



Downtown Toronto Office Market Report

2nd Quarter 2008

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Downtown Financial Core Downtown East Downtown North Downtown South Downtown West King and Dufferin

Vacancy rates remain low in Downtown Market

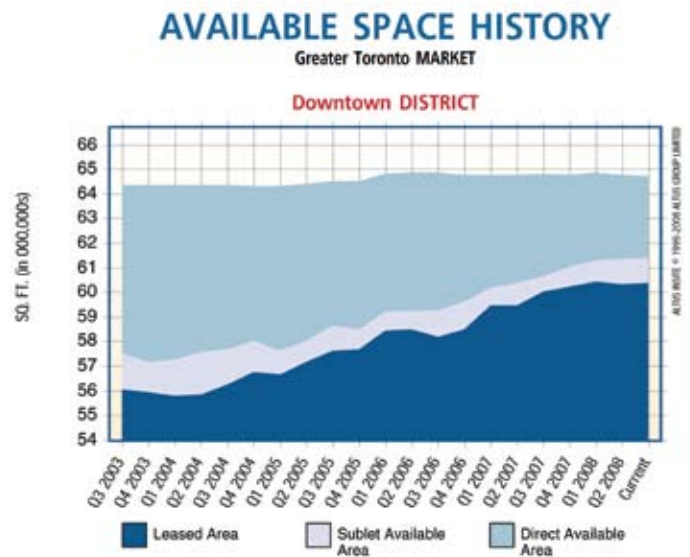
The vacancy rate for Class 'A' buildings in Toronto's Downtown market remained low at 4.6%, despite a small rise from 4.5% during the previous quarter. For the first time in four years there was negative absorption of 35,457 square feet of Class 'A' office space in the Downtown market. In addition, there was also negative absorption in both Class 'B' and Class 'C' office space in the Downtown.

Despite the negative Class 'A' absorption of space in the Downtown market, the amount of amount of leased Class 'A' space in the financial core declined. The greatest decrease in available space options occurred for mid-sized tenants with the total number of buildings with spaces between 10,000 square feet and 50,000 square feet falling from 29 to 26 during the previous quarter. In addition, buildings with more than 50,000 square feet of available space and the number of spaces between 4,000 square feet and 8,000 square feet dropped from 16 to 15 and 36 to 34 respectively. Finally, options for small tenants desiring Class 'B' spaces saw their options fall considerably from 25 to 19 buildings.

Most notable of the decline in leasing options for tenants in the Downtown market was the lack of Class 'A' space in the Downtown East node. By the end of the quarter there was no Class 'A' space in the Downtown East node. This location continues to have been in high demand by tenants looking for 'off-core' spaces where rental rates are lower, but the proximity

DOWNTOWN CLASS A SUMMARY						
Historical Vacancy		Current		Forecast		Inventory
12 Months Ago	3 Months Ago	Vacant Rate	Change in Occupied Area from last Quarter	Vacant Rate	Asking Rent	Change from last Quarter
6.2	4.5	4.6	-35,457 s.f.	↓	↑	0 s.f.

to transit connections remains. Meanwhile, leasing options for Classes 'B' and 'C' remained the same from the first quarter of 2008.



COMPARISON OF LEASING OPTIONS FOR TENANTS

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 %
Financial Core A	49	15	26	34	6.4	1.5	7.9
Financial Core B	47	1	11	19	5.4	1.2	6.6
Downtown West A	26	0	6	6	1.8	0.6	2.4
Downtown East A	8	0	0	0	0.6	1.2	1.9



Toronto Midtown Office Market Report

2nd Quarter 2008

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Bloor St. Clair Eglinton

Vacancy in Midtown Market Continues to Decline

During the second quarter of 2008 the overall vacancy rate in the Midtown office market remained low. The vacancy rate across all building classes in Midtown declined from 5.4% to 4.5% during the previous quarter. More specifically, Class 'A' vacancy reached an all time low of 2.8%. Meanwhile, the total absorption for all classes in Midtown remained high at 282,997 square feet, with Class 'A' accounting for the majority of this absorption.

The vacancy rates for all of the Midtown nodes continued to decline during the second quarter of 2008. Vacancy rates remained tight at 3.4% in the most southerly node, Bloor, due to its proximity next to the downtown core and its access to the TTC subway line. Eglinton experienced the greatest decline in overall vacancy of all the nodes in Midtown, falling from 9.1% to 7.2%. As the availability of office space in the more southerly nodes of Bloor and St. Clair declines tenants are moving north to Eglinton where the vacancy rates are higher, the average rental rates are lower, but tenants are still close to the downtown area.

