

## Office Vacancies Again Go Lower – Eleven Consecutive Quarters

As anticipated, North American office markets continued their trek towards less vacancy and higher rents. The third quarter was witness to yet another positive quarter with healthy demand and relatively little new supply. Vacancy levels dipped lower in Q3 as they have for the past eleven quarters. The trend remains clear for US and Canadian markets, steady demand and still very little new construction will continue to push rents higher in the coming quarters, although completions will rise significantly over the next 12 months.

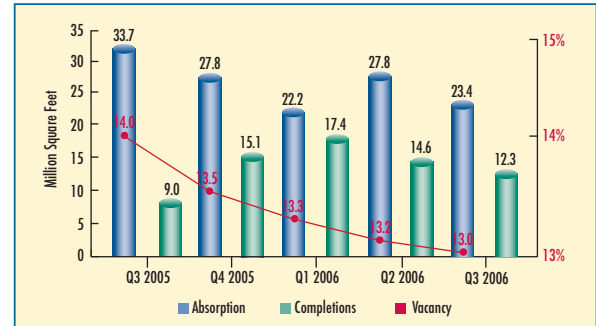
**Trend remains the same; Q3 US office vacancy rate goes lower.** – The US national office vacancy rate fell a further 23 basis points during the third quarter to register 12.96%. This was 117 basis points lower than the year-ago period when the vacancy rate measured 14.13%. Vacant space available on a sub-lease basis moved marginally higher to register 10.3% of total vacant space. Downtown and suburban markets both showed improvement during the quarter with the CBD vacancy rate falling 28 basis points to 12.34% while non-CBD markets saw vacancies fall 21 basis points to 13.26%. Canadian office vacancies also moved lower with the downtown vacancy rate dropping by 11 basis points during the third quarter to 7.24% and suburban markets 72 basis points to 8.31%.

**Q3 absorption falls back below 25 million square feet.** – Following a relatively robust second quarter, third quarter absorption totaled 23.4 million square feet (MSF) returning to approximate Q1 levels. Third quarter absorption; however, was above the critical 20.0 MSF level and brought the year-to-date increase in occupied space to 70.3 MSF, less than 20.0 MSF from Colliers' full year forecast of 90.0 MSF. Canadian office markets absorbed 3.1 MSF in the third quarter, 1.0 SF more than in the second quarter.

### U.S. Office Market Summary Statistics (3rd Quarter 2006)

<b>Vacancy Rate – Q3 2006 (Change from Q2)</b>	
Vacancy	12.96% (-0.23)
<b>Absorption – Q3 2006 (Million Square Feet)</b>	
Absorption	23.4
<b>New Construction – Q3 2006 (Million Square Feet)</b>	
Completions	12.3
<b>Under Construction (Million Square Feet)</b>	
Construction Activity	99.5
<b>Asking Rents – Per Square Foot (Change from Q2)</b>	
Downtown Class A	\$38.55 (+2.7%)
Suburban Class A	\$25.21 (+1.0%)

### U.S. Office Market Q3 2005 – Q3 2006



**Office rents again move higher in Q3.** – For the third consecutive quarter, both downtown and suburban asking rents registered healthy increases. Downtown Class A rents in particular increased by 2.7% to \$38.55 per square foot while suburban Class A rents rose by 1.0% to 25.21 per square foot. This left downtown rents up 11.8% year-over-year and suburban rents 5.0% higher. During the third quarter Canadian office markets were more mixed with downtown rents up a further 1.2% while suburban markets fell by 1.5%. This left downtown rents up 8.3% year-to-date and suburban rents up 5.3%.

**Third quarter completions stay below 15.0 MSF.** – Third quarter office completions stayed below 15.0 MSF with just 12.3 MSF delivered to the market. This was 2.3 MSF below Q2 levels and well below the first quarter when 17.4 MSF was brought to the market. This was again below levels anticipated at the beginning of the year and left year-to-date completions at 43.8 MSF. Going forward, completions show signs of increasing as demonstrated by Q3 under construction activity which registered 99.4 MSF compared with 85.2 MSF under construction at the end of last quarter.

**What a difference 90 days can make.** – At the end of the second quarter we expressed some concern about a slowing economy, sluggish job growth, persistently high energy costs and rising interest. Now with the third quarter behind us the future looks decidedly rosier. While advance estimates for third quarter GDP were very disappointing at just 1.6%, the job market posted respectable monthly job gains in July through October, oil costs are down substantially and the Federal Reserve now appears to be done rising the

(continued on page 7)

