



Greater Toronto Area West Office Market Report

Mid-Year 2011

In the Greater Toronto Area (GTA) West office nodes, a tenant's market dominates the landscape as landlords strive to attract and retain tenants. As the economy adjusts to positive market conditions, look for landlords to offer tenant inducements on a deal by deal basis.

For the third consecutive quarter, the availability rate (space marketed for lease) trended downward, falling 20 basis points (bps) to finish the quarter at 13.7%. By comparison, the availability rate stood at 13.9% one year ago. Conversely, the vacancy rate (physically unoccupied space) decreased 20 bps to end the quarter at 13.0% and it has remained steady compared with the second quarter of 2010.

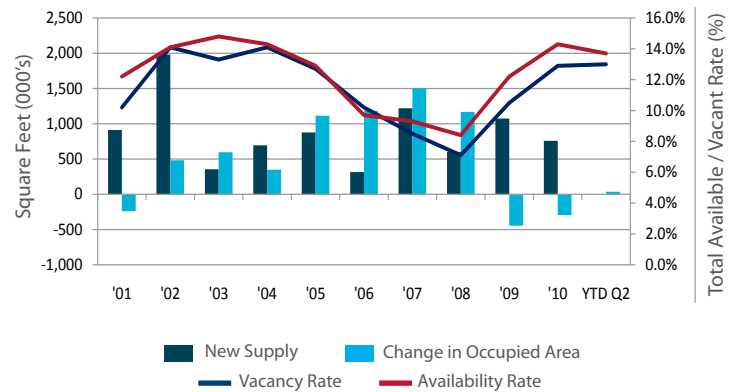
The GTA West office market experienced 34,000 square feet (sf) of positive absorption during the second quarter, with some bright spots within its submarkets. For the seventh consecutive quarter, the Oakville office market experienced positive absorption, with occupancy levels rising by 76,000 sf. Meanwhile, a 54,000 sf increase in occupied area was experienced in the Highway 427 Corridor.

Importantly, Target Canada recently announced plans to lease the remaining 183,000 sf of office space at 5550 Explorer Drive (AeroCentre V) in the Airport Corporate Centre (ACC), a vital indicator of the health of this node. Spurred by such transactions, the ACC has seen a decline of 240 bps in the vacancy rate to 19.6% over the past year. Moreover, the ACC experienced 106,000 sf of positive absorption this quarter, another good sign for this area.

The elevated vacancy and availability rates have continued to keep rental rates from increasing. Overall, the average asking net rental rate at the end of the second quarter of 2011 was \$14.05 per square foot (psf), down slightly from mid-year 2010, a change seen across the board as class A, B and C office rents declined. The spread between class A, B, and C office rents was \$4.16 psf and \$5.99 psf, respectively.

MARKET FACTS	
13.7% Availability rate in the GTA West	\$12.05 Average asking net rental rate for Cooksville
\$15.53 Average asking net rental rate for Meadowdale	17.4% Availability rate in the Airport Corporate Centre

Greater Toronto Area West
Historic Office Market Trends - All Classes



There are eight office buildings currently under construction in the GTA West that will add 734,577 sf of class A office space, with 40% of the space already pre-leased. Noteworthy office deals completed this quarter include: Shoppers Drug Mart leasing 37,000 sf at 1685 Tech Avenue and CGC leasing 16,000 sf at 350 Burnhamthorpe Road West.

