



Greater Toronto Area West Office Market Report

3rd Quarter 2011

The Greater Toronto Area (GTA) West office market had a strong third quarter. With overall occupancy levels and rental rates rising and availability/vacancy rates falling, a more balanced office market is beginning to emerge. Though the market has shown signs of improvement, tenants' negotiating leverage has not dried up entirely.

For the fourth consecutive quarter, the availability rate (space marketed for lease) declined an impressive 80 basis points (bps) to complete the third quarter of 2011 at 12.9%. Compared to one year ago, the availability rate has trended downward a staggering 240 bps from a high of 15.3%. Similarly, the vacancy rate (physically unoccupied space) across the region decreased 140 bps to end the quarter at 11.6% and held firm with the decline seen in the third quarter of 2010.

Occupancy levels increased dramatically as the GTA West office market experienced almost 491,000 square feet (sf) of positive absorption, with the bulk of the demand centred around Class A premises. The Airport Corporate Centre and Meadowvale nodes were quite active, as their occupancy levels increased by 105,000 sf and 312,000 sf, respectively.

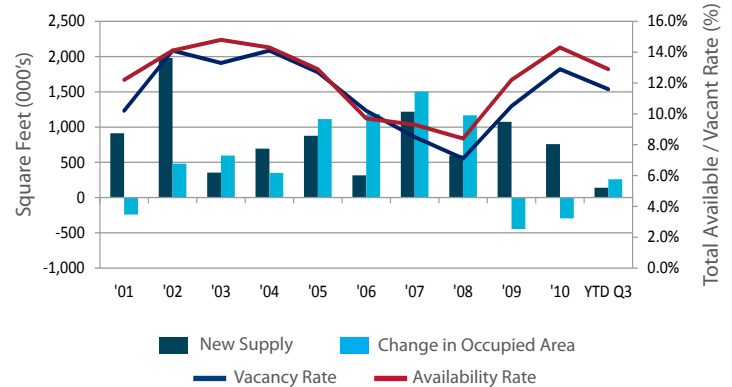
The Airport Corporate Centre is slowly pulling itself out of the doldrums in which it has been languishing. On the heels of Target Canada's commitment over the summer to lease 183,000 sf, General Mills has reaffirmed its confidence in this market, renewing its tenancy of 87,000 sf at 5825 Explorer Drive.

With the decrease in the vacancy and availability rate and uptick in demand, the average asking net rental rate saw some movement. Overall, the average asking net rental rate stands at \$14.28 per square foot (psf), up from \$14.05 psf in the previous quarter. Class A rents sit at \$16.47 psf, while class B and C rental rates finished the third quarter at \$12.93 and \$10.94 psf, respectively.

Development activity remained stable, with seven office buildings under

MARKET FACTS	
9.6% Availability rate in Heartland	\$15.72 Average asking net rental rate for Mississauga City Centre
\$15.93 Average asking net rental rate for Meadowvale	13.2% Availability rate in Class A office space in the Airport Corporate Centre

Greater Toronto Area West
Historic Office Market Trends - All Classes



construction comprising 754,000 sf (57% pre-leased), two-thirds of which will be delivered in 2012. Other noteworthy office deals completed during the quarter included Exit Realty leasing 14,000 sf at 2345 Argenta Road in the Meadowvale node and National Bank taking 24,400 sf at 110 Matheson Boulevard West in the Heartland office node.

GREATER TORONTO AREA WEST MARKET SUMMARY

Availability Trend			Vacancy Trend			Change in Occupied Area (000's of sf)		New Supply (000's of sf)		
12 Months ago	3 Months ago	Current Quarter	12 Months ago	3 Months ago	Current Quarter	Current Quarter	Year-to-Date	Year-to-Date Completions	Under Construction	% Pre-Leased
15.3%	13.7%	12.9%	13.0%	13.0%	11.6%	491	260	140	754	57%