Market	Existing	New	Under Construction (SF)	Absorption Q3 2006 (SF)	Absorption YTD 2006 (SF)	Vacancy Rate (%) June 30, 2006	Vacancy Rate (%) Sept. 30, 2006
	Inventory (SF) Sept. 30, 2006	Supply Q3 2006 (SF)					
Atlanta, GA	53,645,000	0	1,237,000	282,000	574,000	14.0	13.5
Austin, TX	8,429,000	0	0	141,000	(37,000)	22.8	19.2
Bakersfield, CA	2,811,000	0	0	20,000	40,000	4.5	4.3
Baltimore, MD	16,739,000	525,000	190,000	127,000	254,000	15.9	17.8
Boise, ID	3,759,000	0	81,000	7,000	31,000	11.3	11.2
Boston, MA	66,915,000	0	N/A	385,000	1,163,000	11.4	10.8
Charleston, SC	2,044,000	0	0	32,000	83,000	9.0	7.4
Charlotte, NC	19,867,000	0	1,341,000	18,000	86,000	5.2	5.1
Chicago, IL	126,492,000	0	1,750,000	221,000	2,724,000	16.2	16.0
Cincinnati, OH	12,368,000	0	0	54,000	(260,000)	18.4	17.9
Cleveland, OH	28,645,000	0	0	30,000	894,000	18.1	18.7
Columbia, SC	4,461,000	0	0	15,000	32,000	13.8	13.5
Columbus, OH	8,142,000	0	133,000	18,000	161,000	19.4	17.8
Dallas, TX	34,065,000	0	0	96,000	252,000	21.9	21.6
Denver, CO	26,088,000	280,000	72,000	562,000	958,000	12.9	11.7
Detroit, MI	27,288,000	0	0	5,000	60,000	17.3	17.4
Fresno, CA	2,976,000	61,000	0	109,000	165,000	8.9	7.1
Ft. Lauderdale, FL	7,610,000	0	269,000	46,000	136,000	10.2	9.8
Greenville, SC	6,903,000	0	36,000	64,000	46,000	19.6	19.6
Hartford, CT	10,057,000	110,000	93,000	6,000	416,000	16.5	16.8
Honolulu, HI	15,337,000	0	0	140,000	186,000	4.2	3.3
Houston, TX	43,226,000	0	0	384,000	1,227,000	18.1	17.2
Indianapolis, IN	11,412,000	0	0	(76,000)	(59,000)	16.7	17.5
Jacksonville, FL	12,638,000	280,000	200,000	482,000	638,000	15.4	13.5
Kansas City, MO	10,959,000	0	0	55,000	223,000	25.7	25.2
Las Vegas, NV	3,005,000	0	365,000	208,000	281,000	12.2	5.3
Little Rock, AR	5,669,000	(48,000)	0	0	114,000	13.2	12.5
Los Angeles, CA	31,282,000	0	0	(232,000)	48,000	15.0	15.7
Louisville, KY	9,146,000	0	0	159,000	319,000	17.7	16.0
Memphis, TN	6,381,000	0	0	41,000	(29,000)	17.8	17.1
Miami, FL	8,198,000	0	709,000	27,000	175,000	7.4	7.0
Milwaukee, WI	18,400,000	0	0	(462,000)	(650,000)	11.8	18.4
Minneapolis, MN	24,722,000	0	0	(23,000)	406,000	19.5	19.2
Nashville, TN	6,643,000	26,000	338,000	16,000	227,000	11.8	11.9
New York, NY - Downtown	89,744,000	0	4,600,000	654,000	1,373,000	11.7	11.0
New York, NY - Midtown	215,516,000	0	3,561,000	743,000	3,179,000	8.6	8.2
New York, NY - Midtown South	98,217,000	0	120,000	258,000	109,000	8.5	8.2
Oakland, CA	13,169,000	0	0	53,000	5,000	13.1	12.7
Orlando, FL	10,562,000	143,000	654,000	162,000	575,000	7.8	7.3
Philadelphia, PA	38,611,000	0	1,253,000	179,000	170,000	14.0	13.5
Phoenix, AZ	20,383,000	0	0	226,000	1,066,000	11.2	10.5
Pittsburgh, PA	43,170,000	0	311,000	113,000	(89,000)	16.6	16.4
Pleasanton/Walnut Creek, CA	21,236,000	(123,000)	25,000	205,000	258,000	11.0	9.5
Portland, OR	20,324,000	0	22,000	105,000	232,000	12.2	11.7
Raleigh, NC	3,715,000	13,000	11,000	23,000	19,000	10.5	11.4
Reno, NV	1,429,000	0	0	(9,000)	127,000	18.3	17.6
Sacramento, CA	13,235,000	0	366,000	139,000	(143,000)	14.1	13.0
San Diego, CA	9,693,000	27,000	416,000	(15,000)	192,000	9.9	10.3
San Francisco, CA	79,121,000	0	1,680,000	369,000	960,000	12.4	12.0
San Jose/Silicon Valley, CA	7,172,000	0	0	126,000	280,000	22.4	20.7
Seattle, WA	36,947,000	0	548,000	307,000	1,299,000	10.3	9.2
St. Louis, MO	11,225,000	0	0	39,000	181,000	19.5	19.1
Tampa, FL	7,925,000	0	85,000	49,000	(118,000)	17.1	16.5
Washington, DC	110,565,000	475,000	5,359,000	863,000	2,596,000	7.2	6.9
West Palm Beach, FL	9,579,000	0	518,000	3,000	76,000	9.7	18.9
<b>Total</b>	<b>1,537,858,000</b>	<b>1,769,000</b>	<b>26,343,000</b>	<b>7,548,000</b>	<b>23,229,000</b>	<b>12.6</b>	<b>12.3</b>

