

# HIGHLIGHTS



## Office Markets Look and Feel a Lot Better— But Higher Rents Still Some Way Off

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The U.S. office market finished the year on a relatively strong note, with a sharp drop in vacancy and a healthy increase in occupied space. Rents continue to languish but the fourth quarter looks to be a key turning point. With the economy now posting robust growth, all that is needed for a full recovery is a surge in employment. Canadian markets also registered reasonably good growth, helping to round out a good quarter for North American office markets. With both the U.S. and Canadian economies back on more solid footing and the addition of private sector jobs, leasing markets are expected to continue improving as 2011 unfolds.

Fourth quarter data confirms our view that the U.S. office market has entered the recovery stage and will likely make continued progress, assuming the economy stays on the current path. Most encouraging is the twelve-month-long gain in private sector employment. Furthermore, office-using employment was reasonably strong during the October-December period, with professional and businesses employment in particular up 2.2 percent year-over-year. Widespread increases in rents are still unlikely anytime soon and any boost is likely to be presaged by a reduction in inducements, which have not materialized yet beyond a handful of markets.

**U.S. office vacancy rate down sharply.** The U.S. national office vacancy rate moved substantially lower during the fourth quarter, moving twenty-nine basis points lower (100 basis points equals one percent). This represented the first drop after twelve quarters of rising vacancy. Office vacancies finished the

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### MARKET INDICATORS

Relative to prior period

|                | Q4 2010 | Q1 2011* |
|----------------|---------|----------|
| VACANCY        | ↓       | ↓        |
| NET ABSORPTION | ↑       | ↔        |
| CONSTRUCTION   | ↓       | ↔        |
| RENTAL RATE    | ↓       | ↓        |

\*Projected

### U.S. OFFICE MARKET

#### SUMMARY STATISTICS, Q4 2010

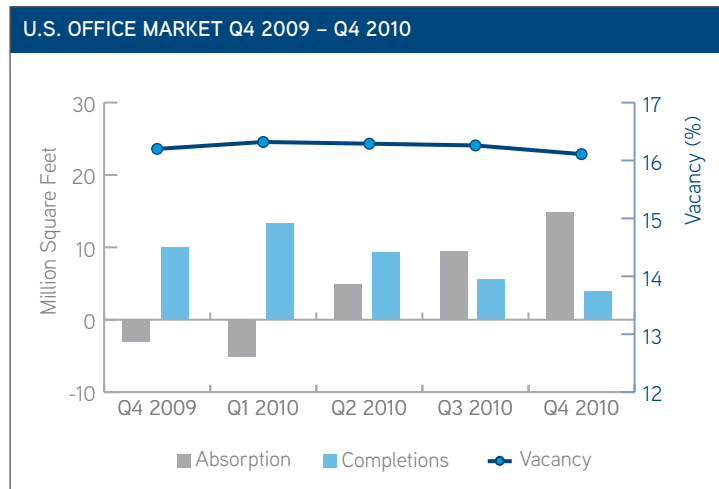
Vacancy Rate: **16.11%**  
Change from Q3 2010: **-0.29**

Absorption:  
**14.8** Million Square Feet

New Construction:  
**3.8** Million Square Feet

Under Construction:  
**22.3** Million Square Feet

Asking Rents Per Square Foot  
(Change from Q3 2010):  
Downtown Class A: **\$39.29 (0.9%)**  
Suburban Class A: **\$26.04 (-0.9%)**



With nearly 15 million square feet of absorption in the fourth quarter, the U.S. office market has unquestionably turned the corner.