The number of options for tenants in Midtown remained relatively unchanged from the first quarter of 2008. Available space for all tenants, regardless of size, at the nodes of Bloor and St. Clair remained low for both Class 'A' and Class 'B' buildings. Of particular note was the decline in available space

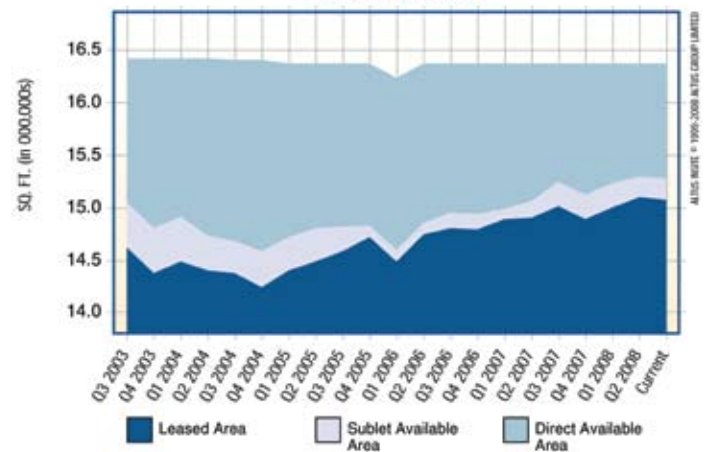
MIDTOWN CLASS A SUMMARY						
Historical Vacancy		Current		Forecast		Inventory
12 Months Ago	3 Months Ago	Vacant Rate	Change in Occupied Area from last Quarter	Vacant Rate	Asking Rent	Change from last Quarter
7.3	4.1	2.8	83,115 s.f.	↓	↑	0 s.f.

for mid-sized and small tenants of Class 'A' buildings at Eglinton.

AVAILABLE SPACE HISTORY

Greater Toronto MARKET

Midtown DISTRICT



COMPARISON OF LEASING OPTIONS FOR TENANTS

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 %
Bloor A	17	2	5	5	8.3	0.8	9.2
Bloor B	32	1	6	8	3.5	0.5	4.1
St. Clair A	6	0	1	1	1.3	1.0	2.3
Eglinton A	10	1	4	3	5.0	4.9	9.9



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Toronto North Office Market Report

2nd Quarter 2008



Downsview Dufferin & Finch North Yonge Richmond Hill Vaughan Yorkdale

Vacancy Rates Continue to Decline in the GTA North

The vacancy rate declined once again across all classes in the GTA North office market, falling from 6.2% to 5.7%. Vacancy in Class 'A' buildings, especially, explained a significant decline, dropping a full percentage point to 5.4%, compared to the previous quarter. With the continued decline of vacancy rates in the North office market, the average asking rentals across all classes have increased from \$15.74 per square foot to \$16.17 per square foot. Despite a positive absorption of 86,424 square feet of Class 'A' office space in this node during the second quarter of 2008, it was not enough to offset the negative absorption of Class 'B' and Class 'C' office buildings.

Leasing options for tenants looking for office space across the GTA North saw few significant changes over the course of the second quarter. The greatest changes in available space options were for Class 'A' buildings in the North Yonge Node. Mid-size and small tenants saw their available space options shrink as fewer buildings have suitable options available. However, the addition of a building with more than 50,000 square feet brought the total number of Class 'A' buildings up from 2 to 3.

With no new completed building construction in the North office market during the second quarter of 2008, expansion space for current tenants remains tight. Fewer availability

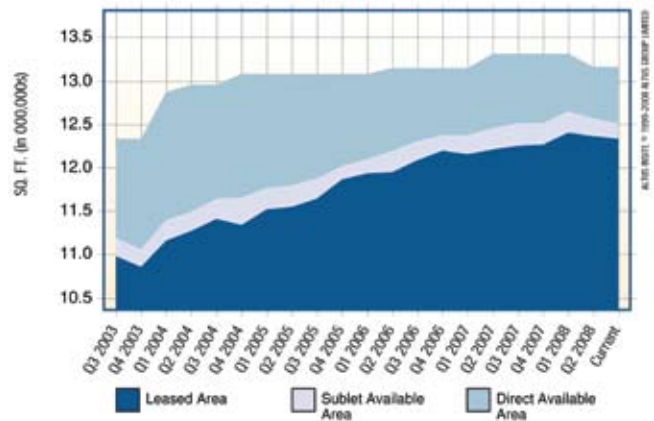
NORTH CLASS A SUMMARY						
Historical Vacancy		Current		Forecast		Inventory
12 Months Ago	3 Months Ago	Vacant Rate	Change in Occupied Area from last Quarter	Vacant Rate	Asking Rent	Change from last Quarter
8.4	6.4	5.4	86,424 sq. ft.	↓	↑	0 s.f.

options have forced some tenants to move to alternate buildings to meet their needs.

