



Vancouver, British Columbia

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

Barriers are up, and demolition crews are out and swinging as both the Telus Garden and the 745 Thurlow office developments began construction this quarter. Joining Oxford's 1021 West Hastings, these three towers will be the first of many that aim to loosen one of the tightest office markets in North America. Reception to these new buildings has been fairly positive with major tenants committing to space, including Bull Houser Tupper at The Telus Garden and MNP LLP at 1020 West Hastings.

Also this quarter, the Aquilini Group unveiled its plans for its four Rogers Arena Towers which comprise of two office/condo buildings as well as two residential buildings. Neighbouring Rogers Arena, these towers raise doubt as to the future plans of the Georgia Viaduct. Along with the Telus Garden, the Rogers Arena Towers lay foundation to the gradual eastward expansion of the central business district of downtown Vancouver.

Market Trends

- There was negative absorption in the Suburban Market from the previous quarter.
- Downtown vacancy consistently remains tight.

Tenant's Perspective

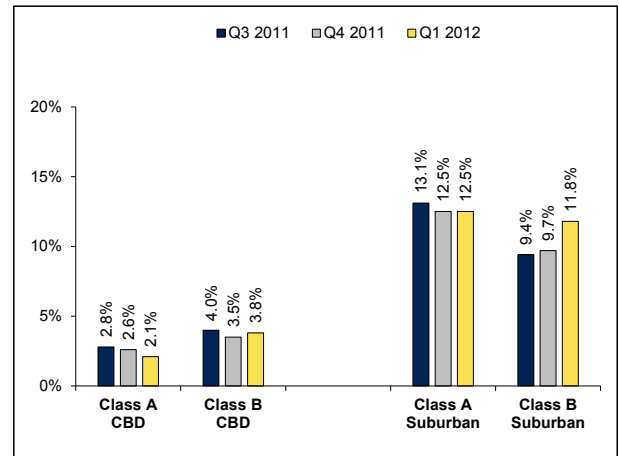
The downtown core continues to display an overall vacancy of around 3.9%. Vacancy for class A space dropped just over half a percent to around 2.1%, with that number even smaller for AAA quality space.

Suburban Vancouver remains a cost-saving alternative as negative absorption has increased vacancy rates and in turn, landlords' motivation to lease space. Unlike the downtown core, there are a number of large pockets of space at reasonable rental rates, suitable for larger tenants with growth possibilities.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
MNP	77,000	Headlease	Lease
Bull Houser Tupper	60,000	Headlease	Lease
Absolute Software	26,166	Renewal	Lease
Ledcor	24,736	Renewal	Lease
Altus Group	16,000	Renewal	Lease
Prime Focus world	15,000	Headlease	Lease
Longview Systems	12,500	Headlease	Lease
Human Solutions	11,500	Headlease	Lease

Vacancy Rate



Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$52.00	\$52.00	\$53.00
Class B Office	\$43.00	\$43.00	\$46.00
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$36.00	\$36.00	\$37.00
Class B Office	\$30.00	\$30.00	\$33.00