



Newsletter

Spring/Summer 2006

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Avison Young is the real estate partner business trusts for intelligent, integrated solutions. We deliver results that are aligned with your strategic business objectives, supporting real estate initiatives that add value and build competitive advantage for your organization.

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Canada is the best place to do business in terms of cost advantage compared to any other G7 country, according to MMK Consulting, authors of the 2006 edition of "Competitive Alternatives: KPMG's guide to international business costs." The guide is the result of an eight-month study that researched 27 cost components in 17 industries and business operations in 128 cities in 9 industrialized countries.

Despite a two-year (2004-2006) 13.5% currency appreciation relative to the US dollar, this study noted that Canada offers a 5.5% overall cost advantage when compared to the US. Obviously cost competitiveness is sensitive to relative exchange rates. However, KPMG estimates that the Canadian dollar would need to further appreciate approximately 13% from \$1.1735 CDN (January 2006) against the US currency to be at par with the US in terms of cost competitiveness.

The study mentions that the cost differentials are narrowing among the G7 countries. For example, in the previous 2002 and 2004 KPMG studies, Canada had a 14.5% and 9.0% cost advantage relative to the US. Regardless of this convergence, Canada placed well in terms of lower labour, energy and industrial facility costs, and also offers better R&D tax advantages.

While KPMG's cost competitiveness study is useful, it is not without its imperfections. For example, KPMG ranked Canada's leasing costs as being more expensive than the US, France, Singapore, Netherlands, Germany, and Italy. However, information readily available on the worldwide web indicates that, for the most part, Canadian office tenants fare better than their G7 counterparts.

The guide's scope is limited to cost components. It does not include other important elements such as the quality of the workforce, available land sites, natural resources, quality of life, etc. For example, The Organization for Economic Co-operation and Development "Factbook 2006" states that Canadians aged between 25 and 64 are more educated than anywhere else in the world, and that Canadians have a relatively high life expectancy. The World Bank's Doing Business Rankings declares Canada as the easiest place to start a business and ranks Canada in fourth place overall for ease of doing business in the world. According to United Nation's "World Economic Situation and Prospects 2006," Canada's "unemployment rates have reached historic lows owing to a prolonged period of high output growth"; and "Canada...benefited from the positive developments in commodity markets...bucking the trend of modest deceleration in the United States, as well as in the world economy, the Canadian economy has notably strengthened...".

What does all of this mean? Basically, Canada's hardy economic engine is performing comparatively well. It is cheaper to carry on business in Canada than in other G7 countries. Canada has a slew of other benefits to offer in addition to its low-cost advantage. After all, location decisions are based on qualitative as well as quantitative advantages. Avison Young, with its nine Canadian offices is well poised to provide clients with the necessary information for their site selection process.

- Ricardo Moretti -

Increased Interest in the Québec City Market

Historically, the Québec City real estate market has been controlled by local promoters. However, over the past four years foreign investors have shown an accrued interest in the area, which has resulted in several major transactions. Alluring prices in the multi-residential market, along with the possibility of increased rental rates, have motivated these investors to conclude transactions at prices that are appealing to both buyers and vendors. Investors have shown an interest in commercial, office, and industrial properties, in that order. In fact, many large transactions were recently closed at cap rates never before attained in the Québec City market.

This increased demand for properties has influenced the market in three important ways: cap rates have continuously diminished over the course of the last few years, there is a shortage of available properties, and vendors' expectations have increased exponentially. Buyers can now expect higher purchase prices, resulting in a decreased return on investment.

Many local owners previously inclined to hold on to their properties are now considering selling a 50% interest enabling them to profit from the capital gain by associating themselves with promoters who have access to substantial funds. This allows the owners to maintain the daily management in return for monthly fees. Unless we see a rapid increase in interest rates, the downward pressure on cap rates in Quebec City is expected to be maintained for at least another year.



