



Greater Toronto Area Office Market Report

1st Quarter 2011

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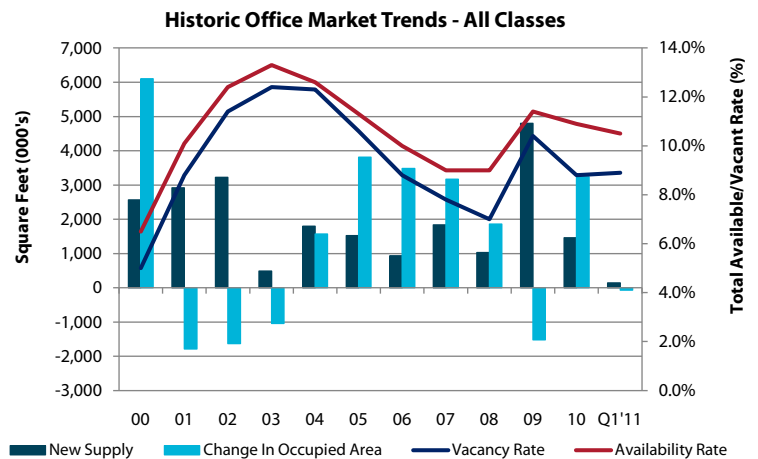
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Greater Toronto Area Market Overview

Since the recession ended in late 2009, the Greater Toronto Area (GTA) office market has seen a steady return to historic norms. In the first quarter of 2011, the availability rate (space marketed for lease) across the region and for all building classes continued towards single-digit territory falling 30 basis points (bps) from year-end 2010 to 10.5%. This is down from a post-recession high of 11.5%, one year ago. Despite a 20 bps rise, the overall vacancy rate (physically unoccupied space) has descended from a recent high of 10.5% in the second quarter of 2010 to 8.9%, presently. The development pipeline continues to flow with 1.5 million square feet (msf) under construction (largely in the suburbs), but this pales in comparison to the almost 7 msf that was in development at the time of the collapse of Lehman Brothers in the fall of 2008. The suburban market had an uneventful start to the year with uneven demand and negligible movement in availability (down 30 bps to 12.1%) and vacancy (up 20 bps to 11.1%). Large block opportunities remain and are mostly located in the GTA East and West suburbs.

Activity in the downtown and midtown markets is robust with demand from a wide spectrum of user groups and for varying space requirements. Availability in Midtown held steady at 8.5%, while vacancy lowered to 7.4%. The downtown market continues to impress as the availability rate declined for the fourth consecutive quarter, reaching 8.9% - its lowest level in two years. However, the market is much tighter, with vacancy now resting at 6.6%, down 200 bps from one year ago. The newest towers in Downtown Toronto are currently 93% leased with pending deals looking to push that figure even higher in the coming months. In contrast, the handful of large block options (>100,000 sf), most of which are located in prime towers in the financial core, and carry the highest realty taxes and operating costs, have had their share of tours, but overall are struggling. With the newest towers predominately leased, a number of large tenant requirements in the market, and a lack of affordable options, there are discussions underway that will likely result in the announcement of one, two or three new developments in the next few months.

MARKET FACTS	
3.1 Million square feet of active tenant mandates in Downtown Toronto	13.7% Availability rate in AAA towers in Toronto's Financial Core
6.8% GTA North overall availability rate	7 Full floors available for lease in the newest downtown towers



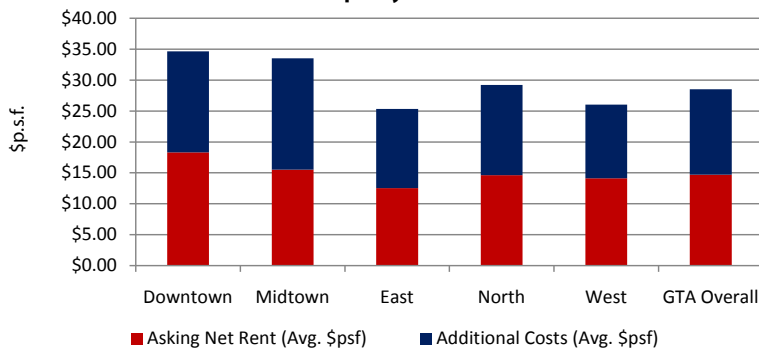
GREATER TORONTO AREA MARKET SUMMARY

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
11.5%	10.8%	10.5%	10.2%	8.7%	8.9%	-69	-69	141	1,517	62%

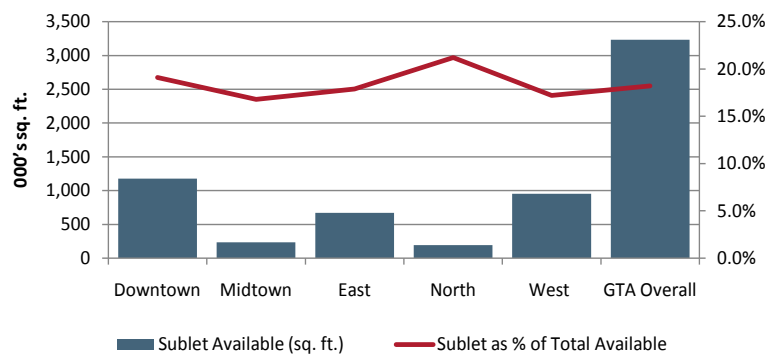
COMPARISON OF LEASING OPTIONS FOR TENANTS - GTA

Office Space at Selected Districts	No. of Bldgs.	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 %
Downtown All Classes	385	34	116	501	7.2	1.7	8.9
Downtown Class A	111	26	53	240	7.0	2.5	9.5
Midtown All Classes	144	5	43	174	7.0	1.5	8.5
Midtown Class A	35	3	19	46	6.4	1.9	8.3
GTA East All Classes	310	17	105	315	10.0	2.2	12.2
GTA East Class A	130	10	61	160	9.2	3.5	12.7
GTA North All Classes	110	5	28	64	5.3	1.5	6.8
GTA North Class A	50	5	19	45	5.6	1.9	7.5
GTA West All Classes	456	29	164	507	11.5	2.4	13.9
GTA West Class A	200	23	88	206	9.7	3.4	13.1

GTA - Occupancy Costs - All Classes



GTA - Sublet Availability - All Classes



GREATER TORONTO AREA SIGNIFICANT TRANSACTIONS FOR THE FIRST QUARTER

Address	District	Tenant	Size
First Canadian Place	Downtown	BMO Financial Group	503,000 sf
30 St. Clair Ave. W.	Midtown	Maple Leaf Foods	42,000 sf
55 Renfrew Dr.	East	Electro Sonic	24,000 sf
York Mills Centre	North	NexJ Systems	55,000 sf
Mississauga Executive Centre	West	Davis & Henderson	96,000 sf

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