Market	Existing Inventory (SF) Sept. 30, 2006	Absorption Q3 2006 (SF)	Absorption YTD 2006 (SF)	Vacancy Rate (%) June 30, 2006	Vacancy Rate (%) Sept. 30, 2006	Average Annual Quoted Rent (US\$PSF) Sept. 30, 2006	Quarterly Change (%)	YTD Change (%)
Atlanta, GA	27,345,000	188,000	189,000	19.0	18.3	22.10	0.3	-1.1
Austin, TX	5,103,000	18,000	74,000	17.8	17.2	25.20	-6.3	-0.5
Bakersfield, CA	627,000	2,000	16,000	2.8	2.5	17.40	0.0	0.0
Baltimore, MD	9,240,000	177,000	293,000	15.0	17.7	23.80	-1.0	2.5
Boise, ID	2,183,000	5,000	6,000	14.7	14.4	19.70	0.1	4.1
Boston, MA	46,367,000	281,000	1,341,000	11.0	10.4	43.00	3.8	4.0
Charleston, SC	1,031,000	28,000	61,000	9.9	7.2	27.20	0.0	1.0
Charlotte, NC	14,469,000	66,000	42,000	4.7	4.2	22.80	0.9	6.7
Chicago, IL	66,818,000	103,000	1,985,000	17.7	17.5	35.00	0.0	2.9
Cincinnati, OH	5,710,000	(21,000)	(367,000)	19.9	20.3	22.60	3.9	3.9
Cleveland, OH	7,783,000	29,000	74,000	13.5	13.2	20.10	-10.0	-3.9
Columbia, SC	1,876,000	11,000	21,000	14.1	13.5	19.40	0.0	-1.7
Columbus, OH	4,693,000	(21,000)	122,000	17.8	16.5	24.20	3.8	N/A
Dallas, TX	21,656,000	(45,000)	49,000	18.5	18.7	19.50	0.0	2.1
Denver, CO	15,677,000	79,000	444,000	11.5	11.0	22.50	3.9	6.1
Detroit, MI	10,187,000	18,000	189,000	13.2	13.0	22.00	-2.2	-2.2
Fresno, CA	911,000	91,000	121,000	8.9	5.1	24.00	0.0	4.3
Ft. Lauderdale, FL	4,161,000	(2,000)	91,000	15.8	15.8	31.00	0.0	13.1
Greenville, SC	1,755,000	0	41,000	7.5	8.0	17.50	0.0	-7.2
Hartford, CT	6,198,000	72,000	107,000	13.8	12.6	24.20	0.0	-0.2
Honolulu, HI	4,732,000	97,000	182,000	9.1	7.0	33.10	-2.5	5.2
Houston, TX	29,242,000	456,000	1,441,000	17.8	16.3	22.70	8.6	7.0
Indianapolis, IN	6,480,000	(122,000)	(119,000)	16.2	18.3	19.40	-0.7	-1.0
Jacksonville, FL	6,362,000	411,000	511,000	18.7	15.8	20.00	0.0	2.6
Kansas City, MO	6,114,000	24,000	152,000	23.4	23.0	20.80	1.2	-0.1
Las Vegas, NV	435,000	0	0	0.0	0.0	N/A	N/A	N/A
Little Rock, AR	3,239,000	(28,000)	63,000	12.3	9.9	14.50	1.0	2.5
Los Angeles, CA	14,756,000	(364,000)	(402,000)	11.6	14.1	34.70	1.8	25.1
Louisville, KY	3,475,000	78,000	107,000	10.5	8.3	19.40	0.0	0.0
Memphis, TN	1,948,000	16,000	(31,000)	23.5	22.6	16.50	0.2	-1.0
Miami, FL	3,548,000	10,000	125,000	5.8	5.5	32.10	3.9	5.6
Milwaukee, WI	6,210,000	(137,000)	(407,000)	10.6	12.9	22.00	0.0	0.0
Minneapolis, MN	13,240,000	121,000	131,000	13.6	12.7	24.80	2.8	0.4
Nashville, TN	3,457,000	13,000	196,000	11.3	10.9	21.00	4.7	20.0
New York, NY - Downtown	55,574,000	346,000	1,035,000	10.2	9.6	44.60	4.3	15.5
New York, NY - Midtown	155,704,000	147,000	2,401,000	6.2	6.1	70.30	5.2	17.9
New York, NY - Midtown South	14,054,000	78,000	168,000	5.2	4.6	44.30	14.1	23.1
Oakland, CA	6,694,000	83,000	34,000	10.4	9.1	27.70	3.1	7.9
Orlando, FL	4,882,000	72,000	430,000	10.4	9.0	25.90	5.7	7.9
Philadelphia, PA	29,243,000	371,000	640,000	14.4	13.1	23.40	0.7	0.7
Phoenix, AZ	8,800,000	80,000	473,000	8.9	7.7	21.40	0.1	1.1
Pittsburgh, PA	19,109,000	111,000	(1,000)	16.6	16.0	19.10	0.0	-4.6
Pleasanton/Walnut Creek, CA	11,756,000	(199,000)	456,000	10.4	9.2	28.80	8.5	11.6
Portland, OR	10,139,000	44,000	227,000	7.2	6.7	21.00	-4.5	2.1
Raleigh, NC	2,329,000	(6,000)	(7,000)	9.1	11.1	19.10	0.5	0.5
Reno, NV	548,000	3,000	35,000	18.1	17.6	23.50	5.4	12.0
Sacramento, CA	6,029,000	76,000	(80,000)	14.8	13.5	31.00	1.3	9.3
San Diego, CA	6,529,000	(31,000)	137,000	11.3	11.8	33.80	1.1	11.2
San Francisco, CA	48,199,000	368,000	805,000	12.4	11.6	39.90	-2.0	12.7
San Jose/Silicon Valley, CA	3,047,000	(73,000)	(7,000)	24.6	27.0	30.10	-0.4	-0.5
Seattle, WA	27,216,000	270,000	1,189,000	9.8	8.8	27.40	3.5	8.9
St. Louis, MO	7,103,000	41,000	204,000	16.9	16.3	20.60	0.0	1.5
Tampa, FL	5,264,000	80,000	(40,000)	21.1	19.5	20.30	-0.2	2.8
Washington, DC	63,985,000	743,000	2,132,000	6.1	5.8	45.70	0.0	0.7
West Palm Beach, FL	2,370,000	22,000	61,000	11.5	10.6	32.90	0.3	9.1
<b>Totals</b>	<b>845,602,000</b>	<b>4,282,000</b>	<b>17,142,000</b>	<b>11.6</b>	<b>11.2</b>	<b>38.60 (Weighted)</b>	<b>2.7</b>	<b>11.1</b>
						<b>26.60 (Equal)</b>	<b>5.2</b>	<b>5.3</b>