*Logidor: Seniors' Residence,
4220 Place Orsainville, Charlesbourg*

Recent Lease Transactions

Telus-Québec - 21,000 sq.ft.

Telus-Lévis - 3,000 sq.ft.

Recent Exclusive Lease Listings

Gentec - 13,000 sq.ft.

Recent Investment Properties Listed

Land, Hamel Blvd. - 96,000 sq.ft.

Logidor: Seniors' Residence - 63 apartments

Recent Investment Properties Sold

Sainte-Anne-des-Monts - 35,000 sq.ft. commercial

Chabanel Conversion: Potential for 10 Million Square Feet of New Office Space

Montreal's supply of office space is growing with the conversion of industrial space in the Chabanel district, historically the centre of Canada's fashion industry. Bordered by the Metropolitan to the south, Sauvé to the north, St-Lawrence Boulevard to the east and l'Acadie to the west; the needle-trade district contains 10 million square feet of industrial space and most of it can be retrofitted as office space, flex space or commercial lofts.

The trend started in the late 1990's with the success of the nearby Marché Central, a fast growing "Big Box" shopping centre, which sparked infrastructure improvements. An underpass was built to stitch Chabanel to the Marché and a new train station will provide direct access to mass-transit.

Globalization devastated the Canadian textile industry, pushing vacancy rates up and rental rates down in this vast rag-trade district. The abundance of cheap space has lured major downtown tenants, such as the Laurentian Bank and Aviva Insurance to move their back offices to Chabanel.

Investors are betting that this trend will continue. Georges Dayan, backed by the Public Service Pension Fund, recently acquired six properties for \$104 million consisting of 3.5 million square feet of space plus a vacant lot. The fashion industry will remain as part of the mix – Point Zero and other fashion industry players are investing in the area, while others such as Mexx and Buffalo Jeans are moving out. Regardless, the retrofitting trend will cause the office-supply side of Montreal's equation to increase and its potential is sizeable.



*Future Electronics, 1000 St. Charles Avenue,
Vaudreuil-Dorlon*

Recent Lease Transactions

StockerYale - 60,000 sq.ft.

Telus Communications - 32,500 sq.ft.

Kruger - 16,100 sq.ft.

Dundee Securities - 13,000 sq.ft.

Hilti Canada - 9,700 sq.ft.

Tradeshowsbiz - 7,300 sq.ft.

Recent Exclusive Lease Listings

275 Kesmark, Dollard-des-Ormeaux

425 Place Jacques-Cartier, Old Montreal

Recent Investment Properties Listed

1000 St-Charles Avenue, Vaudreuil-Dorion - 472,000 sq.ft. office building

Recent Investment Properties Sold

275 Kesmark, Dollard-des-Ormeaux - 60,000 sq.ft. industrial property

Recent Financing Completed

\$2.1 million loan - 70,000 sq.ft. industrial, owner-occupied building on Grenache Street in Ville d'Anjou

Market Rental Rates on the Rise

Vacancy rates within the downtown market continued to decrease in the first quarter of 2006, as availability reached a four-year low of 9.8%. This is down from 11.1% at the end of the fourth quarter 2005. Vacancy rates should continue to drop as demand for space heats up. The most challenging space needs to satisfy are the blocks of 50,000 square feet and over.

With the tightening market observed in the downtown node, tenants, for the first time in a while, should see rents increase in 2006, with a forecasted growth percentage in the mid-teens. Landlords are realizing the shift in their favour, and are beginning to adjust rates accordingly. Downtown Toronto has not experienced a "Landlords' Market" since the technology boom of the late nineties through 2001.

A strong driver of the drop in downtown rates is the Financial Core, whose vacancy rates decreased below 9%, the lowest realized in four years.

The Downtown West market continued its strong activity from the previous quarter, decreasing a full percentage point to 8.9% currently. This market, along with the midtown nodes along Yonge Street from Bloor to Eglinton, offers attractive space alternatives to tenants who are finding limited options downtown.