## UNITED STATES | DOWNTOWN OFFICE | ALL INVENTORY

| MARKET                              | EXISTING INVENTORY (SF)<br>DEC. 31, 2010 | NEW SUPPLY Q4 2010 (SF) | NEW SUPPLY YTD 2010 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE (%)<br>SEP. 30, 2010 | VACANCY RATE (%)<br>DEC. 31, 2010 | ABSORPTION Q4 2010 (SF) | ABSORPTION YTD 2010 (SF) |
|-------------------------------------|--|-------------------------|--------------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--------------------------|
| Atlanta, GA                         | 56,869,000                               | 0                       | 753,000                  | 0                       | 15.2                              | 14.7                              | 292,000                 | 428,000                  |
| Bakersfield, CA                     | 2,966,000                                | 0                       | 0                        | 0                       | 8.8                               | 9.9                               | (34,000)                | (45,000)                 |
| Baltimore, MD                       | 21,965,000                               | 0                       | 28,000                   | 0                       | 16.9                              | 16.7                              | 32,000                  | (58,000)                 |
| Boise, ID                           | 3,470,000                                | 0                       | 0                        | 30,000                  | 10.7                              | 12.0                              | (44,000)                | 2,000                    |
| Boston, MA                          | 60,235,000                               | 504,000                 | 1,268,000                | 760,000                 | 16.2                              | 16.6                              | 209,000                 | (749,000)                |
| Charleston, SC                      | 1,991,000                                | (162,000)               | (101,000)                | 63,000                  | 11.0                              | 10.0                              | 39,000                  | 37,000                   |
| Charlotte, NC                       | 21,665,000                               | 0                       | 2,050,000                | 0                       | 13.5                              | 13.5                              | (4,000)                 | 457,000                  |
| Chicago, IL                         | 131,673,000                              | 0                       | 679,000                  | 0                       | 17.2                              | 17.0                              | 194,000                 | (95,000)                 |
| Cincinnati, OH                      | 11,920,000                               | 0                       | 0                        | 805,000                 | 17.8                              | 18.4                              | (75,000)                | (131,000)                |
| Cleveland, OH                       | 34,612,000                               | 0                       | 0                        | 0                       | 18.5                              | 18.5                              | 84,000                  | 115,000                  |
| Columbia, SC                        | 4,986,000                                | 0                       | 190,000                  | 0                       | 24.6                              | 23.5                              | 57,000                  | (30,000)                 |
| Columbus, OH                        | 12,465,000                               | 0                       | 0                        | 0                       | 17.5                              | 17.7                              | 3,000                   | 42,000                   |
| Dallas/Fort Worth, TX               | 36,649,000                               | 0                       | 0                        | 0                       | 25.5                              | 25.4                              | 51,000                  | (323,000)                |
| Denver, CO                          | 25,704,000                               | 0                       | 0                        | 0                       | 14.4                              | 13.5                              | 218,000                 | 394,000                  |
| Detroit, MI                         | 30,446,000                               | 0                       | 0                        | 0                       | 17.0                              | 17.0                              | 50,000                  | (449,000)                |
| Fresno, CA                          | 3,263,000                                | 0                       | 58,000                   | 0                       | 10.9                              | 11.4                              | (18,000)                | (25,000)                 |
| Ft. Lauderdale/Broward Co., FL      | 8,222,000                                | 0                       | 13,000                   | 0                       | 14.5                              | 15.7                              | (99,000)                | 227,000                  |
| Greenville, SC                      | 3,125,000                                | 0                       | 53,000                   | 0                       | 18.9                              | 18.9                              | (5,000)                 | (58,000)                 |
| Hartford, CT                        | 9,637,000                                | 0                       | 0                        | 180,000                 | 22.6                              | 22.9                              | (27,000)                | (270,000)                |
| Honolulu, HI                        | 8,074,000                                | 0                       | 0                        | 0                       | 11.7                              | 12.3                              | (55,000)                | (141,000)                |
| Houston, TX                         | 37,514,000                               | 0                       | 0                        | 1,817,000               | 14.7                              | 14.9                              | (107,000)               | (593,000)                |
| Indianapolis, IN                    | 22,910,000                               | 0                       | 0                        | 0                       | 10.8                              | 11.0                              | (31,000)                | (290,000)                |
| Jacksonville, FL                    | 16,172,000                               | 0                       | 0                        | 0                       | 14.1                              | 13.9                              | 56,000                  | 101,000                  |
| Kansas City, MO-KS                  | 18,769,000                               | 0                       | 0                        | 0                       | 17.8                              | 17.1                              | 128,000                 | (9,000)                  |
| Las Vegas, NV                       | 3,601,000                                | 0                       | 0                        | 0                       | 15.6                              | 14.6                              | 26,000                  | (138,000)                |
| Little Rock, AR                     | 6,577,000                                | 0                       | (49,000)                 | 0                       | 10.8                              | 14.5                              | (247,000)               | (122,000)                |
| Los Angeles, CA                     | 32,039,000                               | 0                       | 0                        | 0                       | 16.4                              | 16.4                              | (15,000)                | (542,000)                |
| Louisville, KY                      | 16,978,000                               | 0                       | 15,000                   | 0                       | 9.4                               | 10.1                              | (112,000)               | (136,000)                |
| Memphis, TN                         | 8,470,000                                | 0                       | 0                        | 0                       | 17.4                              | 18.0                              | (52,000)                | (108,000)                |
| Miami-Dade County, FL               | 17,427,000                               | 0                       | 1,335,000                | 606,000                 | 21.9                              | 21.0                              | 154,000                 | 233,000                  |
| Nashville, TN                       | 30,984,000                               | 0                       | 528,000                  | 102,000                 | 14.1                              | 13.9                              | 101,000                 | 609,000                  |
| New York, NY – Downtown Manhattan   | 87,333,000                               | 0                       | 2,000,000                | 2,600,000               | 16.4                              | 16.9                              | (369,000)               | (1,795,000)              |
| New York, NY – Midtown Manhattan    | 200,280,000                              | 0                       | 1,100,000                | 0                       | 12.7                              | 12.4                              | 637,000                 | 4,994,000                |
| New York, NY – Midtown S. Manhattan | 71,893,000                               | 0                       | 317,000                  | 0                       | 11.1                              | 10.1                              | 702,000                 | 1,002,000                |
| Oakland, CA                         | 16,892,000                               | 0                       | 0                        | 0                       | 12.8                              | 12.2                              | 108,000                 | 107,000                  |
| Orlando, FL                         | 12,386,000                               | 0                       | 284,000                  | 105,000                 | 15.7                              | 14.2                              | 192,000                 | 353,000                  |
| Philadelphia, PA                    | 41,599,000                               | 0                       | 0                        | 0                       | 12.9                              | 12.7                              | 58,000                  | (238,000)                |
| Phoenix, AZ                         | 19,368,000                               | 0                       | 769,000                  | 0                       | 21.3                              | 22.0                              | (141,000)               | (635,000)                |
| Pleasanton/Walnut Creek, CA         | 12,110,000                               | 0                       | 0                        | 0                       | 16.9                              | 16.9                              | (8,000)                 | (16,000)                 |
| Portland, OR                        | 24,419,000                               | 0                       | 369,000                  | 195,000                 | 9.5                               | 8.8                               | 230,000                 | 410,000                  |
| Raleigh/Durham/Chapel Hill, NC      | 10,918,000                               | 0                       | 0                        | 165,000                 | 5.1                               | 4.6                               | 56,000                  | 257,000                  |
| Reno, NV                            | 1,327,000                                | 0                       | 0                        | 0                       | 27.5                              | 28.2                              | (9,000)                 | (68,000)                 |
| Sacramento, CA                      | 18,247,000                               | 0                       | 18,000                   | 155,000                 | 9.0                               | 9.1                               | (19,000)                | (110,000)                |
| San Diego County, CA                | 10,204,000                               | 0                       | 0                        | 0                       | 17.2                              | 19.4                              | (220,000)               | (245,000)                |
| San Francisco, CA                   | 83,434,000                               | 210,000                 | 320,000                  | 288,000                 | 14.9                              | 14.8                              | 326,000                 | 292,000                  |
| San Jose/Silicon Valley, CA         | 7,593,000                                | 0                       | 0                        | 0                       | 25.0                              | 22.0                              | 198,000                 | 42,000                   |
| Seattle/Puget Sound, WA             | 59,555,000                               | 0                       | 1,101,000                | 1,437,000               | 15.4                              | 14.7                              | 419,000                 | 945,000                  |
| St. Louis, MO                       | 24,931,000                               | 0                       | 0                        | 0                       | 23.9                              | 19.2                              | 103,000                 | 863,000                  |
| Stamford, CT                        | 18,557,000                               | 140,000                 | 140,000                  | 0                       | 17.8                              | 18.4                              | 23,000                  | (692,000)                |
| Stockton/San Joaquin County, CA     | 8,500,000                                | 0                       | 0                        | 0                       | 17.3                              | 18.0                              | (55,000)                | 117,000                  |
| Tampa, FL                           | 8,565,000                                | 0                       | 0                        | 0                       | 16.3                              | 16.4                              | (14,000)                | 112,000                  |
| Washington, DC                      | 138,367,000                              | 0                       | 3,489,000                | 1,625,000               | 11.7                              | 11.1                              | 930,000                 | 3,785,000                |
| West Palm Beach/Palm Beach Co., FL  | 9,773,000                                | 0                       | 0                        | 0                       | 19.8                              | 19.9                              | (17,000)                | (66,000)                 |
| White Plains, NY                    | 8,262,000                                | 0                       | 0                        | 0                       | 11.2                              | 12.6                              | (120,000)               | 122,000                  |
| <b>U.S. TOTAL/AVERAGE</b>           | <b>1,595,885,000</b>                     | <b>693,000</b>          | <b>16,727,000</b>        | <b>10,933,000</b>       | <b>15.05</b>                      | <b>14.81</b>                      | <b>3,778,000</b>        | <b>7,870,000</b>         |

