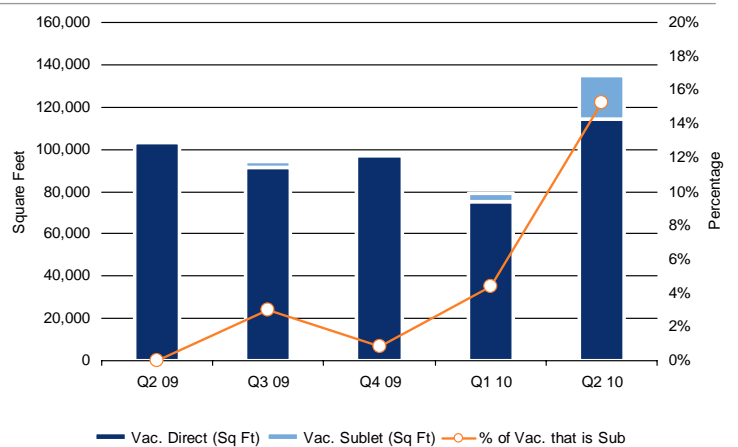
Class	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	1,549,981	3.3%	100.0%	0.0%	\$14.27	\$12.38	0
B & C	2,064,595	4.0%	75.3%	24.7%	\$11.50	\$10.83	0
Ottawa East	3,614,576	3.7%	84.7%	15.3%	\$12.64	\$11.49	0

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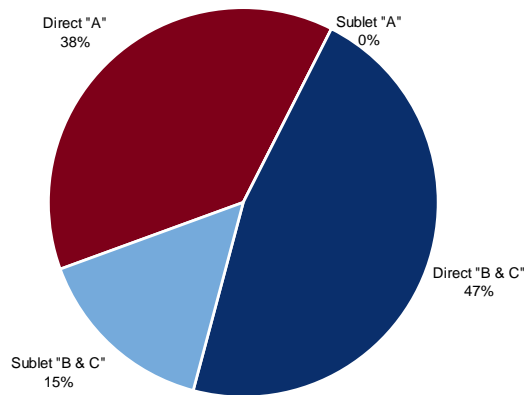
Absorption & Vacancy



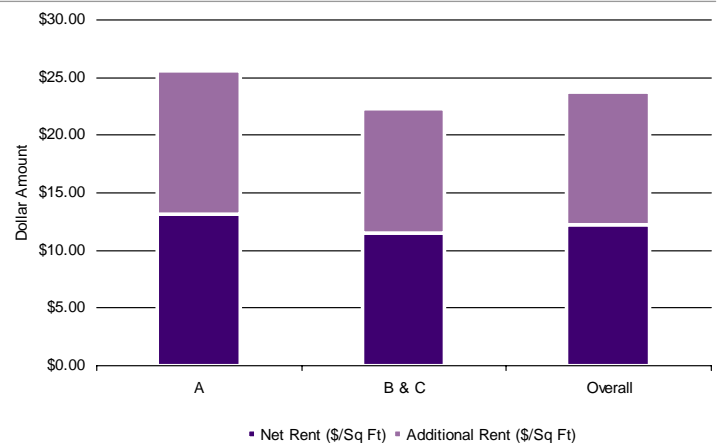
Direct & Sublet Vacancies



Vacancies by Class & Type



Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

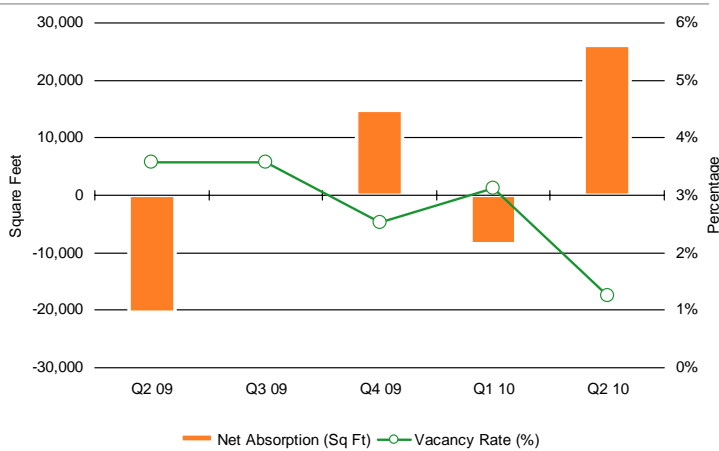
- The Ottawa East market experienced positive absorption for the sixth consecutive quarter
- The vacancy rate increased by 150 basis points to 3.7% from Q1 2009 to Q2 2010
- The average net asking rates decreased by \$0.48 to \$12.69
- There was one office building completed in Ottawa East at 1150 Cyrville Road which was released to Accreditation Canada and added 60,000 sq ft to the inventory
- There are three opportunities of space equal to or greater than 10,000 square feet in this market