Market	Existing	New	Under Construction (SF)	Absorption Q3 2006 (SF)	Absorption YTD 2006 (SF)	Vacancy Rate (%) June 30, 2006	Vacancy Rate (%) Sept. 30, 2006
	Inventory (SF) Sept. 30, 2006	Supply Q3 2006 (SF)					
Atlanta, GA	163,199,000	1,233,000	2,416,000	1,312,000	2,306,000	14.7	14.7
Austin, TX	28,540,000	0	901,000	448,000	361,000	13.9	11.8
Bakersfield, CA	5,156,000	47,000	148,000	142,000	350,000	5.9	4.0
Baltimore, MD	42,671,000	785,000	1,031,000	760,000	1,611,000	14.3	14.1
Boise, ID	7,789,000	15,000	328,000	(82,000)	206,000	11.7	13.0
Boston, MA	107,290,000	0	N/A	327,000	1,806,000	13.5	13.2
Charleston, SC	6,193,000	0	100,000	(82,000)	107,000	11.0	12.3
Charlotte, NC	40,576,000	422,000	1,257,000	221,000	696,000	15.7	16.0
Chicago, IL	104,492,000	0	511,000	173,000	1,094,000	19.5	19.6
Cincinnati, OH	17,619,000	101,000	1,147,000	32,000	182,000	23.3	23.4
Cleveland, OH	58,844,000	51,000	642,000	(357,000)	(568,000)	13.0	13.4
Columbia, SC	4,624,000	0	0	21,000	21,000	25.6	25.2
Columbus, OH	15,443,000	0	422,000	119,000	531,000	23.7	22.7
Dallas, TX	230,934,000	989,000	0	772,000	3,601,000	17.0	17.1
Denver, CO	86,759,000	40,000	670,000	322,000	1,040,000	15.5	15.2
Detroit, MI	92,878,000	98,000	224,000	(27,000)	(31,000)	16.6	16.8
Fresno, CA	16,288,000	(2,000)	346,000	(50,000)	534,000	7.7	8.0
Ft. Lauderdale, FL	41,506,000	120,000	1,505,000	561,000	1,093,000	7.9	7.5
Greenville, SC	3,803,000	0	318,000	160,000	295,000	25.4	21.2
Hartford, CT	14,163,000	51,000	37,000	206,000	478,000	17.2	16.1
Honolulu, HI	7,405,000	0	0	30,000	87,000	7.2	7.4
Houston, TX	172,107,000	506,000	1,483,000	901,000	2,641,000	13.7	13.5
Indianapolis, IN	18,356,000	128,000	588,000	232,000	313,000	19.0	18.0
Jacksonville, FL	25,480,000	14,000	322,000	260,000	734,000	12.9	11.9
Kansas City, MO	32,150,000	25,000	864,000	79,000	534,000	17.4	17.3
Las Vegas, NV	30,415,000	839,000	4,542,000	580,000	1,685,000	8.8	9.4
Little Rock, AR	7,189,000	0	43,000	36,000	57,000	10.6	10.1
Los Angeles, CA	148,137,000	413,000	2,871,000	1,013,000	2,641,000	10.9	10.5
Louisville, KY	8,657,000	0	240,000	21,000	9,000	15.3	15.1
Memphis, TN	25,300,000	0	187,000	(46,000)	111,000	15.2	15.3
Miami, FL	63,832,000	114,000	1,786,000	955,000	1,820,000	6.8	6.4
Milwaukee, WI	37,643,000	0	0	392,000	(156,000)	11.4	10.6
Minneapolis, MN	41,636,000	(231,000)	1,267,000	86,000	404,000	16.0	15.7
Nashville, TN	20,697,000	153,000	1,409,000	21,000	576,000	11.1	11.7
New Jersey - Central	101,586,000	133,000	3,411,000	792,000	134,000	13.7	13.0
New Jersey - Northern	157,268,000	66,000	4,401,000	68,000	1,082,000	11.4	11.4
New York - Fairfield County, CT	61,510,000	0	452,000	304,000	618,000	15.1	14.6
New York - Westchester County, NY	43,423,000	0	N/A	(108,000)	(264,000)	14.2	14.5
Oakland, CA	15,048,000	0	0	65,000	55,000	17.3	16.9
Orange County, CA	71,841,000	287,000	4,577,000	419,000	212,000	9.0	8.8
Orlando, FL	42,336,000	395,000	1,333,000	776,000	1,758,000	7.6	7.9
Philadelphia, PA	102,073,000	476,000	2,670,000	1,137,000	2,551,000	14.5	13.8
Phoenix, AZ	84,932,000	872,000	6,146,000	722,000	1,518,000	12.6	12.4
Pittsburgh, PA	67,566,000	0	364,000	118,000	592,000	22.6	22.4
Pleasanton/Walnut Creek, CA	19,902,000	(700,000)	164,000	(870,000)	427,000	12.0	13.3
Portland, OR	41,365,000	196,000	676,000	(22,000)	223,000	11.2	11.6
Raleigh, NC	36,295,000	605,000	1,713,000	235,000	485,000	17.7	16.9
Reno, NV	4,883,000	0	66,000	(35,000)	331,000	10.8	9.8
Sacramento, CA	58,452,000	596,000	1,428,000	159,000	553,000	12.9	14.0
San Diego, CA	59,603,000	685,000	3,840,000	74,000	1,215,000	8.7	9.8
San Francisco - San Mateo County, CA	30,388,000	0	0	257,000	516,000	19.8	17.8
San Jose/Silicon Valley, CA	50,146,000	0	42,000	620,000	2,124,000	9.1	7.9
Seattle, WA	51,348,000	0	2,558,000	181,000	857,000	10.9	10.5
St. Louis, MO	36,583,000	103,000	589,000	39,000	536,000	12.2	12.4
Tampa, FL	62,320,000	116,000	1,198,000	750,000	1,610,000	8.8	8.9
Washington, DC - N. Virginia	141,641,000	432,000	6,684,000	868,000	2,598,000	10.7	9.4
Washington, DC - Suburban, MD	72,163,000	202,000	1,552,000	(477,000)	(328,000)	9.5	10.0
West Palm Beach, FL	29,393,000	166,000	1,595,000	250,000	477,000	8.7	9.1
<b>Total</b>	<b>3,169,839,000</b>	<b>10,539,000</b>	<b>73,066,000</b>	<b>15,859,000</b>	<b>47,054,000</b>	<b>13.5</b>	<b>13.3</b>

