

New User? Register | Sign In | Help

YAHOO! FINANCE

Yahoo Finance  
global news site  
August 5, 2010

Yahoo! Mail

Search

Web Search

HOME INVESTING NEWS &amp; OPINION PERSONAL FINANCE MY PORTFOLIOS TECH TICKER

GET QUOTES Finance Search

Sun, Aug 8, 2010, 5:27PM EDT - U.S. Markets closed

AMERITRADE

TRADEKING  
\$4.95 PER TRADE

## Avison Young releases Mid-Year 2010 Office Market Report for Canada, U.S.: Wide gap remains between Canada and U.S. office leasing markets as they work their way up the recovery curve



Press Release Source: Avison Young (Canada) Inc. On Thursday August 5, 2010, 8:00 am EDT

TORONTO, Aug. 5 /PRNewswire/ - The Canadian and U.S. office leasing markets continue to work their way back to pre-credit crisis form. Though both markets have a ways to go before they return to historical norms, property market fundamentals may be turning more positive than anticipated, especially in Canada.

These are some of the key trends noted in Avison Young's Mid-Year 2010 Office Market Report - Canada, U.S., released today. The annual report covers the office markets in 16 regions: Vancouver, Calgary, Edmonton, Lethbridge, Regina, Winnipeg, Mississauga, Toronto, Ottawa, Montreal, Quebec City, Halifax, Chicago, Washington DC, Atlanta and Houston.

"Business confidence is seemingly strengthening in North America, as represented by an increase in activity level and the number of requests for proposals," comments Mark E. Rose, Chair and CEO of Avison Young. "New supply is shrinking and, in supply-ridden markets, speculative construction is virtually non-existent. Meanwhile, an improving job market is supporting the increase in leasing/investment activity and business confidence, most notably in Canada."

With that said, due to ongoing issues in the U.S., Avison Young is pushing its recovery forecast to 2011. "All of our metrics and analyses conducted from the fourth quarter of 2009 to the first quarter of 2010 pointed to a potential recovery in the fourth quarter of 2010," continues Rose. "However, the second quarter of 2010 witnessed continuing and new global disruptions as well as extreme economic uncertainty in the U.S. Hence, we will not hit our three current key metrics of employment growth, robust GDP growth or clear corporate decision-making. This does not mean that activity will grind to a halt. It just means that a true recovery cannot begin until the political and economic clouds in the U.S. begin to dissipate. The good news is that Canada continues to recover and has a relatively robust decision-making environment."

Across the 16 Canadian and U.S. markets that Avison Young tracks, office vacancy climbed 80 basis points (bps) over the past year to close the midway point of 2010 at 13.3%.

"The disparity and economic well-being are, in part, evident in the respective countries' national office vacancy rates - Canada at 9.9% versus 15% for the U.S. markets covered by Avison Young," points out Bill Argeropoulos, Vice-President and Director of Research (Canada) for Avison Young.

"As of mid-year 2010, Canada's national office vacancy rate stands at 9.9%, up from 8.4% at mid-year 2009. A burgeoning sublet market coupled with an active construction pipeline, albeit now both abating, precipitated the 150-bps jump in vacancy over the past year," he says.

According to the report, eight of the 12 Canadian markets surveyed displayed overall vacancy rates below the national average (9.9%) at mid-year 2010. Five of the eight markets are in Western Canada: Vancouver (8.3%), Edmonton (9.4%), Lethbridge (9.2%), Regina (2.9%) and Winnipeg (4.9%). Those in Eastern Canada include Ottawa (7.9%), Quebec City (5.6%) and Halifax (7.8%). This year, Regina (2.9%) and Mississauga (13.2%) anchored the low and high ends of the range, respectively, while the most notable swings in vacancy occurred in Halifax (7.8%, -220 bps) and Montreal (11.1%, +250 bps).

A closer look at the Downtown and suburban markets reveals increases in year-over-year vacancies, from 6.4% to 8.2%, and 10.4% to 12.1%, respectively. Similar to last year, Downtown vacancy rates ranged from a low of 3.0% in Regina to a high of 14.8% in Mississauga. Vancouver (5.1%, +10 bps) and Winnipeg (4.6%, +20 bps) witnessed marginal changes in their Downtown vacancy levels, whereas Downtown vacancy reached four-year highs in Mississauga (14.8%, +380 bps) and Quebec City (5.9%, +330 bps). Calgary (10%) and Toronto

### Top Stories

Bahrain says no plans to ban BlackBerry services - AP

AP source: Ousted HP CEO settles with accuser - AP

Medicare's private eyes let fraud cases get cold - AP

Apple to set up Japan Web warning on problem iPods - AP

Visiting the United States?