AVAILABLE SPACE HISTORY

Greater Toronto MARKET

North DISTRICT



COMPARISON OF LEASING OPTIONS FOR TENANTS

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 A	23	3	10	16	4.0	2.3	6.3
North Yonge B	15	0	3	3	3.4	0.0	4.0
Richmond Hill A	2	0	0	0	2.8	0.0	2.8
Vaughan A	18	1	2	4	6.6	0.1	6.7



GTA West Office Market Report

2nd Quarter 2008



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• Airport Corporate Centre • Airport Dispersed • Bloor & Islington • Brampton • Burlington • Cooksville • Etobicoke • Heartland
• Hwy. 427 Corridor • Meadowvale • Mississauga City Centre • Mississauga Dispersed • Oakville • Sheridan

Office Market Overview

● There was a significant decrease in the vacancy rate for Class “A” office space in the GTA West this quarter as it fell by 3.1% to sit at 6.5%. This is the largest recorded decrease in the Class “A” vacancy rate in over eight years.

● This decrease in the Class “A” vacancy rate coupled with an equally low availability rate (7.8% for all Class “A” buildings) is a strong indicator that the office leasing market is still thriving despite the doom and gloom attitude south of the boarder and in other sectors in Ontario.

● The TEQ Corporate Centre development in Oakville saw a large amount of activity this quarter with the leasing of 20,000 square feet to Weight Watchers Canada Ltd. at 2295 Bristol Circle (Building 1). In addition, Evault Canada leased 13,550 square feet at 2315 Bristol Circle (TEQ Corporate Centre Building 2), which is scheduled for completion next quarter. Furthermore, the Westbury Corporate Centre is nearly 100% occupied with the leasing of 36,693 square feet to Amec at 2265 Upper Middle Road East.

● The Oakville sub-market continues its hot streak this quarter with the completion of the above-mentioned transactions. The current availability rate for Class “A” office space in the Oakville sub-market is 7.5% in 17 buildings, which represents a decrease of 2.1% from the previous quarter. Oakville ranks as the third tightest market for Class “A” office space among all of the large office markets in the GTA West; only Heartland and Meadowvale have lower availability rates.

● The Burlington sub-market experienced a slight escalation this quarter as the availability rate for direct space increased by 3.3% to reach 10.8%. Overall, Class “A” space in this market has an availability rate of 13.8% in 19 buildings. These numbers will likely decrease in the coming quarters as more space is absorbed in buildings such as Sunlife’s new Class “A” building at 3115 Harvester Road (scheduled for completion in September), which is just under 50% leased.

● New office construction in the GTA West has been robust with ten new buildings under construction and another four buildings about to commence construction on a speculative basis. The majority of the buildings mentioned above will be constructed in the sought after Meadowvale and Oakville markets where large blocks of available space are limited.

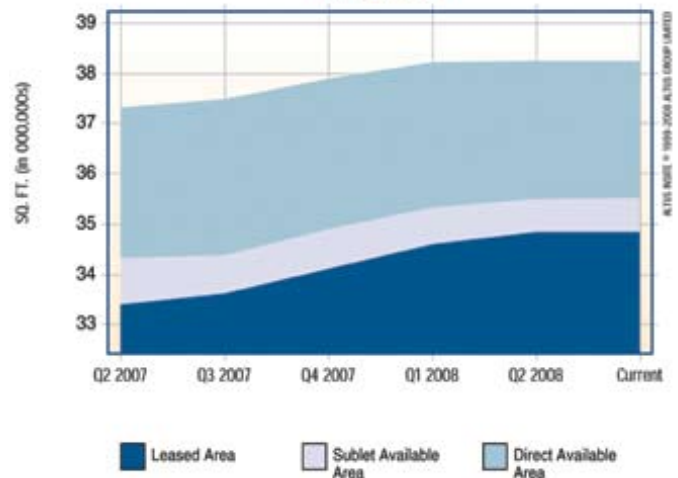
WEST CLASS A SUMMARY

Historical Vacancy		Current		Forecast		Inventory
12 Months Ago	3 Months Ago	Vacant Rate	Change in Occupied Area from Last Quarter	Vacant Rate	Asking Rate	Change from Last Quarter
10.8 %	9.6 %	6.5 %	987,175 sq. ft.	↔	↑	40,000 sq. ft.