Solid economic growth projections and strong leasing fundamentals have the major developers anxious to be the first on the ground with their new tower. Cadillac Fairview announced that they have signed RBC as the lead tenant for their project located at Simcoe and Wellington streets in the entertainment district. The tower will be adjacent to the previously announced Ritz-Carlton hotel and condominium project. The RBC Centre will add 1.2 million square feet of new space to inventory when completed in 2009. With general consensus that the downtown market can competitively support two new office towers, this leaves Brookfield Properties Corporation and Menkes Corporation in a race for second as they both are in active negotiations with potential anchors for their proposed buildings.



360 Bay Street
Sold by Avison Young

New Additions

Melanie Hague joined Avison Young in January, and will be assisting Richard McWhirter with business development. Melanie has a Bachelor's degree from the University of Toronto and has previously worked as a Financial Analyst and Commodities Specialist.

Steve Ichelson has assumed the role of Vice President, Operations. Steve has distinguished himself over the past five years with his knowledge of building operations and management practices. In his new role, Steve will be overseeing the Slate portfolio and directing our Project Management services.

Suzanne Wiehler joined the Avison Young Asset Management team in January. Suzanne brings over ten years of senior property management experience, overseeing a two-million square foot portfolio of office, industrial and commercial space.

Sandra Celli joined Avison Young as the General Manager of the Slate Properties portfolio. After obtaining a degree in Interior Design from Ryerson, Sandra built her management expertise working with such real estate companies as Nexacor, Emerald Properties and O&Y Enterprise.



First Century Tower, 438 University Avenue

Recent Lease Transactions

Loyalty Management Group Canada Inc. - 195,000 sq.ft.
Bowne of Canada Ltd. - 73,000 sq.ft.
IDT Entertainment Canada - 44,000 sq.ft.
Alliance Data - 28,000 sq.ft.
Bantrel Co. - 26,000 sq.ft.
Goldman Sloan Nash & Haber LLP - 22,000 sq.ft.

Recent Exclusive Lease Listings

789 Don Mills - 57,000 sq.ft.
438 University Avenue - 21,000 sq.ft.

Recent Investment Properties Listed

15 Huntley Street, Toronto - Midtown redevelopment site
15 Marmac Drive, Toronto - industrial value-add investment opportunity
6621 Innovator Drive, Mississauga - 25,000 sq.ft. industrial building
550 Braidwood Avenue, Peterborough - 165,000 sq.ft. multi-tenant industrial property
300 Lacroix Street, Chatham - long-term, freestanding investment opportunity

Recent Investment Properties Sold

360 Bay Street, Toronto - 56,000 sq.ft. Financial Core office building with retail
134 Lawton Boulevard, Toronto - fully leased 42-suite apartment building
2009 Long Lake Road, Sudbury - 50,000 sq.ft. Medical/ Office property
41 Metropolitan Road, Toronto - industrial redevelopment land sale

Demand for Office Space Sky High

The demand from tenants looking for large blocks of office space in the GTA West market continues to rise. As a result of this demand, vacancy rates continue to decline and Mississauga is flirting with a single digit vacancy rate. Landlords are becoming more and more optimistic with some venturing into speculative development.

The strong activity in the marketplace is driving up competition for quality office space. Rents in Mississauga rose by as much as 25% for full floor vacancies, particularly in the Airport Corporate Centre and Meadowvale submarkets. More telling is the recent leasing of periphery properties such as 6 Monogram Place in Bloor Islington, which leased 87,000 square feet to Kodak; 586 Argus Road in Oakville, which leased 60,600 square feet to Maple Leaf Foods; and 2225 Erin Mills Parkway in South Mississauga, which subleased 31,000 square feet to an undisclosed tenant after only weeks of being on the market. Other soft submarkets such as the Mississauga City Centre have witnessed relatively strong activity on larger blocks of space.

