



GTA West Office Market Report

1st Quarter 2009

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YOUNG**

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Real Estate Solutions

• Airport Corporate Centre • Airport East • Airport North • Airport West • Bloor & Islington • Brampton • Burlington
• Cooksville • Etobicoke North • Etobicoke South • Heartland • Hwy. 427 Corridor • Meadowvale
• Mississauga City Centre • Mississauga Dispersed • Oakville • Sheridan

Office Market Overview

Office demand softened considerably as the GTA West market recorded 789,000 square feet (sf) of negative absorption - the first quarterly decline in almost five years. All three building classes were impacted with the majority of the losses occurring in class A and B buildings. As a result, the overall vacancy rate climbed 330 basis points (bps) and into double digit territory for the first time in two years, ending the quarter at 10.6%. The rise in Class A vacancy was more pronounced, jumping 410 bps between quarters, presently sitting at 10.7%.

With the exception of Bloor-Islington and Brampton, availability across all building classes is on the rise, climbing between 0.1% and 10.3% in the past quarter. Moreover, 10 of the 17 office nodes now post double digit availability rates, compared with seven in the previous quarter. The surrounding Airport area, specifically the Airport Corporate Centre, Airport East, North and West nodes currently advertise overall availability rates in the 20.0% to 26.0% range.

The Airport Corporate Centre saw its availability rate jump from 12.0% last quarter to 19.7% this quarter, representing a high watermark for this decade. This translates to approximately 962,000 sf of available space, of which 256,000 sf or 27.0% is sublet available.

Overall, an additional 280,000 sf of sublet space was brought onto the GTA West market in the first quarter of the year, bringing the total to 946,000 sf. Just over three-quarters or 723,000 sf is presently housed in the Class A market.

With rising sublet availability landlords are adjusting their rental rate expectations to not only retain existing tenants but to also attract prospective tenants. In this regard, the rental market appears to have stalled, trading in a very narrow range. Over the past year, the average asking net rental rate for all classes of space has ranged between \$14.42 and \$14.74 per square foot (psf), currently at \$14.55 psf. Class A space is at its lowest point in a year, closing the first quarter of 2009 at an average of \$16.39 psf.

WEST CLASS A SUMMARY

Historical Vacancy		Current		Forecast		Inventory
12 Months Ago	3 Months Ago	Vacant Rate	Change in Occupied Area from Last Quarter	Vacant Rate	Asking Rate	Change from Last Quarter
9.6 %	6.6 %	10.7 %	(-328,876 sq. ft.)	↑	↓	637,690 sq. ft.

AVAILABLE SPACE HISTORY

Greater Toronto MARKET - West DISTRICT



Office Market Trends - Class "A"

	Previous Quarter	Current Quarter
Average Asking Rental Rate	\$16.58 psf	\$16.39 psf
Average Additional Rent	\$12.63 psf	\$12.63 psf
Vacancy Rate	6.6 %	10.7 %
Total Office Inventory	22,037,116 sf	22,674,806 sf

AVISON YOUNG EXCLUSIVE LISTING

- **2100 Derry Road:**
Under Construction - Move In June 2009
Ground Floor : 4,058 sq.ft. and 3,437 sq.ft.
- **2050 Derry Road:** 45,700 sq.ft. (4 floors)
Under Construction - Move In March 2010
- **7025 Langer Drive:** 55,836 sq.ft. (3 floors)



GTA WEST SIGNIFICANT LEASE TRANSACTIONS

ADDRESS	TENANT	SIZE
66 Nuggett Court, Brampton	Meteor Telecommunications	21,700 sq. ft.
3250 Bloor Street West, Etobicoke	Sun Products Canada	18,700 sq. ft.
3115 Harvester Road, Burlington	Straumann Canada	15,200 sq. ft.
4 Robert Speck Parkway, Mississauga	Ministry of Energy & Infrastructure	14,000 sq. ft.
2800 High Point Drive, Milton	Ontario Realty Corporation	11,300 sq. ft.
6200 Dixie Road, Mississauga	SLR Consulting	5,000 sq. ft.

COMPARISON OF LEASING OPTIONS FOR TENANTS CLASS "A"

Nodes	AVAILABLE SPACE				AVAILABILITY RATE		
	Number of Buildings Available	Number of Buildings With More Than 50,000 sq. ft.	Number of Buildings With More Than 10,000 sq. ft.	Number of Buildings Between 4,000- 10,000 sq. ft.	Direct %	Sublet %	Total %
Airport Corporate Centre	40	5	18	14	12.3	6.3	18.6
Airport East	6	2	4	5	25.8	5.2	31.0
Airport North	3	0	0	0	0.0	0.0	0.0
Airport West	1	0	0	0	1.9	0.0	1.9
Bloor & Islington	3	0	1	2	1.5	5.1	6.6
Brampton	7	0	2	0	0.2	7.4	7.5
Burlington	20	1	5	9	12.5	1.6	14.2
Cooksville	2	0	0	0	3.3	0.0	3.3
Dixie and Eglinton	21	0	2	0	0.5	1.9	2.3
Etobicoke North	2	0	2	0	5.0	16.2	21.2
Etobicoke South	1	0	1	2	11.3	1.9	13.2
Heartland	21	1	7	5	3.9	4.0	7.9
Highway 427 Corridor	4	0	2	3	4.6	3.6	8.2
Meadowvale	22	2	6	6	6.5	2.3	8.7
Mississauga City Centre	13	2	4	9	6.5	1.3	7.8
Oakville	21	0	6	13	7.3	1.8	9.1
Sheridan	4	0	1	1	10.3	1.1	11.5

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