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Tenant's Guide. Ottawa, Ontario

Q1 2010

OVERVIEW

Absorption went up in Q1 with a reduction in vacancy by just over .5%, down from 6.7% to 6.5%. The CBD remains tight at about 3.7% vacancy, but this is due to change with large pockets of space coming into the market soon (12-18 months).

The public sector is still the main driving force for development, but there are few options for existing inventory. If new developments break ground, they tend to get filled by Crown corporation requirements.

Kanata especially has had a major change in space availability with HP taking 100,000 square feet at 2500 Solandt Road and RIM just announcing the lease of 150,000 square feet at 1001 Farrar in Kanata.

MARKET TRENDS

Low availability and moderate demand. Suburban vacancy rates are reducing fast with rates increasing particularly in the Kanata region where large pockets of space are being eaten up fast.

TENANT'S PERSPECTIVE

In the CBD, there are new buildings on the horizon, but the space is going fast. Suburban rates are still strengthening and tenants looking for spaces 50,000 and over may want to commit. Delaying decisions may only result in higher rates.

MAJOR TRANSACTIONS

Tenant	Size	Type	Lease/Sale
RIM	150,000	Office	Lease/Sale
HP	100,000	Office	Lease/Sale

VACANCY RATES FOR Q1 2010

CBD Class A	3.7%
CBD Class B	1.6%
Suburban Class A	3.0%
Suburban Class B	1%

AVERAGE NET RENTAL RATES

	Q110	Q309	Q209
CBD			
Class A Office	$26.30	$25.60	$25.60
Class B Office	$18.00	$19.41	$19.41
Suburban			
Class A Office	$15.00	$14.34	$14.34
Class B Office	$13.00	$12.17	$12.00
R&D	N/A	N/A	N/A

Prepared by David Lang • David Lang Real Estate Ltd.