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For Release: March 18, 2008

FOR THE TIME BEING TOUGH US ECONOMIC TIMES NOT IMPACTING CANADIAN OFFICE LEASING MARKET

Canadian markets show positive absorption; overall office market
vacancy rate is 6.4%; downtown Class A core is very low 4.0%

For the time being at least, the tough economic times that are hammering various
business segments in the United States have not crossed the border and
adversely impacted Canada's office market, CB Richard Ellis Limited says in a
report released today.

The report says in the first quarter of 2008 the national overall (downtown core
and suburban space) office market vacancy rate dropped, declining to 6.4% from
6.7% at the close of 2007. In the first quarter of this year the vacancy rate
dropped in six of the country's ten largest office markets with two of the markets,
Winnipeg and Montreal, showing marked declines.

The vacancy rate in the U.S. is expected to rise further due to the slowdown in the housing market, losses in debt markets that will affect office absorption, and a steady stream of new supply that will be completed during 2008. The Canadian economy is not being as severely impacted by those factors as the U.S. economy and is projected to perform relatively well throughout 2008.

Of the ten markets, the West continued to lead the nation in having the lowest overall vacancy rates. Calgary and Edmonton rates: Calgary was 4.3%, still the lowest overall rate even though it rose from 3.5% at the end of last year due to some modest downsizing and merger and acquisition activity; Edmonton was 4.9%, down from 5.2% with much of the reduction coming from expansion of three major engineering firms. Ottawa at 5.1% versus 5.0% was virtually flat in the first quarter and Winnipeg at 5.4% -- down from 7.8% at the end of 2007 -- were the next lowest.

The large drop in the Winnipeg market reflected increased leasing activity primarily from the provincial government as well as professional services. Vancouver dropped to 6.0%, down from 6.3% and Toronto was 6.9%, down from 7.2% at the end of last year. Montreal dropped to 7.9% from 9.4% as a result of increased activity in financial and professional services plus multi-media growth; Halifax rose to 8.3% from 8.0%.

The national downtown core market vacancy rate for Class A office space declined to a low 4.0% from 4.6% at the end of 2007 with eight of the ten markets showing declines. Only London showed an increased vacancy rate.

While the western markets continue to show the country's lowest vacancy rates eastern Canadian markets showed a significant drop overall in the downtown core vacancy rates, dropping to 5.2% from 6.1%, a substantial decline in a very short time. Among the factors influencing the eastern vacancy rates were a

continuing decline in the Toronto market which dwarfs all other Canadian markets in size, healthy growth in Montreal and further tightening of the already tight Ottawa market.

Vancouver had the lowest downtown vacancy rate in Canada at 3.0%, down from 3.8% at the end of the fourth quarter of last year and followed closely by Ottawa at 3.3%, down from 4.0%. Next lowest was Calgary with 4.0% although up slightly from 3.4% and Toronto with 4.7%, down from 5.6% at the end of 2007 with much of the leasing activity coming from the financial and allied services sector and activity coming in a broad spectrum of areas.

The huge Toronto market will see vacancies increase as three new buildings are within 12-16 months of completion. Among the reasons for the continuing decline in the Toronto office market is that many of the big tenants in the GTA have already negotiated early lease renewals in the past 12-18 months, which has driven the vacancy rate to the current low level. A further factor is that backfill space, the space the tenants will be leaving as they move into the new buildings, will also come on the market. The result will be that the Toronto market's vacancy rate is expected to climb to above 10% when the new buildings come on the market.

Kim Mercado, manager, national research, of CB Richard Ellis Limited, says that "while the drops in the overall and downtown market vacancy rates are comparatively small they do indicate positive absorption in the total office market in the first quarter of the year. While there are increasing concerns about the U.S. economy, our view is that based on the sound fundamentals currently in place in Canada, the Canadian office market will continue to perform relatively well in 2008 in comparison with the U.S. market. Overall, we anticipate 2008 will be a good year for commercial real estate in Canada but not a great year."