The lack of full floor space in the GTA West has fueled the first speculative development in recent times. In the Airport Corporate Centre, Polaris has decided to go forward with the construction of a 126,000 square foot office building at 2680 Matheson Boulevard East, and in Oakville, Westbury is commencing construction on a new seven-storey building at 2275 Upper Middle Road East totaling 140,000 square feet. There is also more speculative construction to come with the future flex space developments by Pannatoni at the corner of Eglinton and Dixie and by Pauls Corporation north of Highway #401 on the west side of Hurontario. In addition to the speculative development noted above, there is an additional 793,000 square feet currently under construction in the GTA West, the majority of which is already pre-leased to tenants such as Maple Leaf Foods, Kingsway Financial and Citibank.



Queensway West Business Park,
89 - 101 Queenway West

Landlords with large block vacancy should be well positioned to capitalize on current market conditions. Tenants seeking contiguous large blocks of space will see the number of options continue to decline as the market is projected to remain strong. In the short term, rents should continue to rise and continued optimism will drive more daring landlords to consider speculative construction.



Brampton Executive Centre, 8 Nelson Street,
Brampton

Recent Lease Transactions

Siptop - 61,600 sq.ft.
Maple Leaf Foods - 51,300 sq.ft.
AECL - 32,000 sq.ft.
Smart & Biggar - 27,000 sq.ft.
Connexim Network Management Inc. - 21,700 sq.ft.
Exposoft - 17,400 sq.ft.
Empathica - 9,600 sq.ft.
Siemens Canada Inc. - 10,000 sq.ft.
Net Cyclops Inc. - 6,600 sq.ft.
YMCA of Greater Toronto - 5,200 sq.ft.
CAW Legal Services Plan - 4,500 sq.ft.
Stock Transportation - 2,000 sq.ft.

Recent Exclusive Lease Listings

25 Auction Lane - 120,000 sq.ft.
30 Eglinton Avenue West - up to 75,000 sq.ft.
Queensway West Business Park:
89 Queensway West - up to 30,000 sq.ft. contiguous
101 Queensway West - up to 30,000 sq.ft. contiguous
2525 Meadowvale Boulevard - 51,600 sq.ft.
8 Nelson Street - 21,200 sq.ft.
7070 Mississauga Road - 17,900 sq.ft.

Recent Investment Properties Listed

15 Marmac Drive, Toronto - 5 acres - 70,100 sq.ft.
2284 Wyecroft Road, Oakville - 12 acres - 40,900 sq.ft.
29 Seapark Drive, St. Catharines - 16,000 sq.ft.

Residential Development Key to Core Revitalization

Downtown Winnipeg is experiencing an important phase in its ongoing success with a number of multi-family residential projects recently completed and many more underway or in the planning stages. A healthy and vibrant residential population in a city's core is vital to its ongoing health, and key to encouraging more retailers to consider the neighbourhood a viable location option when faced with the appeal of new suburban power centre developments.

The most visible of the new residential developments underway is the four properties encompassing 177 new condominium units and approximately 32,000 square feet of commercial space on Waterfront Drive, at a combined construction cost of \$48 million. These properties are a good example of the mixed-use developments that are important to the sustainability of a downtown residential population.

Many other projects are also helping to shape the growing downtown neighbourhood. An interesting development recently completed is the 7,700 square foot Webbsite, a seven-unit condo building constructed on a small 130 foot by 50 foot parking lot. This was a successful "pioneer project" of the North Portage Development Corporation, which wanted to demonstrate the potential of in-fill development in tiny downtown Winnipeg spaces.

Redevelopment of properties in the Exchange District, a twenty city block area encompassing 150 heritage buildings, has also proven very successful. Original architectural features in these turn-of-the-century buildings help create stylish and popular high-end loft spaces.

An expected future trend in the downtown is the conversion of some high-rise hotels into condominiums and apartments, which should provide for a wider range of location and pricing options for those interested in living in the CBD.