Market	Existing Inventory (SF) Sept. 30, 2006	Absorption Q3 2006 (SF)	Absorption YTD 2006 (SF)	Vacancy Rate (%) June 30, 2006	Vacancy Rate (%) Sept. 30, 2006	Average Annual Quoted Rent (US\$PSF) Sept. 30, 2006	Quarterly Change (%)	YTD Change (%)
Atlanta, GA	73,838,000	992,000	1,332,000	15.6	15.6	21.80	0.0	2.5
Austin, TX	16,241,000	55,000	62,000	14.9	9.9	23.30	2.3	8.0
Bakersfield, CA	2,437,000	20,000	150,000	5.9	5.1	19.80	0.0	0.0
Baltimore, MD	16,573,000	228,000	872,000	13.3	13.8	25.80	0.7	6.0
Boise, ID	3,639,000	26,000	145,000	14.1	13.7	16.20	-9.6	-4.0
Boston, MA	47,607,000	276,000	1,476,000	15.7	15.1	23.00	2.9	14.2
Charleston, SC	2,718,000	(73,000)	18,000	10.3	13.0	24.50	0.0	2.1
Charlotte, NC	19,230,000	232,000	562,000	17.3	17.7	19.70	0.5	1.4
Chicago, IL	55,235,000	62,000	709,000	19.0	18.9	22.20	-3.0	-5.9
Cincinnati, OH	10,656,000	19,000	263,000	21.8	22.1	19.80	0.9	0.2
Cleveland, OH	9,332,000	(209,000)	(228,000)	14.2	16.2	21.50	-0.1	2.2
Columbia, SC	810,000	15,000	(8,000)	14.0	12.2	17.70	0.0	16.0
Columbus, OH	10,225,000	41,000	397,000	24.0	23.0	19.00	0.0	N/A
Dallas, TX	88,146,000	505,000	2,963,000	14.1	14.1	22.00	0.0	0.0
Denver, CO	32,668,000	324,000	678,000	15.0	14.0	20.70	7.1	2.8
Detroit, MI	26,272,000	(24,000)	40,000	17.4	17.4	23.00	-2.1	-2.1
Fresno, CA	3,171,000	76,000	168,000	12.3	14.8	26.40	0.0	0.0
Ft. Lauderdale, FL	9,717,000	42,000	233,000	10.2	10.5	27.40	0.5	8.9
Greenville, SC	1,653,000	160,000	185,000	11.9	21.6	16.80	0.0	0.5
Hartford, CT	8,121,000	240,000	378,000	15.2	13.1	20.60	1.6	2.1
Houston, TX	62,917,000	831,000	2,249,000	12.3	11.9	20.20	-1.0	1.3
Indianapolis, IN	8,746,000	196,000	192,000	17.8	16.4	19.20	-0.3	0.3
Jacksonville, FL	8,574,000	85,000	559,000	10.1	9.2	20.50	0.0	3.8
Kansas City, MO	10,809,000	(110,000)	13,000	15.4	16.7	21.00	1.4	3.0
Las Vegas, NV	3,215,000	13,000	105,000	6.5	5.6	31.10	2.1	-2.3
Little Rock, AR	3,477,000	14,000	55,000	6.3	5.9	17.80	-1.1	-0.6
Los Angeles, CA	90,174,000	819,000	2,002,000	10.0	9.3	31.80	0.4	5.6
Louisville, KY	4,707,000	28,000	(13,000)	14.9	14.3	17.60	0.0	0.0
Memphis, TN	7,041,000	40,000	220,000	9.0	8.4	20.90	4.9	1.8