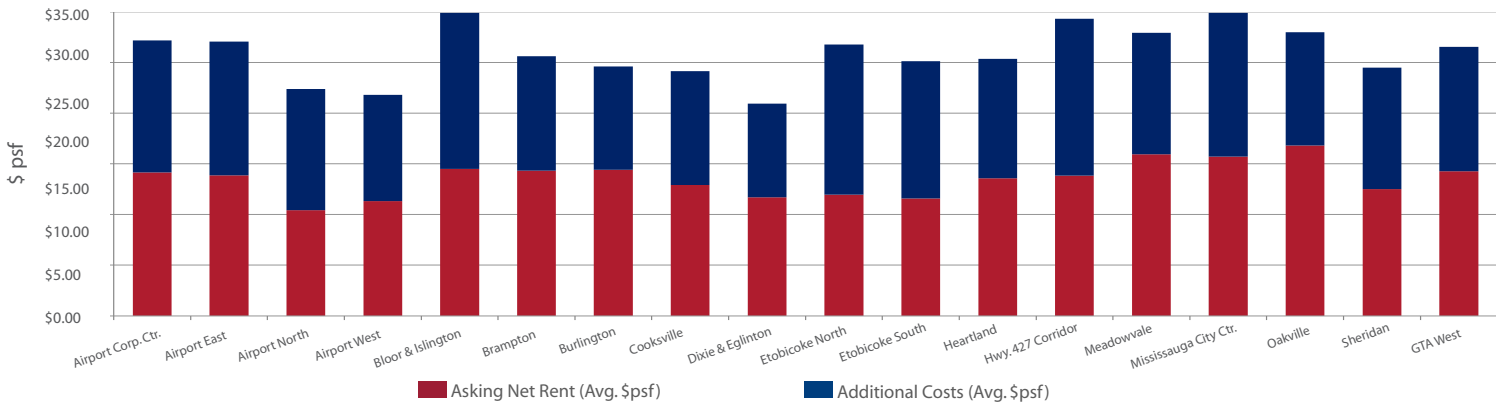


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COMPARISON OF LEASING OPTIONS FOR TENANTS - GTA WEST

Office Space at Selected Districts	No. of Bldgs.	Available Space			Availability Rate		
		Buildings with more than 50,000 sf	Buildings with more than 10,000 sf	Buildings with space between 4,000 sf to 8,000 sf	Direct %	Sublet %	Total %
Airport Corp. Ctr. Class A	17	4	12	24	10%	3.2%	13.2%
Airport Corp. Ctr. All Classes	29	5	21	74	11.6%	3.0%	14.6%
Burlington Class A	15	0	9	37	8.7%	6.3%	15.0%
Burlington All Classes	35	0	17	63	10.5%	3.5%	14.0%
Heartland Class A	12	1	9	30	8.3%	1.7%	10.0%
Heartland All Classes	19	1	13	35	8.3%	1.3%	9.6%
Meadowvale Class A	17	3	15	13	9.3%	4.1%	13.4%
Meadowvale All Classes	35	5	23	64	11%	3.6%	14.6%
Miss. City Centre Class A	12	4	10	32	11.2%	5.3%	16.5%
Miss. City Centre All Classes	18	4	13	54	10.6%	4.0%	14.6%
Oakville Class A	16	1	8	27	12.9%	0.8%	13.7%
Oakville All Classes	27	1	13	47	12.8%	1.1%	13.9%
GTA West Class A	113	17	80	208	8.9%	3.0%	11.9%
GTA West All Classes	261	26	162	552	10.4%	2.5%	12.9%

GTA West - Occupancy Costs - All Classes



GREATER TORONTO AREA WEST SIGNIFICANT TRANSACTIONS

Address	Node	Tenant	Size
5825 Explorer Dr.	Airport Corporate Centre	General Mills	87,000 sf
1075 North Service Rd.	Oakville	Hatch	30,000 sf
110 Matheson Blvd. W.	Heartland	National Bank	24,400 sf
2345 Argentia Rd.	Meadowvale	Exit Realty	14,000 sf
30 Eglinton Ave. W.	Heartland	Aversan	13,000 sf

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