Sky Waterfront Condominiums, Waterfront Drive

Recent Lease Transactions

Meyers Norris Penny - 22,800 sq.ft.

Sirius - 20,000 sq.ft.

Securican - 13,500 sq.ft.

New Directions - 10,000 sq.ft.

Linnet Geomatics - 8,600 sq.ft.

Husmann Canada - 7,500 sq.ft.

LA Weightloss - 5,600 sq.ft.

Recent Exclusive Lease Listings

Kildonan Crossing Shopping Centre - 179,000 sq.ft.

680-692 Mission Street - 121,400 sq.ft.

Place Joseph Royal - 9,000 sq.ft.

Recent Investment Properties Listed

259 Portage Avenue (office) - 91,000 sq.ft.

221 Hampton Street (specialty property) - 12,000 sq.ft.

Recent Investment Properties Sold

565 Munroe (industrial) - 31,000 sq.ft.

55 Donald Street (office) - 22,000 sq.ft.

Rapid Growth Continues

Strong global demand and higher prices for many commodities have helped Saskatchewan grow by over 3% annually since 2003. These same forces will likely keep the Province on a steady track, boosting real GDP by 3.2% in 2006. Regina ranked fifth best in Canada for economic growth at 3.4% in 2005.

Commercial, industrial and institutional construction rose to \$132 million in 2005, an increase from \$106 million in 2004. Commercial construction alone grew from \$84.5 million to \$94 million.

New development at the airport is underway. Major residential and commercial development south of the airport is proposed with the entire project taking more than a decade to complete.

Development of new retail space and commercial businesses continues to grow in northwest Regina. Home Depot opened its doors late February. Conexus Credit Union and Affinity Credit Union will be opening soon. The YMCA recently began renovating its new facility. Southeast Regina also continues its expansion. A new 90,000 square foot Canadian Tire store in southeast Regina opened in early 2006. Several new retail projects are planned for 2006 for both the northwest and southeast retail corridors.

Saskatchewan Transportation Company is constructing a new \$19 million bus depot and head office in downtown Regina. This new depot is expected to be completed by mid-2007.



*Sask Energy Building,
1777 Victoria Avenue*

Recent Lease Transactions

Sask. Liquor & Gaming - 47,400 sq.ft.

Farm Pure, 316 - 31,000 sq.ft.

Kanuka Thuringer - 24,900 sq.ft.

Dufresne Furniture, 316 - 11,000 sq.ft.

Recent Exclusive Lease Listings

Sask Energy Building - 16,100 sq.ft.

316 - 1st Avenue East - 11,000 sq.ft.

505 McDonald Street - 10,800 sq.ft.

Recent Investment Properties Listed

Victoria Tower, 1855 Victoria Avenue - 144,200 sq.ft.

Donahue Building, 2300 - 11th Avenue - 45,400 sq.ft.

Maplebrook Square, 147 Albert Street - 13,500 sq.ft.

Recent Investment Properties Sold

438 Victoria Avenue East - 18,000 sq.ft.

366 - 3rd Avenue S., Saskatoon - 12,400 sq.ft.

505 McDonald Street - 10,800 sq.ft.

Development Boom On-going

Over the past two years more than three million square feet of office space has been absorbed in Calgary. The majority of this demand is derived from oil and gas companies, looking to attain a piece of the some 1.6 trillion barrels of crude oil that lie in the tar sands of Alberta. With some of the biggest names in the industry looking to open, expand and/or relocate offices to Calgary, the vacancy rates have plunged to all time lows. The current vacancy for Calgary's office market is a mere 2.7%, down from 7.6% in the first quarter of 2005. The majority of the space being absorbed is in the downtown, where current vacancy is 0.8%, down from 5.1% just a year ago. A significant number of landlords have responded to this high demand by marketing large-scale projects. In fact, nineteen developments are either planned or underway in the downtown core alone. Five of these developments, Tonko's Centrium Place, Homburg's Harris Centre, Redcliff's Opus 8, and Bentall's Livingston Place Phase I & II, have already been pre-leased.

