

MARKET OPPORTUNITIES - CALGARY AND OTTAWA

Both the Calgary and Ottawa markets currently provide significant opportunities for office leasing tenants.

In Calgary, over the last year, there have been various indicators that the office market might start to recover. However, for a variety of reasons, the recovery appears to be experiencing a false start. For example, recent M&A activity has put more sublease space on the market. Vacancy rates downtown are estimated to be as high as 25% and expected to go higher. If you are a tenant with three years left in your existing lease, it is likely that your landlord will consider restructuring your lease today as there are some landlords who will compete for your tenancy as a new tenant.

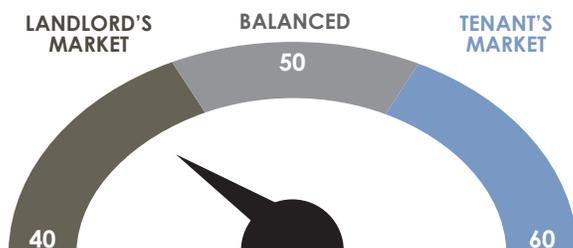
In Ottawa the office leasing market turned in the tenant's favour approximately three years ago. Today the downtown class "A" market has mostly recovered and vacancy rates have declined. However, the Class "B" market still has a high vacancy rate and is offering very favourable lease terms. This market may be particularly attractive for tenants as many of the Class "B" downtown buildings are well located and well maintained.

If you would like further information on these markets please let us know.

NOTABLE TRANSACTIONS - Q1, 2017

Indigo	620 King St. W	78,000
Harper Collins	22 Adelaide St. W	71,000
Manulife	250 Bloor St. W	55,000
CDW	185 The West Mall	48,000
Aerok/TEK Systems	350 Burnhamthorpe Rd. West	37,600
Ricoh	5560 Explorer Dr.	37,000
RBC Dominion Securities	5140 Yonge Street	36,200
Oxford College	1300 Central Pkwy	32,000
FIS	100 King St. W	27,000
OCE	325 Front St. W	25,000

45 An index of 45 indicates that we are in a **Landlord's market**.



THE ELLINGTON INDEX is designed to take into consideration a variety of factors which influence the market. We do this on a quarterly basis. The higher the individual factor is ranked means it influences the overall market in a positive way for the tenant or in other words, contributes to a "Tenant's Market". Conversely the lower the rank the more the factor contributes to it being a "Landlord's Market"

ELLINGTON INDEX - FACTORS/VALUES		RANK
Current Availability Rate (GTA)	11.0% ▼	5
Current Availability Rate (Downtown)	7.4% ▼	4
Change in Availability Rate since last Quarter (Downtown)	0.1% ▼	4
Sublet Space Availability as % of Direct Space (Downtown)	1.1% ▼	5
New Supply (Building under construction Downtown)	6	4
Space Leased since last Quarter (Downtown)	13,000 sf	5
Tenant Confidence (Downtown)	Medium	5
Landlord Confidence (Downtown)	Strong	4
Forecasted Rental Rates over next 3 months (Downtown)	Slight increase	5
Tenant Deal Velocity in Market (Downtown)	Medium	5
TOTAL		45

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