

# NEWS RELEASE

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## **Calgary's Office Space Most Expensive in Canada, Amid Strong Overall Market, According to Colliers International**

**Toronto, ON, July 24, 2006** – Calgary's office market is leading the way as rents continue to rise sharply. Reflecting a very strong economy, Q2 was another solid quarter with high demand for office space nationwide, according to a report by Colliers International, a leading global real estate services firm. This success is in-line with a vibrant Canadian economy. There were 215,900 jobs created in the first six months of 2006, the sharpest increase since the second half of 2005.

"Canada's office market has clearly entered a cycle characterized by increasingly strong fundamentals including, declining vacancy, rising rents and increased development," David Bowden, President, Canada Brokerage Services, Colliers International.

April through June absorption totaled 2 million square feet (msf) – compared with 2.2 msf during the first quarter of 2006 and 2.5 msf during the same quarter a year ago. Year-to-date absorption totals 4.8 msf and Colliers International's full-year 2006 forecast of 5.2 msf looks easily attainable.

The clear majority of markets surveyed by Colliers International forecasted steady, if not increased demand for office space in the foreseeable future.

Second quarter office vacancies measured 8.2 per cent, versus 8.4 per cent during the first quarter of 2006 and 10.2 per cent during the year-ago period. Additionally, vacancies are now significantly below the cyclical high of 11.8 per cent registered at the end of 2003.

In line with this marginal vacancy reduction, rents again increased moderately during Q2'06, except for Montreal, which saw a slight decline in **CBD rents**. National averages showed better than anticipated gains, largely driven by Calgary. Downtown asking rents increased 6.5 per cent, reaching an average of \$43.95 PSF (per square foot), while suburban rents increased 1.7 per cent to \$29.01 PSF. Office rents are increasingly showing a more consistent uptrend with ever more markets posting steady quarter-after-quarter increases.

“Tenants face rising premises costs for new space, as landlords prosper from rising asset revenue,” remarked Bowden.

New construction totaled 1.6 msf during the Q2'06 period and 425,000 square feet during the first quarter of 2006. Year-ago completions totaled 265,000 square feet. Another 9.1 msf is under construction and anticipated to be completed in the next 36 months. This reflects marked increases, as during Q1, 5.9 msf was under construction and only 3.5 msf was under construction during the year-ago quarter.

**Canada's 5 Major Markets Year-To-Date Class A Gross Office Rent Increases:  
(National YTD Office Rent Increase, Overall = 8.4 per cent)**

<b>Central Business District (per sq. ft.)</b>	<b>Average Quoted Gross Rent Q2 05</b>	<b>Average Quoted Gross Rent Q2 06</b>	<b>Year-over- Year Increase</b>
Calgary	43.00	53.00	23.3%
Toronto	49.60	51.33	3.5%
Montreal	36.30	35.39	(-2.5%)
Ottawa	43.10	44.85	4.1%
Vancouver	36.00	38.00	5.5%
<b>National Average Rent Increase, Downtown (Weighted)</b>	<b>41.65</b>	<b>43.95</b>	<b>5.5%</b>

<b>Suburban (per square foot)</b>	<b>Average Quoted Gross Rent Q2 05</b>	<b>Average Quoted Gross Rent Q2 06</b>	<b>Year-over- Year Increase</b>
Calgary	26.50	38.00	43.4%
Toronto	28.10	29.61	5.4%
Montreal	23.40	25.00	6.8%
Ottawa	24.00	26.54	10.6%
Vancouver	26.00	30.00	15.4%
<b>National Average Rent Increase, Suburban (Weighted)</b>	<b>26.44</b>	<b>29.01</b>	<b>9.7%</b>

**PSF = Per Square Foot**

#### **About CMN**

Colliers Macaulay Nicolls Inc. (CMN), which operates as Colliers International, is a leading international real estate services company that provides a full range of services to commercial real estate users, owners and investors worldwide. These services include brokerage, property management, hotel investment sales and consulting, corporate services, valuation, consulting and appraisal services, mortgage banking and research. Through greater knowledge and specialization, CMN strives to accelerate the success of all its clients, partners, professionals, management and staff. CMN is based in Seattle. CMN, a FirstService Corporation company, has 101 offices in 23 countries, and is the largest member firm of Colliers International, which is one of the world's top commercial real estate services organizations with revenues of over US\$1.2 billion and offices spanning the globe. CMN can be found on the Web at <http://www.colliers.com/seattle>.