The trend is spilling into all sectors of the Calgary market. The Beltline currently has five developments under construction, four of which are fully leased/sold, with an additional eight in the pre-leasing mode. Activity in the suburban market is also very strong with continued demand from health care professionals. An estimated 33 new developments are planned in the NE, SE, and NW markets including Medallion Developments' Medallion Corporate Centre, Opus' 8306 Horton Road Phase I and II, and Remington Developments' Quarry Park. Developments improvements are also set for the East Village, the Calgary Exhibition and Stampede, the Calgary Zoo, Fort Calgary and the LRT.

New Additions

Andrew Baird joined Avison Young in November 2005, as a Sales Assistant to Peter Merchant. Andrew has successfully completed the Commercial Real Estate Course, and is looking forward to a career in the industry.

Lisa Ha graduated from the University of Calgary with a BComm degree. Lisa joined Avison Young in November 2005, to fill the position of Sales Assistant to Allan Zivot.

Victoria Pun joined Avison Young in January 2005. Her educational background includes a BComm from the University of Toronto. Victoria has recently achieved agent status, and will be working as Sales Assistant to Larry Gurtler.

Strategic Alliance Partner

Avison Young has a unique strategic alliance with Meyers Norris Penny LLP, the only Top 10 national chartered accountancy and advisory firm based in Western Canada. MNP handles Avison Young's accounting and audit work, and Avison Young handles their real estate. MNP has more than 70 full and part-time offices across Western Canada, which means that Avison Young is handling up to a dozen lease negotiations in different cities at any one time. MNP provides clear, straightforward business advice combined with a local understanding. Their customized solutions range from accounting and taxation to a full range of business advisory services, including Management Consulting, Succession, Human Resource Consulting, Corporate Finance, Valuations & Litigation Support and Forensic Accounting. Avison Young is proud to be able to highly recommend their services.

Perhaps you can see a strategic relationship with Avison Young as being beneficial for your business as well. Call us today.



MEYERS NORRIS PENNY



3751 - 21 Street NE

Recent Lease Transactions

*IMV Projects - 72,000 sq.ft.
Peak Energy Services Partnership - 67,600 sq.ft.
ATB Call Centre - 40,000 sq.ft.
Public Works - 37,000 sq.ft.
Scotia Bank - 26,000 sq.ft.
Bear Ridge Resources - 22,500 sq.ft.
Wi-LAN - 22,000 sq.ft.*

Recent Exclusive Lease Listings

*Medallion Business Centre - up to 156,000 sq.ft.
119 - 6th Avenue SW - 36,700 sq.ft.
6520 - 36th Street SE - 25,000 sq.ft.
Blackfoot Vista - 16,800 sq.ft.*

Recent Investment Properties Listed

*3751 - 21st Street NE - 48,200 sq.ft. on 1.68 acres
3007 - 57th Avenue SE - 36,400 sq.ft. on 1.48 acres
1235 - 10th Avenue SW - 8,500 sq.ft. on 9,800 sq.ft.*

Recent Investment Properties Sold

*4500 & 4520 - 16th Avenue NW - 80,000 sq.ft.
140 Crowfoot Crescent NW - 113,800 sq.ft. on 11.02 acres
12210 Barlow Trail NE - 115.05 acres
224 - 8th Avenue SE - 26,800 sq.ft.
5300 - 86th Avenue SE - 166,000 sq.ft.
1509 - Centre Street South - 77,000 sq.ft.
608 - 7th Street SW, 735 & 739 6th Avenue SW
11640 - 18 Street NE - 8.80 acres*



Medallion Business Centre, 1925 - 18th Avenue NE

Demand for Land

Not in twenty years has Edmonton seen such a demand for quality, well-situated land in and around the Capital region. All areas of the City continue to see growth, with the southwest having the greatest amount of residential development and the northwest and southeast facing a shortage of quality parcels for both industrial and commercial use.

