

Ottawa, Ontario

Tenant's Guide ■ North American Markets ■ Second Quarter 2010

Overview

For the first time in a decade Ottawa's office market is showing signs of deviating from the same old story of a weakened technology sector and the endless demand of the Federal Public Service in the downtown core.

As we approach the ten year anniversary of the dot-com bust, Ottawa's commercial real estate sector is experiencing the shadow effect of the expiring leases that were signed at the height of the boom. The trend of the cooling downtown core continues, and a gradual shift to the western suburban market continues.

Market Trends

- The Federal Government has announced no new major demand within the downtown core.
- Several large suburban deals have been completed; however, much of this is neutral absorption.
- Public and private sector tenants remain cautious and reluctant to enter into long-term, capital-intensive leases.
- Ottawa's east end remains very tight with very few large pockets of space to choose from.

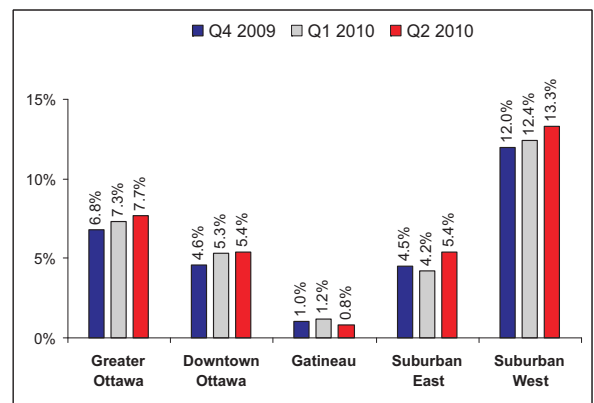
Tenant's Perspective

Tenants entering into the market within the next twelve months should benefit from an increased amount of choice in some of the premier addresses of the downtown core which we expect will put downward pressure on market rents. Suburban landlords remain aggressive in pursuit of large, well-financed companies willing to sign lease terms of five years or longer.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Level Platforms Inc.	21,000	Office	Lease
Rogers Cable	54,000	Office	Renewal
Primus Canada	31,600	Call Centre	Lease
Canadian Fed. of Municipalities	13,000	Office	Lease
Open Text Corporation	32,500	Office	Lease
Research in Motion	150,000	Office	Sublease
Hewlett Packard	101,000	Office	Lease
JP Morgan	80,600	Call Centre	Lease

Vacancy Rate



Average Rental Rates

CBD	Q4 2009	Q1 2010	Q2 2010
Class A Office	N/A	\$26.10	\$26.30
Class B Office	N/A	\$19.45	\$18.41

Suburban	Q4 2009	Q1 2010	Q2 2010
Class A Office	N/A	\$14.00	\$14.32
Class B Office	N/A	\$12.00	\$12.04
R&D	N/A	\$10.00	\$11.98

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