Miami, FL	15,524,000	301,000	844,000	7.9	7.2	31.40	1.3	4.7
Milwaukee, WI	6,066,000	106,000	(165,000)	17.0	15.2	21.00	0.0	0.0
Minneapolis, MN	15,169,000	(49,000)	144,000	11.0	11.3	24.60	16.6	6.0
Nashville, TN	12,567,000	(64,000)	225,000	7.9	9.5	20.30	3.4	7.8
New Jersey - Central	59,667,000	786,000	544,000	16.2	14.9	25.50	0.5	0.6
New Jersey - Northern	95,592,000	(479,000)	338,000	13.1	13.7	28.10	0.8	2.6
New York - Fairfield County, CT	30,421,000	170,000	241,000	18.4	17.8	29.80	1.9	6.3
New York - Westchester County, NY	24,513,000	(103,000)	(1,000)	17.6	18.0	27.50	-0.6	1.4
Oakland, CA	3,374,000	88,000	159,000	16.9	14.3	27.20	3.5	6.9
Orange County, CA	29,195,000	41,000	59,000	8.9	9.3	33.30	1.6	6.4
Orlando, FL	14,071,000	212,000	756,000	7.4	8.1	22.50	2.3	18.4
Philadelphia, PA	58,829,000	476,000	1,513,000	13.8	13.7	23.00	0.9	0.6
Phoenix, AZ	27,170,000	102,000	898,000	10.5	11.2	23.10	0.5	2.0
Pittsburgh, PA	15,068,000	206,000	327,000	18.6	17.2	20.60	-4.8	20.2
Pleasanton/Walnut Creek, CA	11,097,000	(120,000)	1,177,000	11.2	13.9	27.80	7.6	13.9
Portland, OR	13,898,000	(177,000)	(301,000)	10.6	9.7	21.30	-3.3	-2.3
Raleigh, NC	20,206,000	169,000	221,000	16.2	16.1	19.80	1.3	3.9
Reno, NV	2,647,000	(4,000)	251,000	7.9	8.0	24.00	1.0	5.3
Sacramento, CA	13,833,000	246,000	347,000	15.9	17.1	27.00	3.8	15.0
San Diego, CA	19,547,000	70,000	953,000	11.0	12.8	35.60	2.8	6.1
San Francisco - San Mateo County, CA	19,426,000	99,000	239,000	22.6	20.3	27.80	-3.3	8.4
San Jose/Silicon Valley, CA	22,349,000	377,000	1,221,000	10.9	9.2	31.10	0.2	14.2
Seattle, WA	32,392,000	3,000	555,000	10.2	10.2	25.00	2.5	14.8
St. Louis, MO	23,258,000	148,000	608,000	10.1	9.8	23.00	0.0	0.0
Tampa, FL	20,327,000	37,000	189,000	6.2	6.2	22.80	3.1	7.7
Washington, DC - N. Virginia	90,433,000	0	0	0.0	0.0	32.30	1.6	10.8
Washington, DC - Suburban, MD	36,409,000	0	0	0.0	0.0	26.60	1.3	0.2
West Palm Beach, FL	9,211,000	157,000	358,000	13.8	13.6	27.20	1.7	9.9
<b>Totals</b>	<b>1,380,209,000</b>	<b>7,724,000</b>	<b>27,477,000</b>	<b>12.5</b>	<b>12.3</b>	<b>25.20 (Weighted)</b>	<b>1.0</b>	<b>4.9</b>
						<b>23.90 (Equal)</b>	<b>1.0</b>	<b>4.2</b>

