



# GTA North and East Office Market Report

1<sup>st</sup> Quarter 2011

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## GTA North and East Office Market Overview

The wide gap that has persisted between the Greater Toronto Area (GTA) North and East office markets since before the start of the recession may soon narrow. This can be attributed to a number of transactions currently in the works, which, if concluded, will ultimately push availability/vacancy rates in these markets lower.

GTA North is already one of the tightest office markets in the GTA, with availability and vacancy rates at or approaching pre-recession levels. Availability (space marketed for lease) declined an additional 50 basis points (bps) from year-end 2010 to close the first quarter of 2011 at 6.8%. This is 240 bps lower than in the same quarter last year and 130 bps above the pre-recession low of 5.5% in the third quarter of 2008. By comparison, the vacancy rate (physically unoccupied space), currently at 5.2%, has plummeted 270 bps from the same quarter one year prior, and is only 20 bps from returning to a decade low of 5%.

One of the largest contiguous blocks of available space along the North Yonge Corridor, namely York Mills Centre, has attracted serious interest and may soon be leased, pushing availability/vacancy even lower.

In contrast, the GTA East market continues to post double-digit availability and vacancy rates, however these rates are poised to fall if a number of deals are concluded in the next few months. Availability sits at 12.2%, rising 30 bps from last quarter, but has retreated from 14.4% one year ago. On the other hand, vacancy is close to single-digit territory, ending the first quarter of 2011 at 10.7% - unchanged from the previous quarter. Similar to GTA North, a number of long-standing large block opportunities in the Hwy. 404 & 7 and Scarborough office nodes are finally garnering some interest and may shortly be leased up, moving the market towards more balanced conditions.

### Market Facts

**\$12.52**

Average asking net rate in GTA East vs \$14.61 psf in GTA North

**8**

Number of buildings with more than 50,000 sf available in the Hwy. 404/7 and Scarborough nodes

**6.8%**

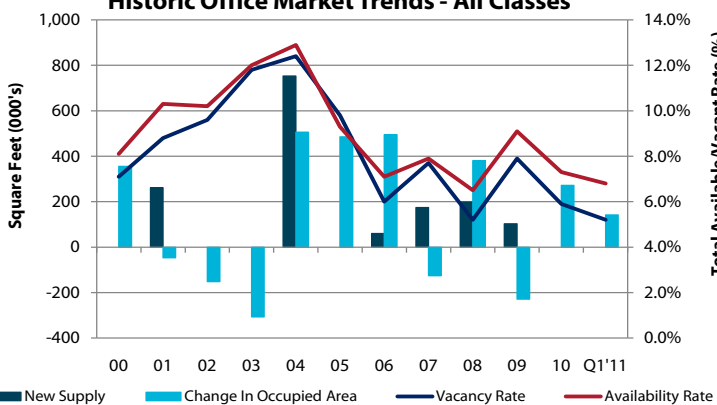
Overall availability rate in GTA North vs pre-recession low of 5.5% in Q3 2008

**14.3%**

Overall availability rate in the Consumers Rd. office node

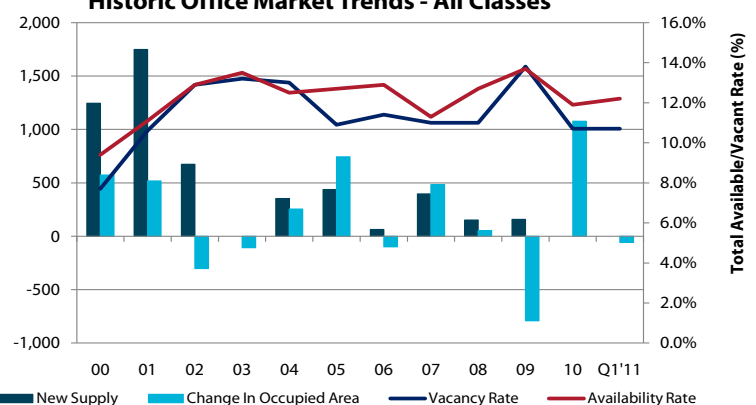
### GTA North

#### 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
<b>GTA North</b>	9.2%	7.3%	6.8%	7.8%	5.9%	5.2%	142	142	0	121	30.9%
<b>GTA East</b>	14.4%	11.9%	12.2%	14.3%	10.7%	10.7%	-58	-58	0	146	71.1%

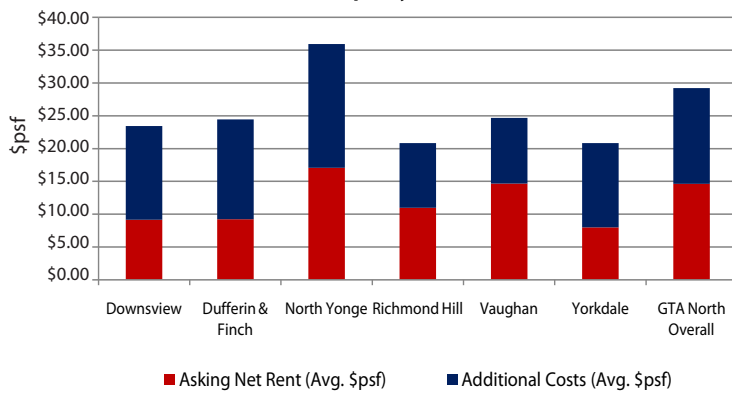
## COMPARISON OF LEASING OPTIONS FOR TENANTS – GTA NORTH

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	4	17	41	5.6	2.2	7.8
Richmond Hill	4	0	0	0	6.7	0.0	6.7
Vaughan	35	1	7	11	5.5	0.5	6.0

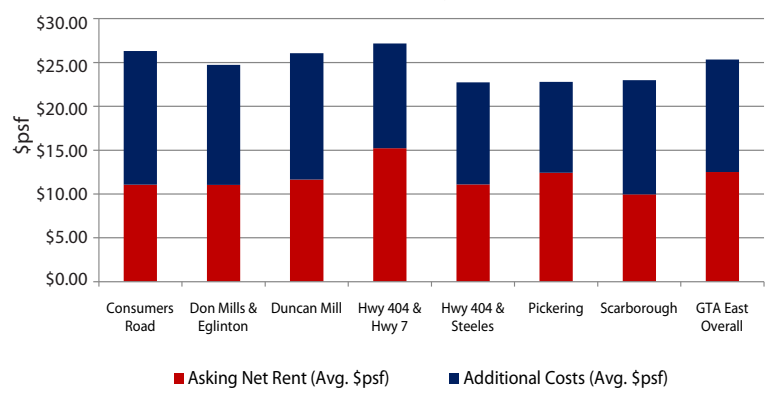
## COMPARISON OF LEASING OPTIONS FOR TENANTS – GTA EAST

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	107	5	36	83	8.9	4.3	13.2
Hwy. 404 & Steeles	56	4	18	55	8.9	2.0	10.9
Don Mills & Eglinton	35	1	14	56	11.5	0.2	11.7
Consumers Road	34	2	17	57	13.3	1.0	14.3
Duncan Mill	23	1	4	17	6.0	2.2	8.2
Pickering	12	1	6	7	13.3	1.2	14.5
Scarborough	43	3	10	40	11.9	1.1	13.0

**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
York Mills Centre	North	NexJ Systems	55,000 sf
80 Valleybrook Dr.	East	Business Information Group	40,000 sf
55 Renfrew Dr.	East	Electro Sonic	24,000 sf
105 Gordon Baker Rd.	East	Hobart Foods	9,500 sf
9050 Yonge St.	North	PYR Software	8,800 sf

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