The northwest area specializes in transportation, warehousing and logistics and has local advantages such as the CN Intermodal Terminal, the Yellowhead Highway, Anthony Henday Drive and the City Centre Airport. With little or no land available in the traditional industrial and commercial areas in the northwest, the demand for land has driven developers and owner/users north to 137 Avenue, and west of Anthony Henday Drive. In the southeast, local advantages such as established supply chains, Highway #2, CP Intermodal Terminal, Edmonton Research Park and the Edmonton International Airport have all contributed to development of this market. The traditional areas of specialization in the southeast are machinery and equipment, with some additional logistics and warehousing facilities as well. The demand in the southeast has driven development south of the City boundary (41 Avenue) to the adjoining County of Leduc and Strathcona County.

Developers are trying to stay ahead of the market by pushing the traditional boundaries of land to be developed, even developing in areas deemed to be unusable a few short years ago. As mentioned above, this demand is pushing some developers to look at adjoining markets such as Strathcona County to the east, Parkland County to the west, and Leduc County to the south, all of which have experienced significant growth in demand and in land pricing. The availability of rail serviced sites is still in very high demand, with several new developers attempting to bring new opportunities forward to meet the pent up demand. Oilsands development in the north continues to be a driving force behind the development of these new sites, and the demand is thus pushing the land inventory into the outer suburbs and neighbouring counties.

Land prices are climbing at a steady pace for both serviced and un-serviced raw land and we anticipate this to continue into 2006 - 2007. We don't expect this level of activity to slow in the foreseeable future and expect prices to continue upward with supply limited relative to demand.

New Additions

Dean Wulf joined our firm as a full time Vice President and General Manager in April. Dean has been in the real estate industry for many years having started with NAI in industrial leasing back in the early 1990's. He then moved on to senior positions with Standard Life, Cadillac Fairview and then finally to Cushman Wakefield LePage where he has been the VP, General Manager for the past 4 years.

Lise Pirot joined Avison Young as a research assistant in February 2006. Lise is a 2004 International Business and Economics graduate from the University of Alberta School of Business.

Meghan Kinney has a Bachelor of Commerce degree from the University of Alberta and has completed extra courses in International Business and Human Resource Management.

Alex Thomson, prior to joining Avison Young, worked in Scotland for a partnership specializing in investment sales. He also has experience in office and industrial leasing.



White Oaks Square, 12222 - 137 Avenue

Recent Lease Transactions

Rosedale Transport Ltd - 46,000 sq.ft.
 National Energy Equipment Inc. - 35,000 sq.ft.
 ATB Financial - 28,000 sq.ft.
 Bank of Montreal - 20,000 sq.ft.
 Acrodex - 19,000 sq.ft.
 Value Village Stores Inc. - 18,000 sq.ft.
 The Office Depot - 15,000 sq.ft.
 Dr. Searles Professional Corp. - 10,000 sq.ft.
 CH2M Hill Canada - 10,000 sq.ft.

Recent Exclusive Lease Listings

Medicine Hat Power Centre - 175,000 sq.ft.
 Lloydminster Power Centre - 100,000 sq.ft.
 Progress Place - 100,000 sq.ft.
 Newmans Valve - 20,000 sq.ft.

Recent Investment Properties Listed

Clareview Village Shopping Centre - 110,000 sq.ft.
 10345 - 104 Street Building - 13,000 sq.ft.
 Glen Allen Shopping Centre - 12,000 sq.ft.

Recent Investment Properties Sold

Sabo Buildings Portfolio - 620,000 sq.ft.
 White Oaks Square - 160,000 sq.ft.
 Colorfast Building - 22,000 sq.ft.



Progress Place, 6708 - 75 Avenue

Looking East for Future Downtown Office Space

Downtown office vacancy has plummeted over the past 24 months, leaving few quality spaces. Moreover, there are no obvious sites on which to build new office towers in or near the existing financial core. Hotels and residential condominiums have absorbed many potential office tower locations in recent years. Future downtown office development is now constrained by posh retail and residential to the west and south and the harbour to the north.