## UNITED STATES | DOWNTOWN OFFICE | CLASS A

| MARKET                              | EXISTING INVENTORY (SF)<br>DEC. 31, 2010 | VACANCY RATE (%)<br>SEP. 30, 2010 | VACANCY RATE (%)<br>DEC. 31, 2010 | ABSORPTION Q4 2010 (SF) | ABSORPTION YTD 2010 (SF) | AVERAGE ANNUAL QUOTED RENT (USD PSF)<br>DEC. 31, 2010 | QUARTERLY CHANGE IN RENT (%) | ANNUAL CHANGE IN RENT (%) |
|-------------------------------------|--|-----------------------------------|-----------------------------------|-------------------------|--------------------------|---|------------------------------|---------------------------|
| Atlanta, GA                         | 31,399,000                               | 19.5                              | 19.3                              | 64,000                  | 432,000                  | 21.40   | 0.0                          | 0.1                       |
| Bakersfield, CA                     | 670,000                                  | 6.5                               | 6.3                               | 1,000                   | 14,000                   | 17.40   | 0.0                          | 0.0                       |
| Baltimore, MD                       | 9,811,000                                | 18.5                              | 18.2                              | 27,000                  | (38,000)                 | 23.00   | -3.0                         | -6.0                      |
| Boise, ID                           | 2,038,000                                | 4.6                               | 5.1                               | (10,000)                | 17,000                   | 18.00   | 0.0                          | 0.0                       |
| Boston, MA                          | 41,168,000                               | 15.3                              | 15.7                              | 259,000                 | (246,000)                | 46.00   | 1.0                          | -3.9                      |
| Charleston, SC                      | 1,102,000                                | 8.9                               | 9.3                               | (10,000)                | (25,000)                 | 28.70   | 2.6                          | 0.0                       |
| Charlotte, NC                       | 15,553,000                               | 15.5                              | 15.7                              | (25,000)                | 503,000                  | 25.00   | -2.5                         | -10.1                     |
| Chicago, IL                         | 74,689,000                               | 17.8                              | 17.3                              | 334,000                 | 572,000                  | 32.00   | -1.5                         | 0.0                       |
| Cincinnati, OH                      | 5,996,000                                | 18.7                              | 19.0                              | (20,000)                | (50,000)                 | 21.90   | 0.1                          | -                         |
| Cleveland, OH                       | 9,728,000                                | 11.7                              | 13.1                              | (137,000)               | (129,000)                | 20.40   | -1.4                         | -1.1                      |
| Columbia, SC                        | 2,194,000                                | 15.4                              | 14.1                              | (30,000)                | (64,000)                 | 19.80   | 0.6                          | 3.0                       |
| Columbus, OH                        | 5,600,000                                | 16.6                              | 18.3                              | (94,000)                | (12,000)                 | 19.30   | -0.6                         | 13.5                      |
| Dallas/Fort Worth, TX               | 22,612,000                               | 23.6                              | 23.1                              | 101,000                 | (198,000)                | 25.20   | 0.0                          | -0.2                      |
| Denver, CO                          | 18,085,000                               | 13.2                              | 12.1                              | 195,000                 | 567,000                  | 27.00   | 2.9                          | -0.9                      |
| Detroit, MI                         | 11,563,000                               | 17.5                              | 17.4                              | 1,000                   | (283,000)                | 23.00   | 1.3                          | 0.7                       |
| Fresno, CA                          | 1,039,000                                | 8.7                               | 9.6                               | (9,000)                 | 1,000                    | 24.60   | 0.0                          | 0.0                       |
| Ft. Lauderdale/Broward Co., FL      | 4,464,000                                | 19.7                              | 22.1                              | 105,000                 | (119,000)                | 31.80   | -1.7                         | -2.2                      |
| Greenville, SC                      | 1,844,000                                | 8.2                               | 8.8                               | (11,000)                | 0                        | 19.50   | 0.0                          | -3.8                      |
| Hartford, CT                        | 6,369,000                                | 22.1                              | 22.7                              | (35,000)                | (313,000)                | 23.00   | -0.6                         | -0.9                      |
| Honolulu, HI                        | 4,709,000                                | 11.8                              | 12.2                              | (19,000)                | (48,000)                 | 35.30   | -0.9                         | -1.6                      |
| Houston, TX                         | 26,670,000                               | 10.1                              | 10.4                              | (124,000)               | (559,000)                | 34.60   | -1.6                         | -7.4                      |
| Indianapolis, IN                    | 9,547,000                                | 12.8                              | 13.0                              | (21,000)                | (138,000)                | 19.20   | -                            | -                         |
| Jacksonville, FL                    | 6,654,000                                | 16.3                              | 15.2                              | 21,000                  | 46,000                   | 18.90   | -6.2                         | -7.8                      |
| Kansas City, MO-KS                  | 5,167,000                                | 26.8                              | 24.5                              | 122,000                 | 173,000                  | 17.10   | -18.3                        | -                         |
| Las Vegas, NV                       | 700,000                                  | 12.4                              | 10.1                              | 16,000                  | (27,000)                 | 34.60   | -0.9                         | -4.0                      |
| Little Rock, AR                     | 2,636,000                                | 12.5                              | 11.5                              | 25,000                  | (3,000)                  | 16.50   | 0.0                          | 1.5                       |
| Los Angeles, CA                     | 15,084,000                               | 14.8                              | 14.4                              | 55,000                  | (354,000)                | 39.00   | 0.0                          | -0.6                      |
| Louisville, KY                      | 4,217,000                                | 8.5                               | 9.5                               | (43,000)                | (62,000)                 | 22.30   | -2.0                         | 11.8                      |
| Memphis, TN                         | 1,938,000                                | 23.8                              | 26.4                              | (50,000)                | (74,000)                 | 17.70   | 4.9                          | 4.7                       |
| Miami-Dade County, FL               | 9,211,000                                | 25.0                              | 23.1                              | 174,000                 | 217,000                  | 41.50   | -0.6                         | -4.0                      |
| Nashville, TN                       | 3,830,000                                | 24.1                              | 24.9                              | 2,000                   | 35,000                   | 23.70   | 4.2                          | -                         |
| New York, NY – Downtown Manhattan   | 58,670,000                               | 20.1                              | 21.1                              | (154,000)               | 1,624,000                | 39.70   | -0.2                         | 2.1                       |
| New York, NY – Midtown Manhattan    | 161,250,000                              | 14.6                              | 15.4                              | 438,000                 | 3,576,000                | 65.00   | 2.9                          | 4.3                       |
| New York, NY – Midtown S. Manhattan | 29,654,000                               | 12.9                              | 8.9                               | 221,000                 | 1,847,000                | 43.20   | 1.7                          | 6.5                       |
| Oakland, CA                         | 10,198,000                               | 10.8                              | 10.0                              | 83,000                  | (7,000)                  | 30.80   | -0.8                         | -5.2                      |
| Orlando, FL                         | 5,697,000                                | 18.7                              | 16.8                              | 109,000                 | 42,000                   | 23.90   | -0.9                         | -3.3                      |
| Philadelphia, PA                    | 31,537,000                               | 12.1                              | 12.3                              | (47,000)                | (383,000)                | 26.10   | 0.3                          | 1.3                       |
| Phoenix, AZ                         | 9,663,000                                | 22.9                              | 22.8                              | 4,000                   | (53,000)                 | 28.20   | -0.2                         | 7.5                       |
| Pleasanton/Walnut Creek, CA         | 7,787,000                                | 19.1                              | 18.8                              | 24,000                  | (33,000)                 | 26.30   | 0.5                          | -2.2                      |
| Portland, OR                        | 11,451,000                               | 8.4                               | 6.9                               | 191,000                 | 341,000                  | 24.70   | 1.3                          | 1.2                       |
| Raleigh/Durham/Chapel Hill, NC      | 4,020,000                                | 4.7                               | 5.3                               | 76,000                  | 108,000                  | 23.20   | 1.7                          | -10.6                     |
| Reno, NV                            | 548,000                                  | 19.3                              | 19.7                              | (2,000)                 | (12,000)                 | 23.40   | -0.5                         | 5.4                       |
| Sacramento, CA                      | 8,911,000                                | 9.4                               | 9.1                               | 33,000                  | 27,000                   | 32.80   | 0.7                          | 11.9                      |
| San Diego County, CA                | 6,976,000                                | 15.9                              | 16.9                              | (67,000)                | (34,000)                 | 28.70   | -2.0                         | -8.8                      |
| San Francisco, CA                   | 52,333,000                               | 15.1                              | 15.2                              | 119,000                 | (42,000)                 | 36.00   | -0.7                         | 3.6                       |
| San Jose/Silicon Valley, CA         | 3,365,000                                | 35.0                              | 27.9                              | 214,000                 | 96,000                   | 34.30   | -1.0                         | -7.6                      |
| Seattle/Puget Sound, WA             | 30,761,000                               | 19.5                              | 18.8                              | 325,000                 | 1,137,000                | 30.50   | 6.8                          | 17.3                      |
| St. Louis, MO                       | 10,327,000                               | 23.7                              | 22.4                              | 143,000                 | 90,000                   | 17.60   | -7.5                         | -9.8                      |
| Stamford, CT                        | 12,590,000                               | 19.0                              | 20.0                              | 24,000                  | (613,000)                | 37.90   | -6.8                         | -                         |
| Stockton/San Joaquin County, CA     | 2,773,000                                | 26.2                              | 27.6                              | (38,000)                | 135,000                  | 21.10   | 15.0                         | -2.2                      |
| Tampa, FL                           | 4,809,000                                | 18.4                              | 18.5                              | (3,000)                 | 92,000                   | 22.90   | 0.4                          | 0.1                       |
| Washington, DC                      | 85,628,000                               | 14.8                              | 14.0                              | 868,000                 | 4,061,000                | 53.60   | 2.4                          | 5.1                       |
| West Palm Beach/Palm Beach Co., FL  | 3,323,000                                | 24.9                              | 24.2                              | 25,000                  | (34,000)                 | 36.60   | -0.8                         | -6.0                      |
| White Plains, NY                    | 5,402,000                                | 13.3                              | 14.5                              | (64,000)                | 204,000                  | -   | -2.5                         | -                         |
| <b>U.S. TOTAL/AVERAGE</b>           | <b>913,966,000</b>                       | <b>16.13</b>                      | <b>16.02</b>                      | <b>3,389,000</b>        | <b>12,003,000</b>        | <b>39.30</b> <i>weighted</i>                          | <b>0.89</b>                  | <b>-1.78</b>              |
|                                     |  |                                   |                                   |                         |                          | <b>28.20</b> <i>equal</i>                             | <b>-0.55</b>                 | <b>-1.04</b>              |