Market Summary

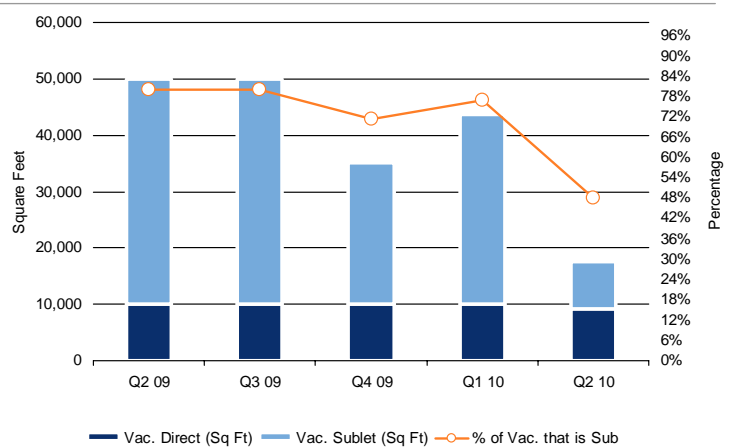
Class	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	1,274,823	1.3%	49.0%	51.0%	\$16.78	\$16.94	0
B & C	120,782	0.8%	100.0%	0.0%	\$11.79	\$10.09	0
Gloucester	1,395,605	1.3%	51.9%	48.1%	\$16.35	\$16.34	0

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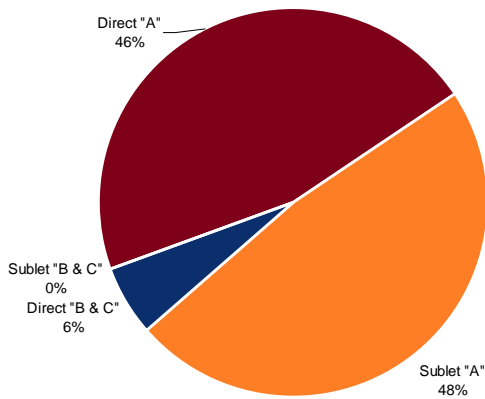
Absorption & Vacancy