To accommodate the region's need for more Central Business District (CBD) office space, the Downtown office market will have to expand eastward and be part of the renewal of Vancouver's Downtown east side. Among what are now parkades, aging small office buildings and run down hotels, a new office district could emerge in the next 10 to 15 years.

Ironic, given that residential development has pushed office uses out of the western side of the CBD, residential development in the Downtown east could open the area to high-end office development and attract tenants.

The anchor project in this region is the renovation and redevelopment of the Woodwards site at the corner of West Hastings and Abbott Streets. Once complete, the development will offer two residential towers with 536 condominiums priced between \$200,000 and \$800,000, which pre sold in one day. The developers will retain the 1903 heritage department store structure and renovate to feature a branch of Simon Fraser University. The site will also feature a modest amount of retail and office space. This project will accelerate the process of gentrifying and re-defining the east end of the Downtown peninsula (including Gastown and Chinatown) that is already underway.

Blending office, retail, restaurant, and residential uses will be essential. As previously seen in the revitalization of Yaletown, start up companies and other cost-sensitive office users have started to move to the Downtown east, attracted by the proximity to the CBD, the lower lease rates in older buildings, and the creative, youthful energy generated by young people buying the more-affordable condominiums nearby. In Yaletown, fifteen years ago, the early residential and office dwellers supported retail and restaurant expansion; this hip atmosphere, in turn, generated more demand for office space. Soon the area began attracting established companies and rental rates climbed.

Today, Yaletown is an office node for mature businesses such as forestry companies, architecture firms, and software giant BusinessObjects. Meanwhile the Downtown east side is where young people and new businesses find affordable, edgy yet hip homes and offices.

Learning from Yaletown, it will be essential that city planners allocate sufficient space for offices in the Downtown east side. This will both alleviate a shortage of office space downtown as well as help revitalize the area for residents, retailers and restaurants.

New Additions

Andrea Gvozdanovich joined Avison Young in November 2005 to work with the Investment Sales Group. She has a degree in Urban Planning from York University (2003).

Carolyn Ancrum became Avison Young's Administrative Manager in March 2006. She has eleven years experience in real estate industry administration.



Abgenix Building, 7990 Enterprise Street, Burnaby

Recent Lease Transactions

Hillwest/Aritzia - 103,000 sq.ft.
 Moulding & Millwork - 100,000 sq.ft.
 Raymond James Limited - 41,000 sq.ft.
 Electronic Arts Canada - 38,000 sq.ft.
 P.H.S.A. - 30,000 sq.ft.
 Pacific Int'l Securities - 28,000 sq.ft.
 WMA Group - 24,000 sq.ft.
 Business Objects - 23,000 sq.ft.
 P.H.S.A. - 22,000 sq.ft.
 Pacifique Riche Enterprises - 18,000 sq.ft.
 G.C. Queen's Court - 16,000 sq.ft.

Recent Exclusive Lease Listings

3292 Production Way, Burnaby - 100,000 sq.ft.
 Nokia Building - 25,000 sq.ft.
 930 West 1st Street - 23,000 sq.ft.
 1110 Hamilton Street - 22,000 sq.ft.

Recent Investment Properties Listed

Timberwest - Land 33 Acres Campbell River
 92 & 301 East Hastings Street, Vancouver

Recent Investment Properties Sold

Taiga Forest Products, BC & Canada (Industrial Portfolio, 16 properties - total 694,000 sq.ft.)
 Lions Gate Studios, North Vancouver (Film Studio) - 248,000 sq.ft.
 7990 Enterprise Street, Burnaby (Biotechnology Facility) - 61,000 sq.ft.
 620 Royal Avenue, New Westminster (Office Building) - 48,000 sq.ft.



Taiga Portfolio