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GTA North and East Office Market Report

1st Quarter 2010

**AVISON
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GTA North and East Office Market Overview

The Greater Toronto Area (GTA) North and East office markets appear to be heading in opposite directions. Since year-end 2009, GTA North witnessed a marginal change in availability (space marketed for lease) and vacancy (physically unoccupied space), each rising 10 basis points (bps) to close the first quarter of 2010 at 9.2% and 7.8%, respectively. By comparison, in the same quarter one year ago, availability and vacancy stood 190 and 200 bps higher. The recent stability exhibited in the market has pushed the average asking net rental rate for all building classes slightly higher, currently at \$16.89 per square foot (psf).

In contrast, the GTA East market continues to be plagued by double digit availability/vacancy rate and several large blocks of contiguous office space over 50,000 sf. Overall availability climbed 70 bps to 14.4%, while vacancy rose 50 bps to end the quarter at 14.3%. Tenants seeking large contiguous blocks of available space have at least 10 buildings to choose from, five of which are located in the Hwy. 404 & 7 node. Poor demand and large block opportunities have created a competitive environment, keeping asking rental rates in check, presently averaging in the \$13.00 psf range.

Data Points

\$18.37

Average asking net rate for North
Yonge office buildings

31%

Sublet space as a percentage of
total available space in the Hwy.
404/7 node

10

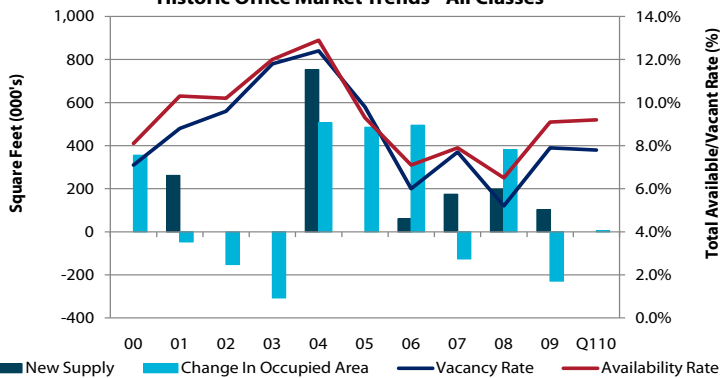
GTA East buildings with over 50,000
sf of contiguous available space

22.1%

Availability in the Don Mills &
Eglinton node

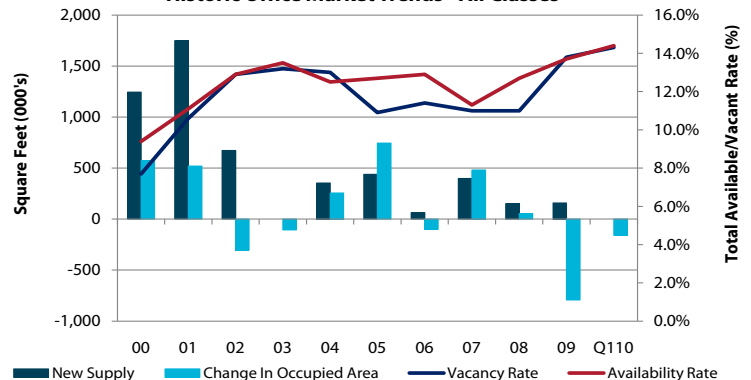
GTA North

Historic Office Market Trends - All Classes



GTA East

Historic Office Market Trends - All Classes



GTA NORTH AND EAST DISTRICTS 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
GTA North	7.3%	9.1%	9.2%	5.8%	7.9%	7.8%	4	4	-	63	41%
GTA East	13.2%	13.7%	14.4%	11.4%	13.8%	14.3%	-158	-158	-	-	-