## UNITED STATES | SUBURBAN OFFICE | ALL INVENTORY

| MARKET                             | EXISTING INVENTORY (SF)<br>DEC. 31, 2010 | NEW SUPPLY Q4 2010 (SF) | NEW SUPPLY YTD 2010 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE (%)<br>SEP. 30, 2010 | VACANCY RATE (%)<br>DEC. 31, 2010 | ABSORPTION Q4 2010 (SF) | ABSORPTION YTD 2010 (SF) |
|------------------------------------|--|-------------------------|--------------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--------------------------|
| Atlanta, GA                        | 191,564,000                              | 123,000                 | 1,156,000                | 207,000                 | 17.7                              | 17.6                              | 318,000                 | 418,000                  |
| Bakersfield, CA                    | 5,968,000                                | 0                       | 0                        | 0                       | 10.6                              | 9.8                               | 48,000                  | 108,000                  |
| Baltimore, MD                      | 103,638,000                              | 644,000                 | 1,939,000                | 1,361,000               | 13.2                              | 12.8                              | 880,000                 | 1,754,000                |
| Boise, ID                          | 10,655,000                               | 0                       | 164,000                  | 0                       | 21.0                              | 22.6                              | (162,000)               | (302,000)                |
| Boston, MA                         | 104,587,000                              | 0                       | 356,000                  | 59,000                  | 19.0                              | 19.4                              | (492,000)               | 1,187,000                |
| Charleston, SC                     | 8,548,000                                | 48,000                  | 614,000                  | 105,000                 | 20.6                              | 19.1                              | 117,000                 | 681,000                  |
| Charlotte, NC                      | 70,649,000                               | 158,000                 | 258,000                  | 350,000                 | 14.5                              | 14.2                              | 348,000                 | 654,000                  |
| Chicago, IL                        | 104,146,000                              | 0                       | 314,000                  | 0                       | 23.9                              | 23.1                              | 780,000                 | 559,000                  |
| Cincinnati, OH                     | 25,530,000                               | 132,000                 | 419,000                  | 213,000                 | 24.9                              | 24.3                              | 239,000                 | (20,000)                 |
| Cleveland, OH                      | 91,767,000                               | 77,000                  | 160,000                  | 332,000                 | 10.2                              | 10.2                              | 197,000                 | 283,000                  |
| Columbia, SC                       | 4,872,000                                | 0                       | 0                        | 0                       | 20.5                              | 19.3                              | 57,000                  | (46,000)                 |
| Columbus, OH                       | 35,163,000                               | 0                       | 0                        | 90,000                  | 19.3                              | 17.5                              | 75,000                  | 104,000                  |
| Dallas/Fort Worth, TX              | 266,520,000                              | 578,000                 | 2,163,000                | 0                       | 17.3                              | 16.8                              | 1,618,000               | 2,486,000                |
| Denver, CO                         | 116,456,000                              | 62,000                  | 596,000                  | 30,000                  | 15.5                              | 15.1                              | 614,000                 | 978,000                  |
| Detroit, MI                        | 99,804,000                               | 45,000                  | 88,000                   | 7,000                   | 21.5                              | 21.0                              | 378,000                 | 173,000                  |
| Fairfield County, CT               | 41,011,000                               | 0                       | 0                        | 0                       | 10.4                              | 10.9                              | (147,000)               | (275,000)                |
| Fairfield, CA                      | 3,708,000                                | 0                       | 0                        | 0                       | 26.5                              | 26.6                              | (4,000)                 | (124,000)                |
| Fresno, CA                         | 17,821,000                               | 0                       | 147,000                  | 0                       | 15.1                              | 13.5                              | 278,000                 | 369,000                  |
| Ft. Lauderdale/Broward Co., FL     | 43,670,000                               | 0                       | 171,000                  | 0                       | 14.8                              | 14.7                              | 58,000                  | 369,000                  |
| Greenville, SC                     | 4,291,000                                | 0                       | 0                        | 14,000                  | 23.5                              | 23.3                              | 7,000                   | (82,000)                 |
| Hartford, CT                       | 12,358,000                               | 0                       | 0                        | 14,000                  | 15.0                              | 14.9                              | (6,000)                 | (21,000)                 |
| Honolulu, HI                       | 7,663,000                                | 0                       | 0                        | 0                       | 11.5                              | 11.2                              | (1,000)                 | (87,000)                 |
| Houston, TX                        | 157,392,000                              | 64,000                  | 87,000                   | 256,000                 | 17.2                              | 16.2                              | 725,000                 | 1,069,000                |
| Indianapolis, IN                   | 48,126,000                               | 0                       | 0                        | 0                       | 11.5                              | 11.4                              | 59,000                  | 646,000                  |
| Jacksonville, FL                   | 43,113,000                               | 10,000                  | 15,000                   | 49,000                  | 15.9                              | 15.5                              | 219,000                 | 439,000                  |
| Kansas City, MO-KS                 | 69,904,000                               | 0                       | 0                        | 0                       | 13.1                              | 13.2                              | (66,000)                | (255,000)                |
| Las Vegas, NV                      | 38,598,000                               | 0                       | 109,000                  | 85,000                  | 25.0                              | 25.5                              | (201,000)               | (422,000)                |
| Little Rock, AR                    | 7,437,000                                | 0                       | (10,000)                 | 23,000                  | 10.6                              | 10.9                              | (24,000)                | (223,000)                |
| Los Angeles – Inland Empire, CA    | 21,938,000                               | 0                       | 41,000                   | 0                       | 25.2                              | 24.4                              | 156,000                 | 30,000                   |
| Los Angeles, CA                    | 165,877,000                              | 0                       | 518,000                  | 1,151,000               | 18.0                              | 18.0                              | 48,000                  | (2,181,000)              |
| Louisville, KY                     | 35,164,000                               | 4,000                   | 247,000                  | 0                       | 12.9                              | 17.8                              | 118,000                 | (95,000)                 |
| Memphis, TN                        | 28,054,000                               | 0                       | 0                        | 12,000                  | 13.0                              | 13.2                              | (44,000)                | 51,000                   |
| Miami-Dade County, FL              | 64,728,000                               | 48,000                  | 697,000                  | 608,000                 | 15.1                              | 14.9                              | 181,000                 | 614,000                  |
| Nashville, TN                      | 23,423,000                               | 0                       | 528,000                  | 102,000                 | 11.1                              | 10.5                              | 104,000                 | 635,000                  |
| New Jersey – Central               | 65,849,000                               | 259,000                 | 305,000                  | 265,000                 | 22.2                              | 21.2                              | 649,000                 | 112,000                  |
| New Jersey – Northern              | 95,670,000                               | 0                       | 0                        | 383,000                 | 18.5                              | 18.4                              | (16,000)                | (579,000)                |
| Oakland, CA                        | 15,877,000                               | 0                       | 0                        | 62,000                  | 17.2                              | 17.4                              | 127,000                 | 155,000                  |
| Orange County, CA                  | 77,351,000                               | 0                       | 0                        | 0                       | 22.4                              | 22.0                              | 243,000                 | (720,000)                |
| Orlando, FL                        | 54,714,000                               | 23,000                  | 88,000                   | 647,000                 | 17.4                              | 16.8                              | 354,000                 | 266,000                  |
| Philadelphia, PA                   | 109,350,000                              | 30,000                  | 693,000                  | 533,000                 | 16.5                              | 16.2                              | 263,000                 | 715,000                  |
| Phoenix, AZ                        | 110,066,000                              | 59,000                  | 1,162,000                | 735,000                 | 23.0                              | 22.9                              | 182,000                 | 597,000                  |
| Pleasanton/Walnut Creek, CA        | 30,209,000                               | 0                       | 0                        | 0                       | 18.5                              | 15.7                              | 873,000                 | 1,415,000                |
| Portland, OR                       | 44,180,000                               | 0                       | 252,000                  | 0                       | 12.9                              | 12.0                              | 193,000                 | 85,000                   |
| Raleigh/Durham/Chapel Hill, NC     | 72,383,000                               | 100,000                 | 465,000                  | 85,000                  | 14.1                              | 13.9                              | 212,000                 | 544,000                  |
| Reno, NV                           | 5,526,000                                | 0                       | 0                        | 7,000                   | 21.4                              | 19.5                              | 107,000                 | 97,000                   |
| Sacramento, CA                     | 72,659,000                               | 105,000                 | 346,000                  | 133,000                 | 18.6                              | 18.6                              | 40,000                  | (140,000)                |
| San Diego County, CA               | 67,587,000                               | 0                       | 355,000                  | 0                       | 17.1                              | 16.1                              | 669,000                 | 1,488,000                |
| San Francisco Peninsula, CA        | 33,518,000                               | 0                       | 0                        | 0                       | 17.7                              | 17.6                              | 39,000                  | 343,000                  |
| San Jose/Silicon Valley, CA        | 54,054,000                               | 555,000                 | 898,000                  | 538,000                 | 20.4                              | 19.9                              | (360,000)               | (732,000)                |
| Seattle/Puget Sound, WA            | 68,753,000                               | 0                       | 772,000                  | 431,000                 | 15.4                              | 15.7                              | (186,000)               | 6,000                    |
| St. Louis, MO                      | 52,003,000                               | 0                       | 0                        | 0                       | 15.8                              | 15.8                              | 35,000                  | 752,000                  |
| Tampa, FL                          | 71,463,000                               | 0                       | 0                        | 0                       | 16.1                              | 15.6                              | 417,000                 | 198,000                  |
| Washington, DC                     | 309,348,000                              | 0                       | 1,725,000                | 2,198,000               | 14.3                              | 13.6                              | 489,000                 | 1,942,000                |
| West Palm Beach/Palm Beach Co., FL | 29,168,000                               | 0                       | 51,000                   | 272,000                 | 21.3                              | 20.7                              | 172,000                 | 175,000                  |
| Westchester County, NY             | 37,942,000                               | 0                       | 0                        | 0                       | 11.0                              | 10.7                              | 3,000                   | (30,000)                 |
| <b>U.S. TOTAL/AVERAGE</b>          | <b>3,551,815,000</b>                     | <b>3,124,000</b>        | <b>17,889,000</b>        | <b>11,358,000</b>       | <b>17.01</b>                      | <b>16.69</b>                      | <b>10,978,000</b>       | <b>16,162,000</b>        |