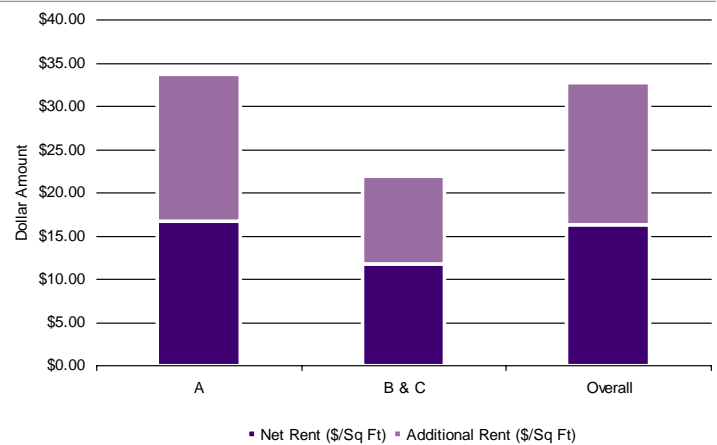
Direct & Sublet Vacancies



Availabilities by Class & Type



Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

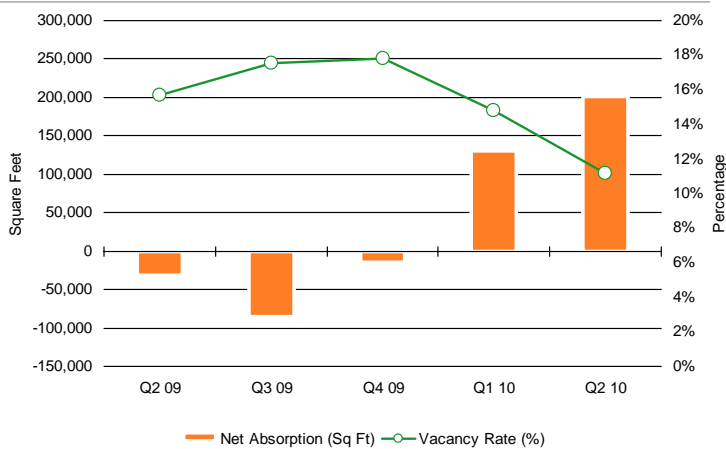
- The Gloucester market area experienced positive net absorption this quarter
- The vacancy rate decreased by 187 basis points to 1.3% from Q1 2010 to Q2 2010
- The average net asking rental rates remained at \$16.35
- There are no office buildings currently under construction in Gloucester
- There are no opportunities for 10,000 square feet and greater spaces

Market Summary

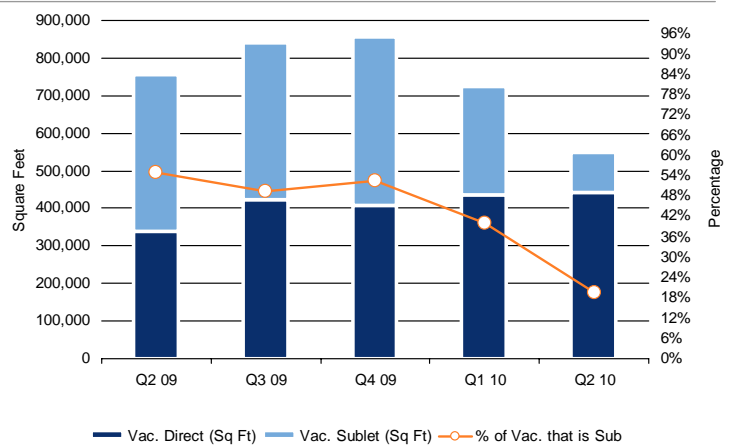
Class	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	3,981,474	10.0%	82.9%	17.1%	\$12.38	\$12.50	0
B & C	939,549	16.0%	73.5%	26.5%	\$8.61	\$8.14	0
Kanata	4,921,023	11.2%	80.3%	19.7%	\$11.66	\$11.66	0

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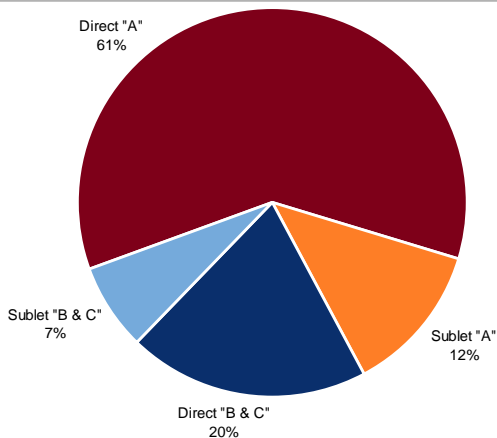
Absorption & Vacancy