AVAILABLE SPACE HISTORY

Greater Toronto MARKET

West DISTRICT



GTA West Office Market Trends - Class “A” Previous Current

Average Asking Rental Rate	↔	\$16.33 p.s.f
Average Additional Rent	↔	\$12.56 p.s.f
Vacancy Rate	↓	6.5 %
Total Office Inventory	↑	21,500,448 sq.ft.

• Source: Realinsite July 2008

TORONTO DOWNTOWN SIGNIFICANT TRANSACTIONS FOR THE SECOND QUARTER

Address	Tenant	Size
325 Front Street West	Symcor Services	177,629 sq. ft.
Bay Adelaide Centre West	Brookfield Properties	71,175 sq. ft.
30 Adelaide Street East	Slate Street Financial	57,500 sq. ft.
161 Bay Street	UBS Securities Canada Inc.	45,000 sq. ft.
370 King Street West	OANADA Corporation	44,500 sq. ft.
55 York Street	Sigma Systems	42,817 sq. ft.
590 King Street W	Torstar Corporation	38,600 sq. ft.
20 Bay Street	Greater Toronto Transit Authority	27,831 sq. ft.
45-50 Spadina Avenue	Blast Radius	24,000 sq. ft.
207 Queen's Quay West	Ammirati Puris/Interpublic	24,000 sq. ft.
225 King Street West	Ridout & Maybee LLP	23,282 sq. ft.
77 King Street West	Goldman Saches Canada	22,000 sq. ft.
Air Canada Centre	Maple Leaf Sports and Entertainment	14,000 sq. ft.
4 King Street West	Willms & Shier Environmental Lawyers LLP	13,174 sq. ft.

TORONTO MIDTOWN SIGNIFICANT TRANSACTIONS FOR THE SECOND QUARTER

Address	Tenant	Size
150 Bloor Street West	Ontario Medical Association	81,000 sq. ft.
75 Eglinton Avenue East	Thomas Cook	72,000 sq. ft.
2200 Yonge Street	Kaboose Inc.	14,602 sq. ft.
40 Eglinton Avenue East	Hospex Inc.	10,572 sq. ft.
1 Eglinton Avenue East	XtraNet	6,065 sq. ft.

TORONTO NORTH SIGNIFICANT TRANSACTIONS FOR THE SECOND QUARTER

Address	Tenant	Size
5650 Yonge Street	Equifax	30,000 sq. ft.
1750 Steeles Avenue West	Dedicated Contact Solutions	13,273 sq. ft.
100 Sheppard Avenue East	ORC	12,400 sq. ft.

TORONTO WEST SIGNIFICANT TRANSACTIONS FOR THE SECOND QUARTER

Address	Tenant	Size
2265 Upper Middle Road East, Oakville	Amec	37,693 sq. ft.
2295 Bristol Circle, Oakville	Weight Watchers Canada Ltd.	20,000 sq. ft.
8 Nelson Street West, Brampton	City of Brampton	17,160 sq. ft.
2315 Bristol Circle, Oakville	Evault Canada Inc.	13,550 sq. ft.
1790 Matheson Boulevard, Mississauga	Associated Brands	13,000 sq. ft.
30 Eglinton Avenue West, Mississauga	Abraxis Bioscience Canada Inc.	9,902 sq. ft.

TORONTO WEST — COMPARISON OF LEASING OPTIONS FOR TENANTS

Nodes	AVAILABLE SPACE				AVAILABILITY RATE		
	Number of Buildings Available	Number of Buildings With More Than 50,000 sq. ft.	Number of Buildings With More Than 10,000 sq. ft.	Number of Buildings Between 4,000- 10,000 sq. ft.	Direct %	Sublet %	Total %
Airport Corporate Centre	59	2	16	17	5.1	3.4	8.5
Airport Dispersed	9	0	3	4	3.6	3.7	7.2
Bloor & Islington	4	0	1	1	3.0	0.3	3.3
Brampton	5	0	1	1	0.2	5.3	5.4
Burlington	19	1	8	12	10.8	3.0	13.8
Cooksville	1	0	1	0	17.5	0.0	17.5
Etobicoke Dispersed	1	0	0	0	9.3	0.0	9.3
Heartland	19	0	4	6	2.8	1.8	4.6
Highway 427 Corridor	4	0	0	3	1.9	0.0	1.9
Meadowvale	20	1	6	9	6.2	1.1	7.3
Mississauga City Centre	11	3	6	10	10.6	1.1	11.7
Mississauga Dispersed	3	0	0	0	3.7	0.0	3.7
Oakville	17	1	3	4	6.7	0.8	7.5
Sheridan	3	0	0	0	0.0	0.0	0.0

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