## Downtown Office – All Inventory

Market	Existing Inventory (SF) Sept. 30, 2006	New Supply Q3 2006 (SF)	Under Construction (SF)	Absorption Q3 2006 (SF)	Absorption YTD 2006 (SF)	Vacancy Rate (%) June 30, 2006	Vacancy Rate (%) Sept. 30, 2006
Calgary, AB	32,199,000	0	1,828,000	(16,000)	483,000	0.3	0.6
Edmonton, AB	14,754,000	0	0	(35,000)	209,000	3.8	4.0
Halifax, NS	4,891,000	0	8,000	107,000	151,000	7.2	7.1
Montreal, QC	49,892,000	0	470,000	173,000	390,000	12.0	11.6
Ottawa, ON	13,948,000	0	757,000	29,000	(2,000)	3.9	3.7
Regina, SK	2,823,000	737,000	0	695,000	640,000	8.0	7.4
Saskatoon, SK	1,632,000	0	0	9,000	31,000	8.9	8.4
Toronto, ON	84,122,000	0	3,240,000	535,000	983,000	8.9	8.3
Vancouver, BC	24,321,000	0	238,000	170,000	599,000	4.7	4.0
Victoria, BC	4,758,000	0	100,000	0	24,000	4.4	4.4
<b>Totals</b>	<b>233,339,000</b>	<b>737,000</b>	<b>6,641,000</b>	<b>1,665,000</b>	<b>3,506,000</b>	<b>7.2</b>	<b>6.8</b>

## Downtown Office – Class A

Market	Existing Inventory (SF) Sept. 30, 2006	Absorption Q3 2006 (SF)	Absorption YTD 2006 (SF)	Vacancy Rate (%) June 31, 2006	Vacancy Rate (%) Sept. 30, 2006	Average Annual Quoted Rent (C\$PSF) Sept. 30, 2006	Quarterly Change (%)	YTD Change (%)
Calgary, AB	12,100,000	2,000	2,000	0.0	0.0	55.00	3.8	7.8
Edmonton, AB	6,248,000	(20,000)	54,000	4.0	4.3	27.50	3.8	27.9
Halifax, NS	1,916,000	12,000	(36,000)	9.1	8.5	28.72	-0.4	1.7
Montreal, QC	22,968,000	135,000	96,000	11.3	10.8	35.39	0.0	-2.6
Ottawa, ON	7,983,000	(1,000)	(22,000)	2.7	2.7	44.85	0.0	4.0
Regina, SK	1,026,000	(5,000)	140,000	3.6	3.4	24.71	0.0	-16.1
Saskatoon, SK	442,000	0	0	6.0	6.0	22.96	1.8	3.6
Toronto, ON	42,076,000	(52,000)	169,000	9.6	9.7	51.96	1.2	4.0
Vancouver, BC	9,796,000	44,000	146,000	4.0	3.5	38.00	0.0	5.6
Victoria, BC	597,000	0	5,000	1.8	1.8	30.50	0.0	22.0
<b>Totals</b>	<b>105,152,000</b>	<b>115,000</b>	<b>554,000</b>	<b>7.4</b>	<b>7.2</b>	<b>44.46 (Weighted)</b>	<b>1.2</b>	<b>8.3</b>
						<b>35.96 (Equal)</b>	<b>1.1</b>	<b>9.0</b>

## Suburban Office – All Inventory

Market	Existing Inventory (SF) Sept. 30, 2006	New Supply Q3 2006 (SF)	Under Construction (SF)	Absorption Q3 2006 (SF)	Absorption YTD 2006 (SF)	Vacancy Rate (%) June 30, 2006	Vacancy Rate (%) Sept. 30, 2006
Calgary, AB	17,241,000	261,694	2,522,000	413,000	1,097,000	4.0	3.1
Edmonton, AB	7,855,000	0	0	47,000	154,000	8.6	8.0
Halifax, NS	5,088,000	85,000	0	51,000	261,000	9.5	10.0
Montreal, QC	21,684,000	54,000	111,000	171,000	156,000	12.7	12.1
Ottawa, ON	19,162,000	181,806	635,000	776,000	1,032,000	12.4	9.2
Regina, SK	514,000	0	0	0	64,000	0.2	0.2
Toronto, ON	80,378,000	(80,500)	2,887,000	(229,000)	1,164,000	9.9	10.1
Vancouver, BC	26,975,000	0	443,000	205,000	324,000	8.0	7.3
Victoria, BC	3,171,000	0	100,000	0	56,000	5.5	5.5
<b>Total</b>	<b>182,068,000</b>	<b>502,000</b>	<b>6,699,000</b>	<b>1,434,000</b>	<b>4,308,000</b>	<b>9.5</b>	<b>8.9</b>

## Suburban Office – Class A

Market	Existing Inventory (SF) Sept. 30, 2006	Absorption Q3 2006 (SF)	Absorption YTD 2006 (SF)	Vacancy Rate (%) June 30, 2006	Vacancy Rate (%) Sept. 30, 2006	Average Annual Quoted Rent (C\$PSF) Sept. 30, 2006	Quarterly Change (%)	YTD Change (%)
Calgary, AB	5,790,000	413,000	1,097,000	2.0	1.3	36.00	-5.3	28.6
Halifax, NS	2,042,000	(53,000)	(9,000)	7.8	11.0	22.90	0.0	-9.7
Montreal, QC	11,289,000	51,000	49,000	9.1	9.1	25.00	0.0	0.0
Ottawa, ON	11,018,000	812,000	922,000	12.6	8.0	26.50	0.0	10.6
Regina, SK	513,000	0	64,000	0.2	0.2	24.00	0.0	0.0
Toronto, ON	44,173,000	38,000	991,000	9.9	9.8	29.00	-2.0	3.6
Vancouver, BC	11,676,000	101,000	97,000	6.7	5.8	30.00	0.0	3.4
Victoria, BC	586,000	0	3,000	1.7	1.7	26.00	4.0	-1.9
<b>Totals</b>	<b>87,087,000</b>	<b>1,362,000</b>	<b>3,215,000</b>	<b>9.0</b>	<b>8.3</b>	<b>28.60 (Weighted)</b>	<b>-1.5</b>	<b>5.3</b>
						<b>27.40 (Equal)</b>	<b>-0.7</b>	<b>4.6</b>