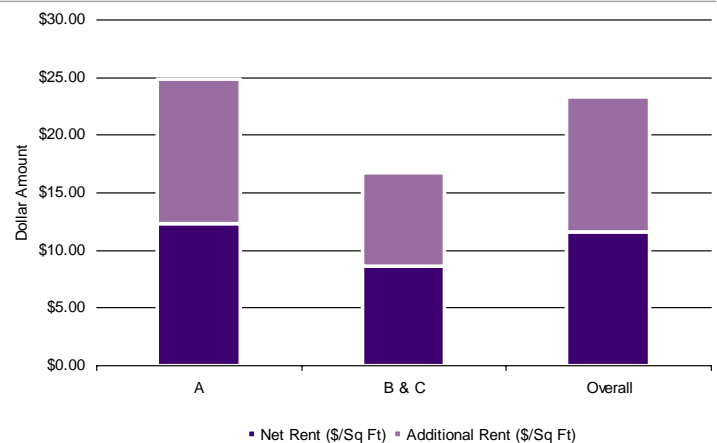
Direct & Sublet Vacancies



Vacancies by Class & Type

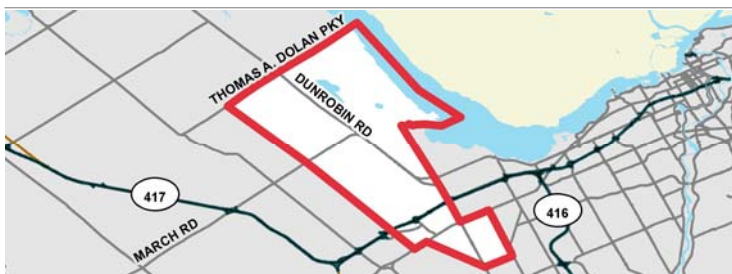


Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

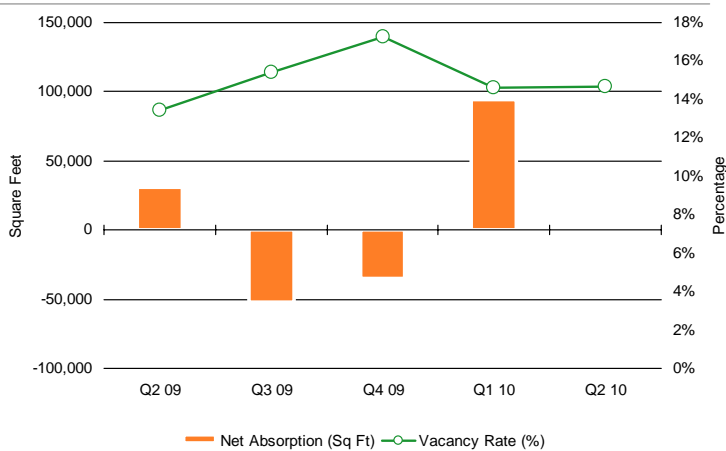
- The Kanata market experienced positive absorption for the second consecutive quarter
- The vacancy rate decreased by 361 basis points to 11.2% from Q1 2010 to Q2 2010, the lowest vacancy rate since Q1 2008
- The average net asking rental rate decreased by \$0.36 to \$11.66 from Q1 2010 to Q2 2010
- There are two opportunities for 50,000 square feet and greater spaces

Market Summary

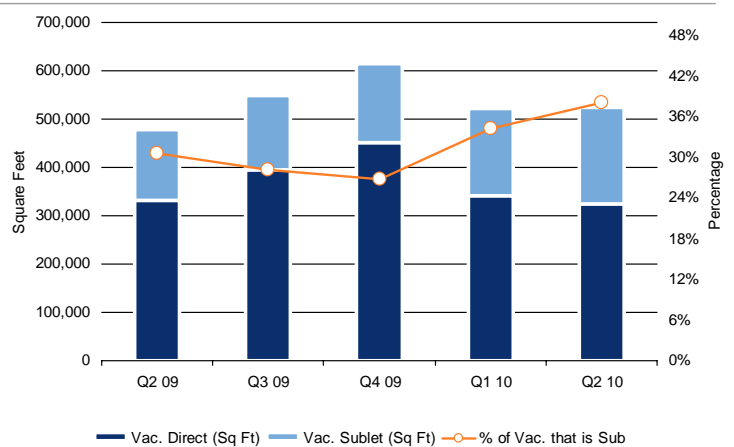
Class	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	1,948,937	14.8%	86.5%	13.5%	\$14.67	\$11.93	0
B & C	1,620,953	14.5%	42.3%	57.7%	\$12.18	\$9.49	0
Nepean	3,569,890	14.7%	61.9%	38.1%	\$13.54	\$10.82	0

