



Vancouver, British Columbia

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Metro Vancouver continues to display a tale of two markets as the Downtown core remains severely constrained by limited office space, and the suburban market continues to deal with ample vacancy. Aside from a few larger government leases, deal velocity through the fourth quarter remained relatively stable throughout the city. Overall vacancy dropped from 7.5% in Q3 to 7.2%. For the ninth consecutive quarter, Richmond remains the highest submarket with vacancy at 17.7%, while Yaletown, for the third consecutive quarter, remains the tightest, with vacancy hovering at 2.9%. Since the previous quarter, every submarket in the city save one, the Broadway Corridor, has witnessed lower vacancy.

As a testament to the strong office market in the core, yet another well established asset manager, Manulife Financial, has announced its plans to develop its third office building. Estimated for completion near the end of 2015, this 250,000 SF office tower will be located on the corner of Howe and Nelson Streets. A total of seven buildings have now been announced, totaling over 2.1 MSF of new, class A office space. Oxford Properties' 1021 West Hastings, estimated for completion mid 2014, will be the first of these new projects to go up. Developers Credit Suisse and their project on the 800 block of Pender; the Jim Pattison Group and their project on Burrard and Drake; and the Aquilini Group's project adjacent to Rogers Arena, are still in the process of obtaining permits and should be ready for fixturing late 2016.

Market Trends

- New developments in New Westminster are revitalizing the old town and creating a strong office environment that many companies are beginning to consider.
- There is upward pressure on lease rates throughout metro Vancouver.

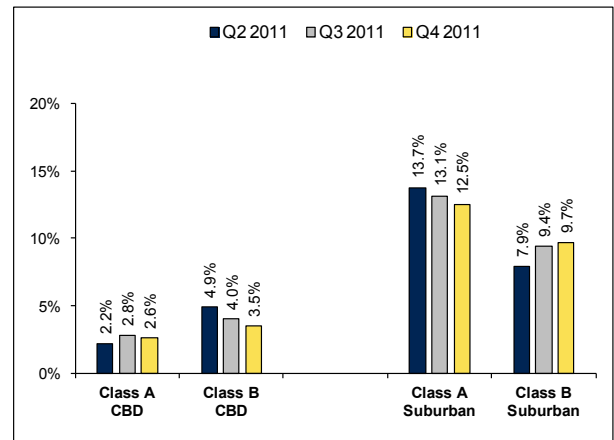
Tenant's Perspective

Tenants planning on moving in the near future may wish to look at the new buildings which will provide them with the latest employee friendly work environment. Through environmental incentives from the city and the public, developers are making an effort to go green. By creating more energy efficient buildings, operating and additional costs will be significantly lower than the current inventory of buildings. These efficiencies can provide substantial rental savings over the long term.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Fraser Health Authority	170,000	Headlease	Lease
SNC- Lavalin	100,000	Headlease	Lease
Canadian Border Svs.	90,000	Headlease	Lease
AXA Pacific	38,000	Renewal	Lease
Rhythm and Hues Studios	22,218	Headlease	Lease
Golder & Associates	21,000	Expansion	Lease
Pender Granville	20,500	Expansion	Lease
Salesforce	17,000	Headlease	Lease
Public Works	10,400	Headlease	Lease
KNV Chartered Accountants	8,500	Headlease	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$50.00	\$52.00	\$52.00
Class B Office	\$41.00	\$43.00	\$43.00

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$36.00	\$36.00	\$36.00
Class B Office	\$27.00	\$30.00	\$30.00