## UNITED STATES | SUBURBAN OFFICE | CLASS A

| MARKET                             | EXISTING INVENTORY (SF)<br>DEC. 31, 2010 | VACANCY RATE (%)<br>SEP. 30, 2010 | VACANCY RATE (%)<br>DEC. 31, 2010 | ABSORPTION Q4 2010 (SF) | ABSORPTION YTD 2010 (SF) | AVERAGE ANNUAL QUOTED RENT (USD PSF)<br>DEC. 31, 2010 | QUARTERLY CHANGE IN RENT (%) | ANNUAL CHANGE IN RENT (%) |
|------------------------------------|--|-----------------------------------|-----------------------------------|-------------------------|--------------------------|---|------------------------------|---------------------------|
| Atlanta, GA                        | 81,300,000                               | 18.5                              | 18.3                              | 214,000                 | 549,000                  | 21.50   | -0.8                         | -2.5                      |
| Bakersfield, CA                    | 2,691,000                                | 6.9                               | 6.5                               | 13,000                  | 44,000                   | 24.00   | 0.0                          | 0.0                       |
| Baltimore, MD                      | 33,088,000                               | 17.0                              | 16.5                              | 507,000                 | 1,047,000                | 26.00   | 0.0                          | 5.6                       |
| Boise, ID                          | 4,608,000                                | 22.2                              | 24.5                              | (104,000)               | (127,000)                | 18.00   | 0.0                          | -1.4                      |
| Boston, MA                         | 44,256,000                               | 17.7                              | 18.0                              | (144,000)               | 1,278,000                | 25.80   | -1.6                         | 3.2                       |
| Charleston, SC                     | 4,395,000                                | 14.3                              | 15.3                              | (52,000)                | 444,000                  | 23.50   | 0.0                          | 4.4                       |
| Charlotte, NC                      | 18,182,000                               | 18.0                              | 17.4                              | 237,000                 | 512,000                  | 20.30   | -0.4                         | 1.5                       |
| Chicago, IL                        | 57,508,000                               | 25.3                              | 24.0                              | 728,000                 | 630,000                  | 27.30   | -0.6                         | -0.9                      |
| Cincinnati, OH                     | 13,530,000                               | 24.8                              | 24.4                              | 158,000                 | (94,000)                 | 20.40   | 0.0                          | -                         |
| Cleveland, OH                      | 12,761,000                               | 12.3                              | 12.3                              | 72,000                  | (47,000)                 | 22.00   | 1.4                          | 2.0                       |
| Columbia, SC                       | 888,000                                  | 20.5                              | 16.3                              | 38,000                  | 56,000                   | 17.00   | 0.2                          | -2.8                      |
| Columbus, OH                       | 11,565,000                               | 12.9                              | 16.5                              | 70,000                  | 368,000                  | 17.90   | -1.7                         | -2.3                      |
| Dallas/Fort Worth, TX              | 96,288,000                               | 18.6                              | 16.9                              | 855,000                 | 1,130,000                | 24.80   | 0.0                          | -1.0                      |
| Denver, CO                         | 34,856,000                               | 16.0                              | 15.0                              | 388,000                 | 809,000                  | 20.80   | 0.0                          | -1.2                      |
| Detroit, MI                        | 25,679,000                               | 18.1                              | 18.1                              | (36,000)                | (189,000)                | 22.20   | 0.2                          | -3.7                      |
| Fairfield County, CT               | 17,262,000                               | 10.4                              | 11.0                              | (80,000)                | (26,000)                 | 34.70   | 0.6                          | -                         |
| Fairfield, CA                      | 2,102,000                                | 30.7                              | 30.6                              | 1,000                   | (35,000)                 | 25.90   | -0.5                         | -0.9                      |
| Fresno, CA                         | 3,820,000                                | 21.8                              | 18.0                              | 145,000                 | 304,000                  | 25.20   | 0.0                          | 0.0                       |
| Ft. Lauderdale/Broward Co., FL     | 10,774,000                               | 20.0                              | 19.9                              | 11,000                  | 47,000                   | 27.90   | -0.8                         | 1.0                       |
| Greenville, SC                     | 1,772,000                                | 20.7                              | 19.8                              | 8,000                   | (49,000)                 | 17.60   | 0.1                          | -1.0                      |
| Hartford, CT                       | 7,466,000                                | 15.8                              | 14.7                              | 57,000                  | 35,000                   | 20.30   | -0.5                         | -2.5                      |
| Houston, TX                        | 69,047,000                               | 19.2                              | 17.6                              | 664,000                 | 748,000                  | 27.10   | -0.7                         | -0.6                      |
| Indianapolis, IN                   | 12,685,000                               | 15.3                              | 14.2                              | 142,000                 | 306,000                  | 18.30   | -                            | -                         |
| Jacksonville, FL                   | 9,715,000                                | 13.7                              | 13.0                              | (68,000)                | 271,000                  | 19.30   | 8.7                          | -3.4                      |
| Kansas City, MO-KS                 | 17,435,000                               | 15.6                              | 16.6                              | (184,000)               | (162,000)                | 21.10   | -1.6                         | -                         |
| Las Vegas, NV                      | 4,918,000                                | 36.3                              | 38.2                              | (66,000)                | (123,000)                | 32.30   | -1.5                         | -6.6                      |
| Little Rock, AR                    | 2,689,000                                | 12.2                              | 15.1                              | (76,000)                | (174,000)                | 18.50   | 0.0                          | 1.5                       |
| Los Angeles – Inland Empire, CA    | 4,953,000                                | 34.1                              | 31.8                              | 111,000                 | 224,000                  | 24.80   | -1.4                         | -8.4                      |
| Los Angeles, CA                    | 100,895,000                              | 18.4                              | 18.1                              | 285,000                 | (1,571,000)              | 32.30   | -5.9                         | -9.1                      |
| Louisville, KY                     | 7,087,000                                | 19.2                              | 23.8                              | (96,000)                | 13,000                   | 20.00   | -0.8                         | 11.9                      |
| Memphis, TN                        | 7,132,000                                | 9.4                               | 10.3                              | (65,000)                | (92,000)                 | 21.70   | 0.2                          | -0.4                      |
| Miami-Dade County, FL              | 15,267,000                               | 21.9                              | 21.2                              | 106,000                 | 463,000                  | 32.10   | -1.4                         | -1.2                      |
| Nashville, TN                      | 12,805,000                               | 8.9                               | 7.8                               | 55,000                  | 371,000                  | 22.30   | 11.7                         | -                         |
| New Jersey – Central               | 46,472,000                               | 24.6                              | 22.7                              | 842,000                 | 127,000                  | 23.30   | -1.4                         | -10.8                     |
| New Jersey – Northern              | 63,264,000                               | 18.2                              | 18.3                              | (153,000)               | (552,000)                | 24.40   | 0.6                          | -14.0                     |
| Oakland, CA                        | 3,582,000                                | 32.3                              | 26.8                              | (27,000)                | (230,000)                | 25.70   | 4.9                          | -0.9                      |
| Orange County, CA                  | 33,319,000                               | 24.0                              | 23.5                              | 164,000                 | (161,000)                | 26.20   | -1.8                         | -11.4                     |
| Orlando, FL                        | 16,856,000                               | 21.1                              | 20.0                              | 199,000                 | (300,000)                | 22.90   | 0.4                          | -2.1                      |
| Philadelphia, PA                   | 67,868,000                               | 16.5                              | 16.1                              | 249,000                 | 226,000                  | 24.00   | -0.9                         | -1.4                      |
| Phoenix, AZ                        | 31,497,000                               | 26.8                              | 26.1                              | 198,000                 | 481,000                  | 23.90   | -1.9                         | -5.6                      |
| Pleasanton/Walnut Creek, CA        | 16,340,000                               | 14.3                              | 14.8                              | (87,000)                | 7,000                    | 23.60   | 4.8                          | -6.2                      |
| Portland, OR                       | 12,537,000                               | 12.2                              | 11.3                              | 80,000                  | (135,000)                | 23.20   | 0.0                          | 1.5                       |
| Raleigh/Durham/Chapel Hill, NC     | 25,327,000                               | 17.6                              | 33.8                              | 134,000                 | 523,000                  | 21.60   | 0.3                          | 4.6                       |
| Reno, NV                           | 2,939,000                                | 19.5                              | 17.6                              | 55,000                  | 109,000                  | 19.90   | 1.2                          | -7.8                      |
| Sacramento, CA                     | 16,297,000                               | 25.6                              | 26.0                              | 16,000                  | (93,000)                 | 23.80   | -1.9                         | -5.6                      |
| San Diego County, CA               | 24,297,000                               | 19.1                              | 17.1                              | 509,000                 | 1,405,000                | 31.80   | -0.4                         | -8.0                      |
| San Francisco Peninsula, CA        | 21,785,000                               | 12.2                              | 12.2                              | 9,000                   | 359,000                  | 32.20   | 3.1                          | -3.9                      |
| San Jose/Silicon Valley, CA        | 26,212,000                               | 24.0                              | 23.4                              | (392,000)               | (135,000)                | 34.70   | -2.7                         | -3.5                      |
| Seattle/Puget Sound, WA            | 22,148,000                               | 17.9                              | 19.8                              | 478,000                 | (198,000)                | 28.40   | -1.4                         | 3.5                       |
| St. Louis, MO                      | 25,041,000                               | 18.1                              | 18.7                              | 8,000                   | 260,000                  | 21.70   | -7.0                         | -6.6                      |
| Tampa, FL                          | 23,501,000                               | 17.3                              | 16.7                              | 121,000                 | 131,000                  | 23.30   | -1.1                         | -4.8                      |
| Washington, DC                     | 161,629,000                              | 16.2                              | 15.6                              | 696,000                 | 2,068,000                | 31.30   | 1.5                          | -                         |
| West Palm Beach/Palm Beach Co., FL | 9,174,000                                | 20.4                              | 20.3                              | (25,000)                | 29,000                   | 30.10   | -0.9                         | -1.2                      |
| Westchester County, NY             | 18,316,000                               | 14.5                              | 13.5                              | 43,000                  | 196,000                  | 27.20   | -2.0                         | -                         |
| <b>U.S. TOTAL/AVERAGE</b>          | <b>1,417,823,000</b>                     | <b>18.55</b>                      | <b>18.34</b>                      | <b>7,012,000</b>        | <b>11,075,000</b>        | <b>26.00</b> <i>weighted</i>                          | <b>-0.93</b>                 | <b>-2.85</b>              |
|                                    |  |                                   |                                   |                         |                          | <b>24.40</b> <i>equal</i>                             | <b>-0.69</b>                 | <b>-2.32</b>              |