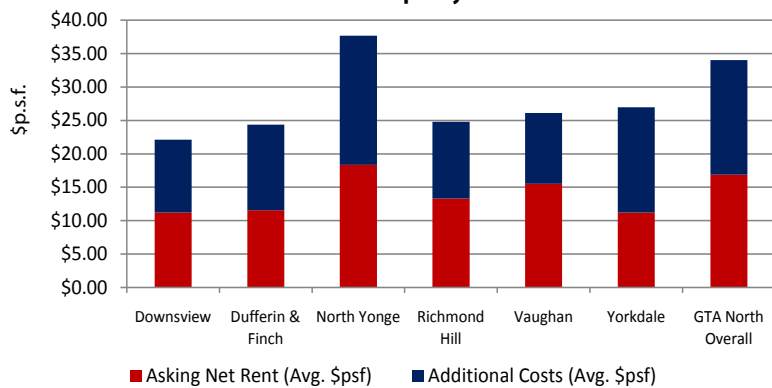
COMPARISON OF LEASING OPTIONS FOR TENANTS – GTA NORTH

Office Space at Selected Nodes	Number of Buildings	Available Space			Availability Rate		
		Buildings with more than 50,000 sq. ft.	Buildings with more than 10,000 sq. ft.	Number of spaces between 4,000 sq. ft. to 8,000 sq. ft.	Direct %	Sublet %	Total %
North Yonge	38	7	19	18	6.9	2.6	9.8
Richmond Hill	5	0	1	0	7.7	0.9	8.5
Vaughan	34	1	7	14	9.8	1.2	11.0

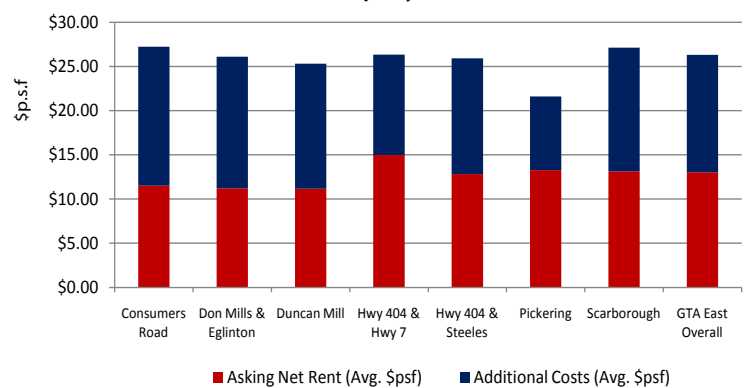
COMPARISON OF LEASING OPTIONS FOR TENANTS – GTA EAST

Office Space at Selected Nodes	Number of Buildings	Available Space			Availability Rate		
		Buildings with more than 50,000 sq. ft.	Buildings with more than 10,000 sq. ft.	Number of spaces between 4,000 sq. ft. to 8,000 sq. ft.	Direct %	Sublet %	Total %
Hwy. 404 & Hwy. 7	108	5	43	40	10.0	4.4	14.4
Hwy. 404 & Steeles	57	3	21	25	9.6	3.0	12.5
Don Mills & Eglinton	33	3	15	19	18.2	3.9	22.1
Consumers Road	35	2	15	16	10.2	1.4	11.6
Duncan Mill	23	1	19	13	8.2	3.5	11.7
Pickering	11	1	3	2	8.9	1.0	9.8
Scarborough	44	5	13	9	14.6	0.7	15.3

GTA North - Occupancy Costs - All Classes



GTA East - Occupancy Costs - All Classes



GTA NORTH AND EAST DISTRICTS SIGNIFICANT TRANSACTIONS FOR THE FIRST QUARTER

Address	District	Tenant	Size
12 Concorde Place	East	TD Bank	74,000 sf
70 Valleywood Drive	East	Cole Engineering Group Limited	53,000 sf
100 Consilium Place	East	City of Toronto	47,000 sf
5160 Yonge Street	North	TTC	37,000 sf
2075 Kennedy Road	East	Chase Paymentech	34,000 sf

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