

# The Province

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BUSINESS THIS MORNING

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## Office vacancies on the rise

**ANALYST:** 'There will be a crisis of confidence in the big markets'

OTTAWA — Commercial real-estate markets in Western Canada and Toronto will remain at the mercy of the economic downturn in 2009, brokerage Avison Young predicts.

Disruption in the global credit markets and lack of available financing has had a deep impact on commercial real-estate markets worldwide, Avison chief executive Mark Rose said yesterday.

"Canada held up better than most countries . . . but the repercussions of global asset repricing and waning investor confidence will continue to affect our financial centres [Toronto] as well as oil-producing centres [Alberta and Saskatchewan]."

In Vancouver, Avison predicts office-vacancy rates will climb to 6.5 per cent in 2009 from five per cent in 2008.

Vancouver's industrial-vacancy rates will rise to 3.3 per cent in 2009 from 2.4 per cent in November, Avison said.

In Toronto, Avison forecasts office-vacancy rates will surge from 4.3 per cent to seven per cent in 2009. In Calgary, rates will climb from 3.4 per cent to 4.6 per cent.

Major new projects in the Toronto and Calgary markets are expected to add millions of square feet to existing supply.

"There will be a crisis of confidence in the big markets," as executives delay decisions as the financial downturn plays out, Rose said in an interview.

This could stretch out for 12 to 18 months but possibly longer if job losses mount, he said.

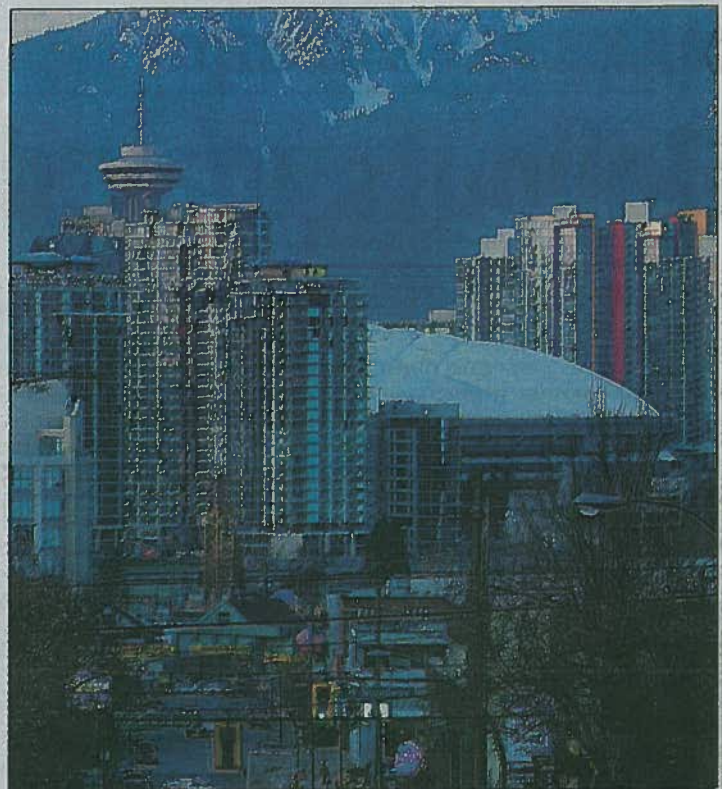
Nationally, that means office-vacancy rates will rise to 6.7 per cent in 2009 from 5.2 per cent in 2008 as new inventory and a spike in sublease space weigh on the market.

Nevertheless, Rose said, "generally strong" fundamentals and relatively constrained supply should start to brighten the picture in the second half of the year.

Transaction volumes will also increase as fear of the financial crisis ebbs, he added.

"Investors requiring high leverage may be sidelined for now, but there is still significant capital seeking opportunities, and there are still many interested tenants waiting in the wings," he said.

— *Canwest News Service*



Snowcapped mountains on the North Shore loom over Vancouver, where office-vacancy rates will climb. RIC ERNST FILE PHOTO — THE PROVINCE

## ASIAN BUSINESS NEWS: Indian banks' links to fraud-hit Satyam under scrutiny

MUMBAI

### Local banks quizzed on Satyam property deals

India's central bank is checking local banks' exposure to firms run by the family of fraud-hit Satyam Computer Services, with sources saying the focus was on property-related loans. The Reserve



BANGKOK

### Thailand agrees to \$4b stimulus

Thailand's new cabinet agreed yesterday to a \$3.9-billion stimulus package, starting in March, to counter the economic slowdown after six months of street protests and last year's crippling airport seizures.

— AFP

SINGAPORE

### Airlines opting to lease planes