CANADA | DOWNTOWN OFFICE | ALL INVENTORY

| MARKET                      | EXISTING INVENTORY (SF) DEC. 31, 2010 | NEW SUPPLY Q4 2010 (SF) | NEW SUPPLY YTD 2010 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE (%) SEP. 30, 2010 | VACANCY RATE (%) DEC. 31, 2010 | ABSORPTION Q4 2010 (SF) | ABSORPTION YTD 2010 (SF) |
|-----------------------------|---------------------------------------|-------------------------|--------------------------|-------------------------|--------------------------------|--------------------------------|-------------------------|--------------------------|
| Calgary, AB                 | 37,777,000                            | 0                       | 2,261,000                | 1,940,000               | 13.8                           | 12.0                           | 676,000                 | 1,872,000                |
| Edmonton, AB                | 10,632,000                            | 0                       | 0                        | 630,000                 | 7.5                            | 8.0                            | (59,000)                | (129,000)                |
| Halifax, NS                 | 4,913,000                             | 0                       | 22,000                   | 10,000                  | 6.4                            | 9.2                            | 0                       | (26,000)                 |
| Kitchener-Waterloo, ON      | 2,376,000                             | 0                       | 165,000                  | 0                       | 20.6                           | 21.3                           | (15,000)                | 89,000                   |
| Montreal, QC                | 49,429,000                            | 0                       | 0                        | 0                       | 7.4                            | 6.9                            | 251,000                 | 96,000                   |
| Ottawa, ON                  | 14,992,000                            | 0                       | 0                        | 550,000                 | 4.0                            | 5.6                            | (239,000)               | (233,000)                |
| Regina, SK                  | 3,515,000                             | 0                       | 0                        | 190,000                 | 1.4                            | 1.4                            | 0                       | (3,000)                  |
| Saskatoon, SK               | 2,072,000                             | 20,000                  | 30,000                   | 100,000                 | 5.8                            | 6.0                            | 15,000                  | 29,000                   |
| Toronto, ON                 | 88,790,000                            | 226,000                 | 888,000                  | 2,346,000               | 5.5                            | 5.3                            | 848,000                 | 1,762,000                |
| Vancouver, BC               | 24,466,000                            | 0                       | 0                        | 127,000                 | 4.4                            | 4.6                            | (46,000)                | 21,000                   |
| Victoria, BC                | 4,910,000                             | 224,000                 | 233,000                  | 0                       | 4.0                            | 8.4                            | 97,000                  | 7,000                    |
| Winnipeg, MB                | 14,888,000                            | 0                       | 26,000                   | 0                       | 8.0                            | 8.0                            | 0                       | 3,000                    |
| <b>CANADA TOTAL/AVERAGE</b> | <b>258,760,000</b>                    | <b>470,000</b>          | <b>3,625,000</b>         | <b>5,893,000</b>        | <b>7.16</b>                    | <b>7.02</b>                    | <b>1,530,000</b>        | <b>3,488,000</b>         |

CANADA | DOWNTOWN OFFICE | CLASS A

| MARKET                      | EXISTING INVENTORY (SF) DEC. 31, 2010 | VACANCY RATE (%) SEP. 30, 2010 | VACANCY RATE (%) DEC. 31, 2010 | ABSORPTION Q4 2010 (SF) | ABSORPTION YTD 2010 (SF) | AVERAGE ANNUAL QUOTED RENT (CAD PSF) DEC. 31, 2010 | QUARTERLY CHANGE IN RENT (%) | ANNUAL CHANGE IN RENT (%) |
|-----------------------------|---------------------------------------|--------------------------------|--------------------------------|-------------------------|--------------------------|--|------------------------------|---------------------------|
| Calgary, AB                 | 24,783,000                            | 12.4                           | 9.8                            | 638,000                 | 2,134,000                | 39.50  | 0.0                          | -6.0                      |
| Edmonton, AB                | 8,254,000                             | 7.0                            | 7.2                            | (19,000)                | (120,000)                | 38.50  | -3.6                         | -11.3                     |
| Halifax, NS                 | 1,916,000                             | 6.6                            | 4.7                            | (27,000)                | (63,000)                 | 31.60  | 0.0                          | 0.3                       |
| Kitchener-Waterloo, ON      | 795,000                               | 16.3                           | 18.0                           | (13,000)                | 125,000                  | 24.80  | -9.9                         | -6.5                      |
| Montreal, QC                | 23,076,000                            | 7.6                            | 7.0                            | 131,000                 | 31,000                   | 35.00  | 9.4                          | 13.9                      |
| Ottawa, ON                  | 9,001,000                             | 3.9                            | 6.6                            | (250,000)               | (246,000)                | 48.30  | 0.0                          | -2.4                      |
| Regina, SK                  | 1,031,000                             | 1.0                            | 1.1                            | 4,000                   | (6,000)                  | 34.90  | 0.5                          | 0.5                       |
| Saskatoon, SK               | 492,000                               | 0.2                            | 0.2                            | 0                       | 34,000                   | 34.00  | 7.9                          | 7.9                       |
| Toronto, ON                 | 41,588,000                            | 6.8                            | 6.7                            | 744,000                 | 1,395,000                | 55.62  | 3.2                          | 0.7                       |
| Vancouver, BC               | 10,034,000                            | 2.6                            | 2.8                            | (17,000)                | 43,000                   | 53.00  | -2.8                         | 12.8                      |
| Victoria, BC                | 821,000                               | 8.6                            | 16.6                           | 139,000                 | 122,000                  | 37.00  | 0.0                          | 0.0                       |
| Winnipeg, MB                | 2,619,000                             | 6.6                            | 6.6                            | 0                       | 27,000                   | 30.00  | -                            | -                         |
| <b>CANADA TOTAL/AVERAGE</b> | <b>124,409,000</b>                    | <b>7.51</b>                    | <b>7.11</b>                    | <b>1,329,000</b>        | <b>3,475,000</b>         | <b>43.80</b> <i>weighted</i>                       | <b>1.26</b>                  | <b>-0.31</b>              |
|                             |                                       |                                |                                |                         |                          | <b>38.20</b> <i>equal</i>                          | <b>0.36</b>                  | <b>0.68</b>               |