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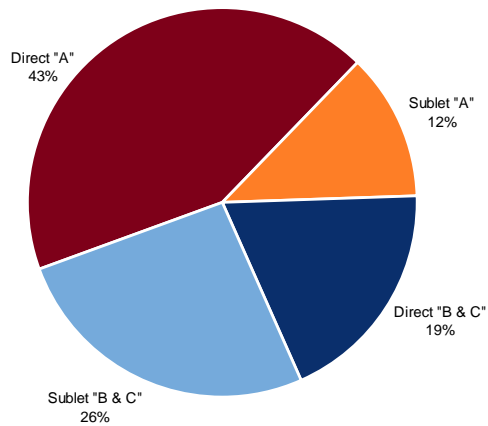
Absorption & Vacancy



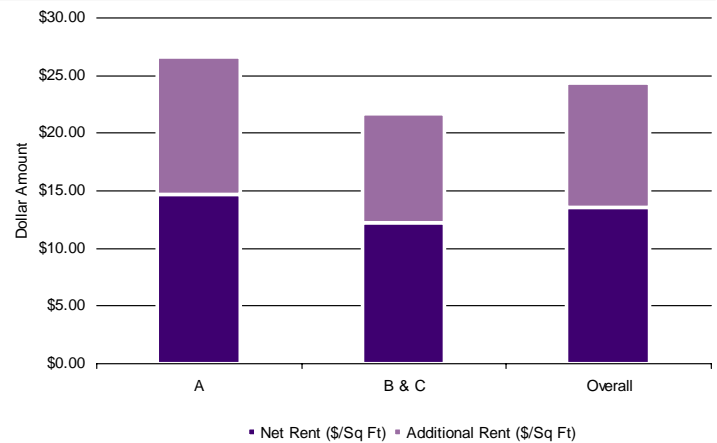
Direct & Sublet Vacancies



Vacancies by Class & Type

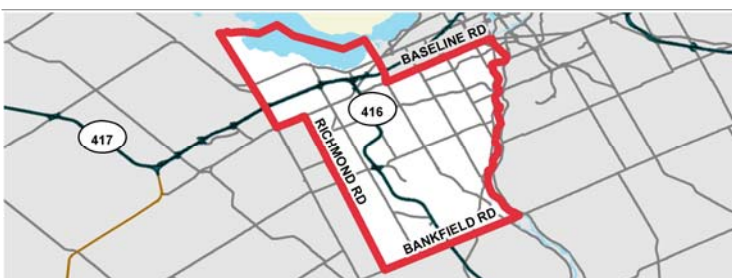


Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

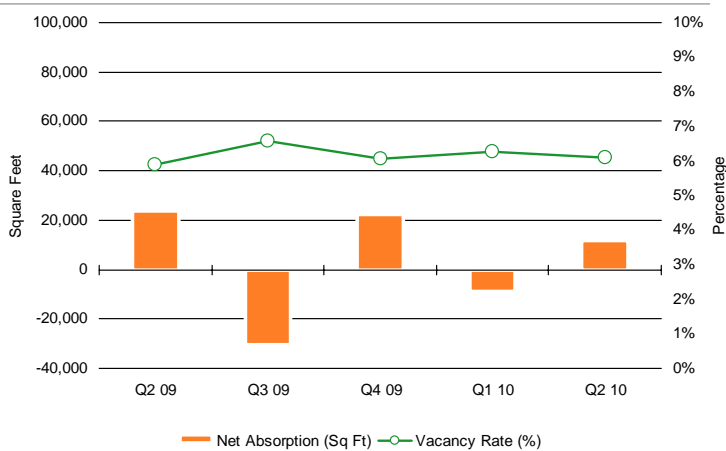
- The Nepean market area experienced negative absorption this quarter
- The vacancy rate increased by 6 basis points to 14.7%
- Average net asking rental rate increased by \$0.10 to \$13.54 from Q1 2010 to Q2 2010
- There are no office buildings currently under construction in Nepean
- There are two opportunities for 50,000 square feet and greater spaces