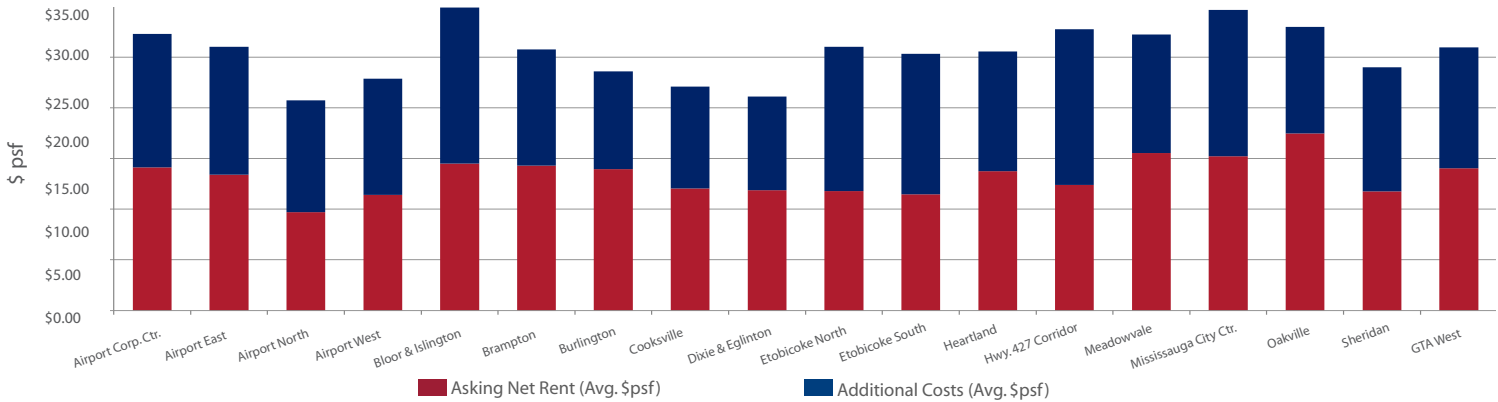
GREATER TORONTO AREA WEST MARKET SUMMARY

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
13.9%	13.9%	13.7%	13.2%	13.2%	13.0%	34	-152	140	734	40%

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	5	13	27	8.7%	6.6%	15.3%
Airport Corp. Ctr. All Classes	28	5	23	81	11.9%	5.5%	17.4%
Burlington Class A	14	0	8	35	9.7%	4.4%	14.1%
Burlington All Classes	35	0	13	60	10.1%	2.6%	12.7%
Heartland Class A	12	2	9	27	8.8%	2.8%	11.6%
Heartland All Classes	19	2	12	33	8.9%	2.1%	11.0%
Meadowvale Class A	16	3	15	21	12.3%	2.1%	14.4%
Meadowvale All Classes	34	5	25	67	13.6%	2.2%	15.8%
Miss. City Centre Class A	12	4	7	20	11.5%	2.7%	14.2%
Miss. City Centre All Classes	20	4	10	36	10.8%	2.1%	12.9%
Oakville Class A	20	2	11	23	13.5%	0.6%	14.1%
Oakville All Classes	29	2	16	34	14.0%	0.7%	14.7%
GTA West Class A	118	22	83	194	10.0%	3.0%	13.0%
GTA West All Classes	268	28	158	499	11.5%	2.2%	13.7%

GTA West - Occupancy Costs - All Classes



GREATER TORONTO AREA WEST SIGNIFICANT TRANSACTIONS

Address	Node	Tenant	Size
5550 Explorer Dr.	Airport Corporate Centre	Target Canada	183,000 sf
1685 Tech Ave.	Dixie & Eglinton	Shoppers Drug Mart	37,000 sf
350 Burnhamthorpe Rd. W.	Mississauga City Centre	CGC	16,000 sf
33 City Centre Dr.	Mississauga City Centre	Schej Realty	10,000 sf
700 Dorval Dr.	Oakville	Ontario Ministry of Health	8,000 sf

AVISON YOUNG

Across Canada & the U.S.

For a list of offices, please visit us at:

www.avisonyoung.com

For more information on this report, please contact:

Bill Argeropoulos **416.673.4029**
Vice President & Director of Research Canada

Stephanie Schappert **905.283.2321**
Research Associate



**Intelligent
Real Estate Solutions**

Avison Young
30 Eglinton Avenue West, Suite 300,
Mississauga, ON L5R 3E7
T 905.712.2100 F 905.712.2937
W www.avisonyoung.com