CANADA | SUBURBAN OFFICE | ALL INVENTORY

| MARKET                      | EXISTING INVENTORY (SF) DEC. 31, 2010 | NEW SUPPLY Q4 2010 (SF) | NEW SUPPLY YTD 2010 (SF) | UNDER CONSTRUCTION (SF) | VACANCY RATE (%) SEP. 30, 2010 | VACANCY RATE (%) DEC. 31, 2010 | ABSORPTION Q4 2010 (SF) | ABSORPTION YTD 2010 (SF) |
|-----------------------------|---------------------------------------|-------------------------|--------------------------|-------------------------|--------------------------------|--------------------------------|-------------------------|--------------------------|
| Calgary, AB                 | 23,302,000                            | 0                       | 186,000                  | 606,000                 | 11.5                           | 10.9                           | 134,000                 | 531,000                  |
| Edmonton, AB                | 8,808,000                             | 27,000                  | 27,000                   | 0                       | 7.6                            | 15.5                           | 19,000                  | (184,000)                |
| Halifax, NS                 | 6,197,000                             | 108,000                 | 161,000                  | 30,000                  | 11.0                           | 11.0                           | 127,000                 | 446,000                  |
| Kitchener-Waterloo, ON      | 3,286,000                             | 0                       | 16,000                   | 486,000                 | 12.5                           | 10.4                           | 100,000                 | 204,000                  |
| Montreal, QC                | 23,621,000                            | 0                       | 191,000                  | 112,000                 | 9.7                            | 9.7                            | (2,000)                 | 35,000                   |
| Ottawa, ON                  | 20,559,000                            | 0                       | 0                        | 182,000                 | 7.1                            | 7.5                            | (75,000)                | 1,172,000                |
| Regina, SK                  | 659,000                               | 0                       | 12,000                   | 0                       | 0.6                            | 0.6                            | 0                       | (3,000)                  |
| Toronto, ON                 | 97,513,000                            | 0                       | 983,000                  | 0                       | 7.5                            | 6.6                            | 471,000                 | 1,646,000                |
| Vancouver, BC               | 28,649,000                            | 0                       | 395,000                  | 781,000                 | 10.2                           | 10.2                           | 84,000                  | 123,000                  |
| Victoria, BC                | 3,573,000                             | 48,000                  | 108,000                  | 130,000                 | 6.7                            | 10.2                           | (81,000)                | (78,000)                 |
| Winnipeg, MB                | 3,150,000                             | 0                       | (9,000)                  | 0                       | 11.9                           | 11.9                           | 0                       | (3,000)                  |
| <b>CANADA TOTAL/AVERAGE</b> | <b>219,318,000</b>                    | <b>183,000</b>          | <b>2,071,000</b>         | <b>2,326,000</b>        | <b>8.69</b>                    | <b>8.61</b>                    | <b>777,000</b>          | <b>3,889,000</b>         |

CANADA | SUBURBAN OFFICE | CLASS A

| MARKET                      | EXISTING INVENTORY (SF) DEC. 31, 2010 | VACANCY RATE (%) SEP. 30, 2010 | VACANCY RATE (%) DEC. 31, 2010 | ABSORPTION Q4 2010 (SF) | ABSORPTION YTD 2010 (SF) | AVERAGE ANNUAL QUOTED RENT (CAD PSF) DEC. 31, 2010 | QUARTERLY CHANGE IN RENT (%) | ANNUAL CHANGE IN RENT (%) |
|-----------------------------|---------------------------------------|--------------------------------|--------------------------------|-------------------------|--------------------------|--|------------------------------|---------------------------|
| Calgary, AB                 | 10,609,000                            | 12.4                           | 11.6                           | 80,000                  | 327,000                  | 35.00  | 7.7                          | 29.6                      |
| Halifax, NS                 | 8,026,000                             | 4.0                            | 8.5                            | 32,000                  | 351,000                  | 26.70  | 0.0                          | -1.8                      |
| Kitchener-Waterloo, ON      | 1,448,000                             | 15.3                           | 12.4                           | 41,000                  | 113,000                  | 23.70  | -8.7                         | -9.8                      |
| Montreal, QC                | 13,226,000                            | 8.4                            | 8.4                            | (3,000)                 | 43,000                   | 26.00  | 8.3                          | 5.1                       |
| Ottawa, ON                  | 1,156,000                             | 78.7                           | 74.3                           | 52,000                  | 676,000                  | 32.00  | 6.4                          | 9.2                       |
| Regina, SK                  | 659,000                               | 0.6                            | 0.6                            | 0                       | (3,000)                  | 28.50  | 16.3                         | 15.9                      |
| Toronto, ON                 | 42,732,000                            | 7.5                            | 6.9                            | 263,000                 | 1,250,000                | 30.50  | -3.4                         | 7.6                       |
| Vancouver, BC               | 13,590,000                            | 12.5                           | 12.4                           | 90,000                  | 233,000                  | 38.00  | 3.6                          | -9.0                      |
| Victoria, BC                | 817,000                               | 3.3                            | 8.7                            | 3,000                   | 47,000                   | 41.50  | 25.8                         | 25.8                      |
| <b>CANADA TOTAL/AVERAGE</b> | <b>92,263,000</b>                     | <b>9.55</b>                    | <b>9.49</b>                    | <b>558,000</b>          | <b>3,035,000</b>         | <b>31.20</b> <i>weighted</i>                       | <b>0.63</b>                  | <b>12.06</b>              |
|                             |                                       |                                |                                |                         |                          | <b>30.80</b> <i>equal</i>                          | <b>3.71</b>                  | <b>5.43</b>               |