Market Summary

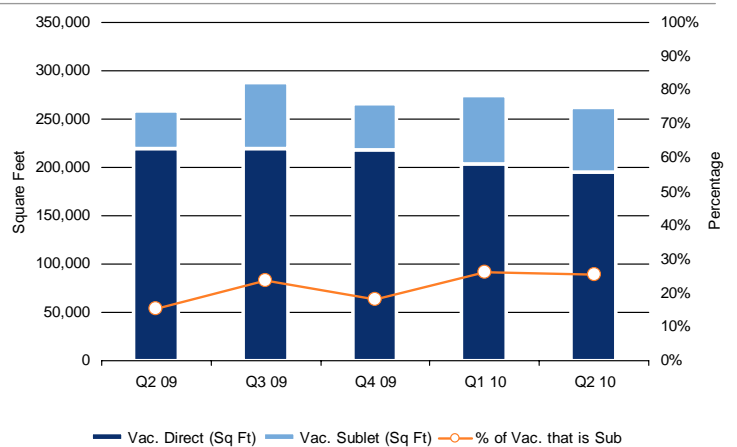
Class	Survey Inventory	Vacancy Rate	Direct Space Ratio	Sublet Space Ratio	Average Asking Rate	Average Additional	Under Construction
A	2,850,465	4.8%	59.1%	40.9%	\$18.33	\$15.98	0
B & C	1,534,988	8.2%	91.1%	8.9%	\$13.61	\$12.50	0
Ottawa West	4,385,453	6.0%	74.4%	25.6%	\$16.68	\$14.76	0

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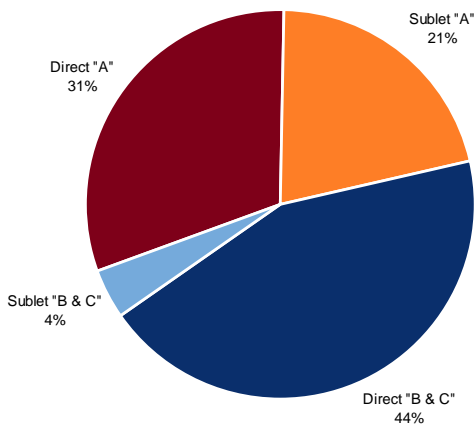
Absorption & Vacancy



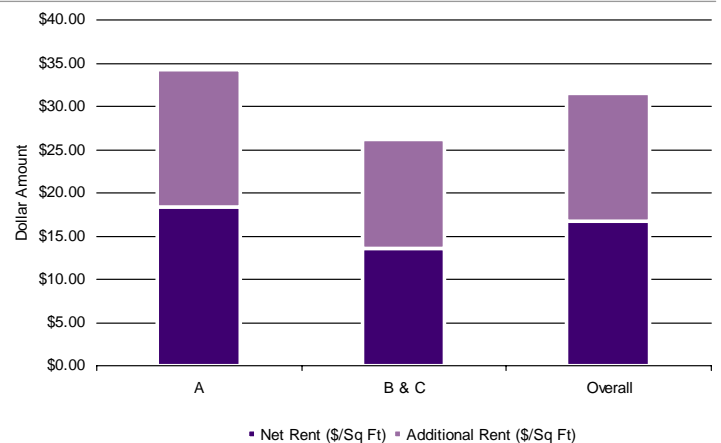
Direct & Sublet Vacancies



Vacancies by Class & Type

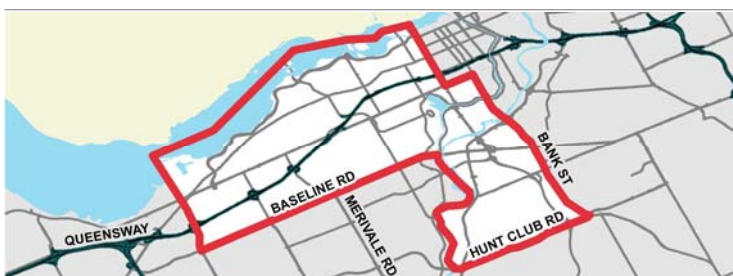


Weighted Average Asking Rates & Additional Rents



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Map of Market Area



Notable Points

- The Ottawa West market area experienced positive absorption this quarter
- The vacancy rate decreased by 27 basis points to 6.0%
- Average net asking rental rates increased \$0.07 to \$16.68
- 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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