Save 10%

When you book in the USA.



BOOK NOW >>

Budget

Rent Like a Genius®

TERMS AND CONDITIONS APPLY

### Tech Ticker Recent Posts

"Stay Fresh": Advice for Job Seekers from Adecco's CEO - Aaron Task

"A Terribly Slow Pace of Job Growth": Private Sector Hiring Disappoints, Again - Aaron Task

Really Big Shoes: It'll Take More Than One Exec to Replace Warren Buffett - Aaron Task

[View More](#)

### Subscribe to Topics



Top Stories



Add Alert

[See all RSS links](#)

ADVERTISEMENT

	<p>Price: \$1439 Bid: \$98 <b>00:12</b> SAVE: 94%</p>		<p>Price: \$629 Bid: \$68 <b>00:14</b> SAVE: 90%</p>
<p>Don't Pay Full Price</p>		<p>Bid Now</p>	
<p>bidz.com</p>			

(10.3%), which had the most active Downtown development markets during the economic downturn, saw their respective vacancy rates rise by 220 and 270 bps over last year.

Argeropoulos adds: "Recently completed developments in Downtown Toronto are now approaching 80% leased. With only one building under construction (18 York Street, soon to be fully preleased) and the remaining large-block options not satisfying all of the larger mandates currently in or about to enter the market, some developers are taking advantage of these shortcomings. For example, GWL Realty Advisors is getting a head start on the next development cycle by recently announcing a 30-storey, 700,000-sf tower adjacent to its 18 York Street project."

The report goes on to note that, on average, Downtown class A asking rents are highest in Vancouver at \$30 per square foot net (psf) and lowest in Quebec City (\$10 psf), with the national Downtown average hovering at \$21 psf. On a gross basis, the Downtown class A average sits at an even \$40 psf, with Ottawa (\$50 psf) edging out Vancouver (\$48 psf) as the most expensive market.

Canada's suburban markets collectively displayed a vacancy rate of 12.1% at mid-year 2010, up from 10.4% one year ago. Eight of the 12 suburban markets maintained vacancy levels below the national suburban average, with five still below the 10% range. Year-over-year, Montreal (14.8%, +430 bps) and Halifax (9.6%, -590 bps) recorded the most notable swings in suburban vacancy while Calgary (12.7%, +30 bps) and Quebec City (5.5%, +30 bps) registered the least. Other suburban vacancies, as of mid-year 2010, are as follows: Vancouver (11.1%), Edmonton (12.0%), Regina (2.0%), Winnipeg (5.9%), Mississauga (9.7%), Ottawa (11.3%), Quebec City (5.5%) and Halifax (9.6%).

Compared to Downtown markets, suburban class A asking net rates are on average \$4 psf lower, presently at \$17 psf, with Regina (\$25 psf) and Quebec City (\$9 psf) anchoring the high and low ends of the range, respectively. On a gross basis, suburban class A space is averaging \$29 psf, which is \$11 psf (or 38%) lower than the Downtown average.

Half of suburban markets have gross rates at or above the national average. These include, from West to East: Vancouver (\$34 psf), Calgary (\$29 psf), Edmonton (\$31 psf), Regina (\$39 psf/highest), Toronto (\$29 psf) and Ottawa (\$31 psf).

According to Argeropoulos, business confidence has undoubtedly improved over the past year and is supported by a surging Canadian job market.

Following a near-record 93,000 jobs created in June 2010 (versus 109,000 in April), largely in the provinces of Ontario and Quebec, Canada's unemployment rate fell below 8% to 7.9% for the first time since early 2009, according to Statistics Canada. In all, 403,000 new positions have been created since July 2009, restoring most of the jobs that were lost during the recession. In sharp contrast, a sluggish economy south of the border resulted in the loss of 125,000 jobs in June, with only a small margin of the more than 8 million positions wiped out between mid-2007 and late 2009 recovered.

U. S.  
-----

As of mid-year 2010, the U.S. office markets remain oversupplied. "While a handful of markets such as Washington, DC have reported positive net absorption, the indicator that will signal a turnaround is job growth," states Earl Webb, Avison Young's President, U.S. Operations. "Without meaningful job growth, the U.S. markets will bump along for the next six to 12 months."

Webb continues: "On a positive note, the country's construction pipeline has dwindled and deliveries and construction starts are lower than their historical average. As well, the vacancy rate for the U.S. held at 13.6% for the last two quarters."