## UNITED STATES | OFFICE INVESTMENT

| MARKET                              | CBD<br>SALES PRICE<br>(USD PSF) | CBD<br>CAP RATE<br>(%) | SUBURBAN<br>SALES PRICE<br>(USD PSF) | SUBURBAN<br>CAP RATE<br>(%) |
|-------------------------------------|---------------------------------|------------------------|--------------------------------------|-----------------------------|
| Atlanta, GA                         | 81.00                           | 8.66                   | 157.00                               | 9.15                        |
| Bakersfield, CA                     | -                               | -                      | 116.00                               | -                           |
| Boston, MA                          | 540.00                          | 6.50                   | -                                    | -                           |
| Charleston, SC                      | 250.00                          | 8.00                   | 135.00                               | 11.00                       |
| Charlotte, NC                       | -                               | -                      | -                                    | -                           |
| Chicago, IL                         | 220.00                          | 7.25                   | 120.00                               | 8.00                        |
| Cincinnati, OH                      | -                               | -                      | 168.00                               | -                           |
| Columbus, OH                        | 98.00                           | 8.50                   | 135.00                               | -                           |
| Dallas/Fort Worth, TX               | -                               | -                      | 180.00                               | 7.00                        |
| Denver, CO                          | 210.00                          | 7.80                   | 155.00                               | 8.40                        |
| Fairfield County, CT                | -                               | -                      | 250.00                               | 8.00                        |
| Fresno, CA                          | 160.00                          | 9.00                   | 160.00                               | 8.50                        |
| Ft. Lauderdale/Broward Co., FL      | 283.63                          | 6.40                   | 142.23                               | 9.80                        |
| Honolulu, HI                        | -                               | -                      | 226.00                               | 6.50                        |
| Houston, TX                         | 191.50                          | 7.50                   | 139.50                               | 8.00                        |
| Jacksonville, FL                    | 85.00                           | 9.25                   | 120.00                               | 8.75                        |
| Las Vegas, NV                       | -                               | -                      | 122.71                               | -                           |
| Little Rock, AR                     | 88.00                           | 9.50                   | 110.00                               | 9.25                        |
| Los Angeles – Inland Empire, CA     | -                               | -                      | 230.00                               | -                           |
| Los Angeles, CA                     | 332.00                          | 6.00                   | 280.00                               | 8.00                        |
| Miami-Dade County, FL               | 175.55                          | 5.75                   | 166.02                               | -                           |
| Nashville, TN                       | -                               | -                      | 60.70                                | -                           |
| New York, NY – Downtown Manhattan   | 89.00                           | 6.90                   | -                                    | -                           |
| New York, NY – Midtown Manhattan    | 675.00                          | 5.00                   | -                                    | -                           |
| New York, NY – Midtown S. Manhattan | 542.00                          | 5.00                   | -                                    | -                           |
| Oakland, CA                         | -                               | 8.00                   | -                                    | 9.00                        |
| Orange County, CA                   | -                               | -                      | 155.00                               | 8.50                        |
| Orlando, FL                         | -                               | -                      | 160.31                               | 9.10                        |
| Philadelphia, PA                    | 112.00                          | 9.00                   | 117.00                               | 9.00                        |
| Phoenix, AZ                         | 212.00                          | -                      | 92.00                                | 8.25                        |
| Pleasanton/Walnut Creek, CA         | 112.50                          | 8.00                   | 87.50                                | 8.50                        |
| Portland, OR                        | 179.75                          | 7.20                   | 149.65                               | 8.40                        |
| Sacramento, CA                      | 180.00                          | 8.10                   | 134.44                               | 8.30                        |
| San Diego County, CA                | 111.49                          | -                      | 174.80                               | 8.45                        |
| San Francisco Peninsula, CA         | -                               | -                      | 250.00                               | 6.50                        |
| San Francisco, CA                   | 314.00                          | 6.20                   | -                                    | -                           |
| Seattle/Puget Sound, WA             | 161.30                          | 6.00                   | 395.92                               | 6.70                        |
| St. Louis, MO                       | 100.00                          | 9.00                   | 127.00                               | 8.50                        |
| Stamford, CT                        | 350.00                          | 8.00                   | -                                    | -                           |
| Stockton/San Joaquin County, CA     | 130.00                          | 8.50                   | -                                    | -                           |
| Tampa, FL                           | -                               | -                      | 103.26                               | 10.00                       |
| Washington, DC                      | 688.77                          | -                      | -                                    | -                           |
| West Palm Beach/Palm Beach Co., FL  | -                               | -                      | 213.00                               | -                           |
| Westchester County, NY              | -                               | -                      | 250.00                               | 8.00                        |
| White Plains, NY                    | 350.00                          | 8.00                   | -                                    | -                           |

## CANADA | OFFICE INVESTMENT

| MARKET                 | CBD<br>SALES PRICE<br>(CAD PSF) | CBD<br>CAP RATE<br>(%) | SUBURBAN<br>SALES PRICE<br>(CAD PSF) | SUBURBAN<br>CAP RATE<br>(%) |
|------------------------|---------------------------------|------------------------|--------------------------------------|-----------------------------|
| Calgary, AB            | 340.00                          | 6.50                   | 335.00                               | 7.25                        |
| Edmonton, AB           | 275.09                          | 6.42                   | -                                    | -                           |
| Kitchener-Waterloo, ON | 160.00                          | 8.00                   | 110.00                               | 7.75                        |
| Montreal, QC           | 275.00                          | 7.00                   | 190.00                               | 7.75                        |
| Ottawa, ON             | 270.00                          | 7.25                   | 145.00                               | 7.60                        |
| Regina, SK             | 213.00                          | 7.45                   | -                                    | -                           |
| Saskatoon, SK          | 240.00                          | 7.20                   | -                                    | -                           |
| Toronto, ON            | 244.00                          | -                      | 174.00                               | -                           |
| Vancouver, BC          | 400.00                          | 5.75                   | 300.00                               | 6.50                        |
| Victoria, BC           | 325.00                          | 6.33                   | 290.00                               | 6.75                        |
| Winnipeg, MB           | 155.00                          | 7.75                   | 135.00                               | 7.75                        |

Office Markets Look and Feel a Lot Better—  
But Higher Rents Still Some Way Off

Continued from page 1

quarter at 16.11 percent, almost certainly marking the beginning of a long decline in vacancy. During the fourth quarter, downtown vacancies decreased 23 basis points to register 14.81 percent, while suburban vacancy rates staged a slightly larger decrease, falling 32 basis points to register 16.69 percent. For the year, the U.S. national office vacancy rate fell 12 basis points after peaking in the third quarter. Canadian office vacancy rates were also down during the quarter, with central business district (CBD) vacancies falling 14 basis points to 7.02 percent while suburban vacancies decreased 8 basis points to 8.61 percent.

**Office occupancies up for a third consecutive quarter.**

The most positive sign U.S. office markets are getting back on their feet is the third quarterly increase in occupied space. Fourth quarter absorption came in at 14.8 MSF (million square feet) which was a substantial increase from the third quarter when occupied space increased by 7.0 MSF. This brought full year absorption to 24.0 MSF, a considerable improvement from 2009 when occupied space shrank by 54.4 MSF. Examining fourth quarter absorption in detail shows 70 percent of newly occupied space was in Class A buildings, highlighting the continued move to quality by many tenants. Canadian markets also recorded an increase in occupied space during the fourth quarter with absorption totaling 2.3 MSF. For the year, Canadian office absorption totaled 7.4 MSF, compared with -1.1 MSF in 2009.

**Rent picture again mixed.** Fourth quarter data shows CBD rents increased a further 0.9 percent to average \$39.30 per square foot, while suburban rents fell by a similar percentage to register \$26.00 per square foot. Taking out the effects of some of the larger, higher-priced markets, both downtown and suburban rents fell during the quarter, falling 0.6 and 0.7 percent respectively. On a weighted basis, downtown rents fell 1.8 percent over the year while suburban rents dropped 2.9 percent during 2010. Canadian downtown office rents moved higher during the quarter with CBD quoted rents increasing 1.3 percent, while suburban rents increased 0.6 percent.

**Office construction slows to a trickle.** Fourth quarter office completions totaled just 3.8 MSF, the lowest total on record, and a further decrease from the third quarter when construction totaled 5.5 MSF. Going forward, office development will remain extremely subdued, reflected by construction activity which registered just 22.3 MSF at the end of the quarter. A year ago, construction underway registered 46.0 MSF. Completions may be in the process of bottoming out, but no sharp reversal is expected anytime soon. The Canadian office market also had very little new construction during the fourth quarter; however, downtown Toronto and Calgary had over 5.0 MSF under construction at year-end.



## 480 offices in 61 countries on 6 continents

United States: 135  
Canada: 39  
Latin America: 17  
Asia Pacific: 194  
EMEA: 95

- \$1.9 billion in annual revenue
- 2.4 billion square feet under management
- Over 15,000 professionals

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## Glossary

**Inventory** – Includes all existing multi- or single-tenant leased and owner-occupied office properties greater than or equal to 10,000 square feet (net rentable area). In some larger markets this minimum size threshold may vary up to 50,000 square feet. Does not include medical or government buildings.

**Vacancy Rate** – Percentage of total inventory physically vacant as at the survey date including direct vacant and sublease space.

**Absorption** – Net change in physically occupied space over a given period of time.

**New Supply** – Includes completed speculative and build-to-suit construction. New supply quoted on a net basis after any demolitions or conversions.

**Annual Quoted Rent** – Includes all costs associated with occupying a full floor in the mid-rise portion of a Class A building inclusive of taxes, insurance, maintenance, janitorial and utilities (electricity surcharges added where applicable). All office rents in this report are quoted on an annual, gross per square foot basis. Rent calculations do not include sublease space.

**Cap Rate** – (Or going-in cap rate) Capitalization rates in this survey are based on multi-tenant institutional grade buildings fully leased at market rents. Cap rates are calculated by dividing net operating income (NOI) by purchase price.

Note: **SF** = square feet  
**PSF** = per square foot  
**CBD** = central business district



Accelerating success.