## United States and Canada Office Investment

## United States Office Investment

Market	CBD Sales Price (US\$PSF)	CBD Cap Rate (%)	Suburban Sales Price (US\$PSF)	Suburban Cap Rate (%)
Atlanta, GA	230	7.00	144	7.50
Austin, TX	317	8.00	200	N/A
Bakersfield, CA	72	N/A	164	N/A
Baltimore, MD	188	7.25	205	7.25
Boise, ID	131	7.50	131	7.50
Boston, MA	368	5.50	143	7.00
Charleston, SC	325	7.00	185	8.50
Charlotte, NC	138	7.10	110	7.60
Chicago, IL	400	5.50	175	7.25
Cincinnati, OH	63	N/A	77	N/A
Cleveland, OH	115	10.25	100	8.75
Columbia, SC	150	7.00	110	7.00
Columbus, OH	222	N/A	101	7.60
Dallas, TX	147	7.20	135	8.00
Denver, CO	185	7.00	175	7.00
Detroit, MI	70	10.00	150	8.50
Fresno, CA	165	7.15	188	7.15
Ft. Lauderdale, FL	174	6.60	198	6.70
Greenville, SC	148	9.00	117	10.00
Hartford, CT	111	7.65	90	8.50
Houston, TX	145	7.60	120	7.10
Indianapolis, IN	150	7.50	150	7.50
Jacksonville, FL	95	8.00	100	8.00
Kansas City, MO	180	8.50	150	8.00
Las Vegas, NV	195	7.10	269	6.70
Little Rock, AR	78	8.50	N/A	N/A
Los Angeles, CA	345	6.30	310	6.10
Miami, FL	170	6.50	223	6.60
Milwaukee, WI	225	7.50	140	8.00
Minneapolis, MN	187	7.50	155	8.00
Nashville, TN	138	7.00	164	7.75
New Jersey - Central	N/A	N/A	188	7.00
New Jersey - Northern	N/A	N/A	250	7.00
New York, NY - Downtown	400	5.50	N/A	N/A
New York, NY - Midtown	650	5.00	N/A	N/A
New York, NY - Midtown South	500	5.20	N/A	N/A
New York - Fairfield County, CT	N/A	N/A	240	5.40
New York - Westchester County, NY	N/A	N/A	175	6.75
Oakland, CA	302	7.40	164	7.50
Orange County, CA	N/A	N/A	274	5.90
Orlando, FL	219	6.40	192	8.60
Philadelphia, PA	187	7.50	178	7.50
Phoenix, AZ	122	7.40	164	7.05
Pittsburgh, PA	N/A	N/A	100	10.00
Pleasanton/Walnut Creek, CA	300	6.50	235	7.00
Portland, OR	246	7.25	140	7.50
Raleigh, NC	150	8.25	170	7.00
Reno, NV	150	9.00	200	7.50
Sacramento, CA	300	6.30	225	6.50
San Diego, CA	281	5.75	209	6.40
San Francisco, CA	284	5.50	N/A	N/A
San Jose/Silicon Valley, CA	310	7.50	165	8.50
Seattle, WA	350	6.25	225	6.25
St. Louis, MO	125	7.75	150	7.50
Tampa, FL	155	8.00	158	7.85
Washington, DC	460	5.50	N/A	N/A
Washington, DC - N. Virginia	N/A	N/A	266	6.80
Washington, DC - Suburban, MD	N/A	N/A	240	7.50
West Palm Beach, FL	159	4.80	188	6.20

## Canada Office Investment

Market	CBD Sales Price (C\$PSF)	CBD Cap Rate (%)	Suburban Sales Price (C\$PSF)	Suburban Cap Rate (%)
Calgary, AB	230	6.10	325	6.75
Halifax, NS	120	N/A	36	N/A
Montreal, QC	220	8.00	103	8.25
Ottawa, ON	300	6.25	160	8.00
Regina, SK	130	9.20	N/A	N/A
Toronto, ON	350	6.25	240	6.90
Vancouver, BC	300	6.10	275	6.70
Victoria, BC	225	6.50	175	7.00

(continued from page 1)

federal funds rates, at least for the time being, and the office market racked up another reasonable quarter. Our attention has now turned to what we can expect in 2007. Our baseline forecast is for a more subdued market in 2007 with marginally less demand and 25% more construction. Against this backdrop vacancies will only drift slightly lower, but rents are anticipated to creep higher, by as much as 15% for downtown markets and 10% for suburban markets. This forecast is largely dependent on modest economic growth, no further increases in interest rates and a further moderation in energy costs. None are guaranteed but our sense is the office market is positioned for another year of recovery and growth.



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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

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