Looking at the four major U.S. markets that Avison Young tracks, overall vacancy reached 15% at mid-year 2010, up from 14.1% one year ago. Gross rents in the Downtown markets average \$40 psf and, in suburban markets, \$28 psf.

"Overall, class A asking rents in the U.S. are remarkably similar to those found in Canada," notes Margaret Donkerbrook, Avison Young's Vice-President of U.S. Research, "but are quite different at the individual market level."

Chicago's overall vacancy rate currently sits at 17% - up 200 bps since mid-year 2009. At the same time, Chicago's Downtown market has started to stabilize and the vacancy rate improved by 30 bps in the second quarter alone.

The Washington metropolitan area led the major markets with 3.3 million square feet (msf) of net absorption year-to-date; however, it also delivered a similar amount of new space and the regional vacancy rate rose slightly to 12.5% compared to the same period in 2009. Downtown Washington has improved thus far in 2010, with its overall vacancy rate sliding to just below 10% largely due to federal government leasing activity.

Copyright © 2010 PR Newswire. All rights reserved. Reproduction or redistribution of PRNewswire content is expressly prohibited without the prior written consent of PRNewswire. PRNewswire shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Atlanta, also experiencing construction and tenant contraction, posted 21.2% vacancy for its 135-msf market. In Houston, it's a tenant's market with 14.1% vacancy and falling rental rates. While Houston's Downtown vacancy rate improved from 10.8% to 10% over the last 12 months, it is expected to climb again as the 1.8 msf under construction is delivered.

"Despite the wide gap in office vacancy rates and employment gains between Canada and the U.S., and Canada being ahead on the recovery curve, expect both markets to continue to make advances in the latter half of this year and into next year," says Argeropoulos.

Editors/Reporters:  
-----

Please turn to the following pages of the report for Mid-Year 2010 market highlights of the local office leasing markets. For further info/comment, please contact the Avison Young Principals/brokers listed below. Thank you.

- Click here to view Avison Young's Mid-Year 2010 Office Market Report - Canada, U.S.:

[http://www.avisonyoung.com/library/pdf/National/Avison\\_Young\\_Canada\\_&\\_US\\_Mid-Year\\_2010\\_Office\\_Report.pdf](http://www.avisonyoung.com/library/pdf/National/Avison_Young_Canada_&_US_Mid-Year_2010_Office_Report.pdf)

- Click here to view office vacancy/rental rate graphs - Canada, U.S.:

[http://www.avisonyoung.com/library/pdf/National/Avison\\_Young\\_Canada\\_&\\_US\\_Mid-Year\\_2010\\_Office\\_Report\\_-\\_Media\\_Graphs.xls](http://www.avisonyoung.com/library/pdf/National/Avison_Young_Canada_&_US_Mid-Year_2010_Office_Report_-_Media_Graphs.xls)

If you are unable to open any of these links, please contact Sherry Quan for pdf versions to be emailed. Thank you.

pp. 1-2 Canada & U.S.:

-----  
Bill Argeropoulos, VP & Director of Research (Canada): (416) 673.4029 or  
cell: (416) 906-3072 bill.argeropoulos@avisonyoung.com  
Margaret Donkerbrook, VP, U.S. Research: (202) 266-8761  
margaret.donkerbrook@avisonyoung.com

p. 3 Vancouver:

-----  
Matt Walker, Principal, (604) 647-5074 mwalker@ay-bc.com

p. 3 Calgary:

-----  
Todd Thronson, Principal, (403) 232-4343 tthronson@ay-ab.com

p. 4 Edmonton:

-----  
Cory Wosnack, Principal, (780) 429-7556 cwosnack@ay-ab.com

p. 4 Lethbridge:

-----  
Doug Mereska, Principal, (403) 330-3338 dmereska@avisonyoung.com

p. 5 Regina:

-----  
Richard Jankowski, Principal, (306) 359-9799 rjankowski@ay-sk.com

p. 5 Winnipeg:

-----  
Wes Schollenberg, Principal, (204) 947-3423 wschollenberg@ay-mb.com

p. 6 Mississauga:

-----  
Martin Dockrill, Principal, (905) 283-2333 martin.dockrill@avisonyoung.com

p. 6 Toronto:

-----  
Mark Fieder, Principal, (416) 673-4051 mark.fieder@avisonyoung.com

p. 7 Ottawa:

-----  
Michael Church, Principal, (613) 567-6634 michael.church@avisonyoung.com

p. 7 Montreal:

-----  
Bernard Poliquin, Principal, (514) 905-5446  
bernard.poliquin@avisonyoung.com

p. 8 Quebec City:

-----  
Bernard Poliquin, Principal, (514) 905-5446  
bernard.poliquin@avisonyoung.com

p. 8 Halifax:

-----  
 Kenzie MacDonald, Principal, (902) 442-4055 kmacdonald@ay-ns.com

p. 9 Chicago:

-----  
 Michael McKiernan, Principal, (847) 881-2236  
 michael.mckiernan@avisonyoung.com

p. 9 Washington, DC:

-----  
 Keith Lipton, Principal, (202) 266-8763 keith.lipton@avisonyoung.com

p. 10 Atlanta:

-----  
 Steve Dils, Principal, (770) 630- 5939 steve.dils@avisonyoung.com

p. 10 Houston:

-----  
 Rand Stephens, Principal, (713) 808-1160 rand.stephens@avisonyoung.com

Founded in 1978, Avison Young is Canada's largest independently-owned commercial real estate services company and the only national, Canadian-owned, principal-managed real estate brokerage firm in the country. Headquartered in Toronto, Ontario and ranked among Canada's leading national commercial real estate organizations, Avison Young is a full-service commercial real estate company comprising more than 700 real estate professionals in 21 offices across Canada and in the U.S. The company provides value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-residential properties.

For further information/comment/photos:

- 
- Sherry Quan, National Director of Communications & Media Relations, Avison Young: (604) 647-5098; cell: (604) 726-0959
  - Mark Rose, Chair and CEO, Avison Young: (416) 673-4028
  - Earl Webb, President, U.S. Operations: (847) 881-2237

[www.avisonyoung.com](http://www.avisonyoung.com)

Editors/Reporters can now follow Avison Young on Twitter:

For industry news, press releases and market reports: [www.twitter.com/avisonyoung](http://www.twitter.com/avisonyoung)

For Avison Young listings and deals: [www.twitter.com/AYListingsDeals](http://www.twitter.com/AYListingsDeals)

**There are no comments yet**

## Post a Comment

[Sign in](#) to post a comment, or [Sign up](#) for a free account.

### Sponsored Links

[\\$87 Million stock market Winner](#)  
 California Option Trader Makes \$87 Million in stock market in 1 Year.  
[www.virtualinvestingclub.com](http://www.virtualinvestingclub.com)

[3 Gold Stocks for 2010](#)  
 Free Gold Report: The Easiest Ways To Make 1,000% Gains.  
[www.taipanpublishinggroup.com](http://www.taipanpublishinggroup.com)

[Penny Stock Portfolio up 8782% since '04](#)  
 Trading low priced stocks. Up 180% in 2009. Un-biased. Free Trial.  
[www.pennystocksweekly.com](http://www.pennystocksweekly.com)

### THINGS TO DO

**YAHOO!**  
**FINANCE**  
**WORLDWIDE**

Argentina

Australia Brazil

Canada China Chinese

France French Canada Germany Hong Kong

India Italy Japan Korea Mexico New Zealand

Singapore Spain Spanish Taiwan

UK & Ireland USA

Copyright © 2010  
 Yahoo! All rights reserved. [Privacy Policy](#) - [About Our Ads](#) - [Terms of Service](#) - [Copyright](#)

[Policy](#) - [Report Problems](#) - Yahoo! News Network  
**Quotes delayed**, except where indicated otherwise. Delay times are 15 mins for NASDAQ, NYSE and Amex. See also delay times for [other exchanges](#). Quotes and other information supplied by independent providers identified on the Yahoo! Finance [partner page](#). Quotes are updated automatically, but will be turned off after 25 minutes of inactivity. Quotes are delayed at least 15 minutes. All information provided "as is" for informational purposes only, not intended for trading purposes or advice. Neither Yahoo! nor any of independent providers is liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on information contained herein. By accessing the Yahoo! site, you agree not to redistribute the information found therein.

Fundamental company data provided by [Capital IQ](#). Historical chart data and daily updates provided by [Commodity Systems, Inc. \(CSI\)](#). International historical chart data, daily updates, fundAnalyst estimates data provided by [Thomson Financial Network](#). All data provided by Thomson Financial Network is based solely upon research information provided by third party analysts. Yahoo! has not reviewed, and in no way endorses the validity of such data. Yahoo! and ThomsonFN shall not be liable for any actions taken in reliance thereon.