



Greater Toronto Area Office Market Report

Mid-Year 2010

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GTA Market Overview

Toronto, Canada's largest office market with more than 170 million square feet (msf) has yet to return to pre-credit crisis form. Through the first six months of 2010, the Greater Toronto Area (GTA) vacancy rate (physically unoccupied space) climbed to 11.2% from 9.6% one year ago. Though vacancy has trended higher, the availability rate (space marketed for lease) remained unchanged from the first quarter 2010 and has increased by only 30 bps since year-end 2009 - an encouraging sign.

The downtown market continues to deal with the impact of almost 4 msf of new office product and a 1.1 msf sublet market, (equating to 15% of the total available space downtown). Despite an improving business climate, vacancy entered double digit territory, ending the first half of 2010 at 10.3%, a level not seen in five years. The newest office towers, such as Bay-Adelaide Centre West, TELUS Tower, RBC Centre, Maple Leaf Square and 18 York Street (to be completed in late 2011) have all had successful leasing campaigns to date (78% pre-leased). Success in leasing the new buildings has come from large corporate users relocating from older vintage, less efficient and higher tax and operating cost buildings. With the exception of a couple of AAA towers in the Financial Core which continue to command pre-credit crisis pricing, the rental market remains soft. Importantly, there has been an increase in tenant mandates now in excess of 3 msf, largely from financial and professional services firms. Already in double digits, vacancy in the suburbs is up 140 bps from one year ago, presently at 12.5%. Speculative construction has been put on hold, although development continues on 744,000 sf (45% pre-leased), mostly in the suburban GTA West market.

The balance of 2010 will be active, as a number of large mandates will be finalized, further altering future market dynamics and options for both landlords and tenants.

Data Points

11.2%

Current GTA vacancy vs pre-credit crisis of 6.5% in Q3 2008

\$24.74

Avg. additional cost for tenants in newest downtown towers vs \$31.66 psf in the towers they vacated

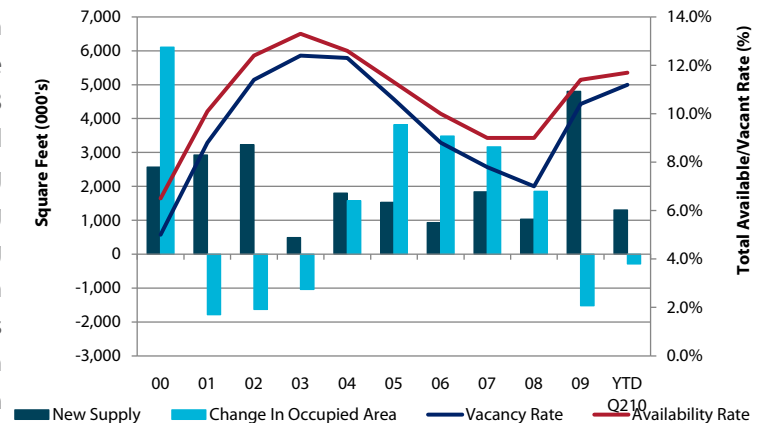
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Million square feet of active tenant mandates in downtown Toronto

19%

Sublet space as % of total available space in the GTA

Greater Toronto Area
Historic Office Market Trends - All Classes



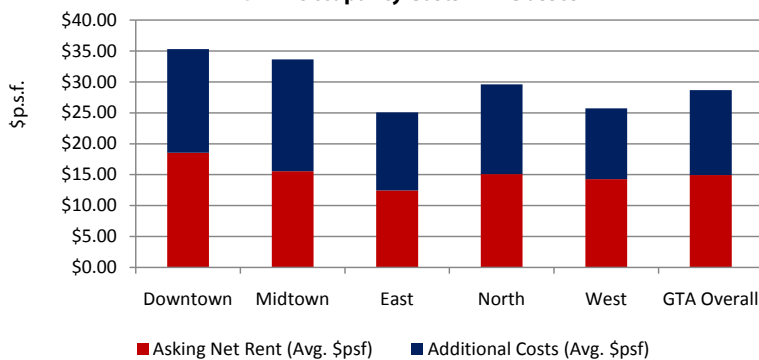
GREATER TORONTO AREA MARKET SUMMARY

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
10.3%	11.7%	11.7%	9.6%	10.6%	11.2%	-286	-301	1,305	1,483	67%

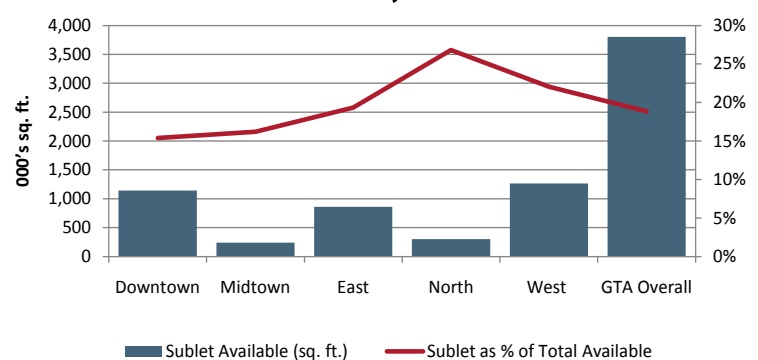
COMPARISON OF LEASING OPTIONS FOR TENANTS - GTA

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	395	42	132	569	8.9	1.6	10.5
Downtown Class A	115	36	61	249	9.9	1.7	11.6
Midtown All Classes	144	6	42	179	7.3	1.5	8.8
Midtown Class A	35	4	15	40	7.6	1.9	9.5
GTA East All Classes	311	44	143	631	11.6	2.8	14.4
GTA East Class A	130	34	94	195	10.0	4.2	14.2
GTA North All Classes	110	9	32	93	6.1	2.32	8.4
GTA North Class A	50	9	26	69	7.1	2.7	9.8
GTA West All Classes	472	75	221	474	10.8	3.1	13.9
GTA West Class A	203	67	145	204	9.4	4.3	13.7

GTA - Occupancy Costs - All Classes



GTA - Sublet Availability - All Classes



GREATER TORONTO AREA SIGNIFICANT TRANSACTIONS FOR THE SECOND QUARTER

Address	District	Tenant	Size
33 Yonge St.	Downtown	Altus Group	56,000 sf
150 Bloor St. W.	Midtown	Edelman Public Relations	22,000 sf
2255 Sheppard Ave. E.	GTA East	Sun Life Financial	125,000 sf
90 Sheppard Ave. E.	GTA North	Clarity Systems	38,000 sf
3115 Harvester Rd.	GTA West	TransUnion Canada	33,000 sf

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For more information on this report, please contact Avison Young:

Bill Argeropoulos 416.673.4029
 Vice President & Director of Research, Canada

Avison Young
 150 York Street, Suite 900, Toronto, ON M5H 3S5
 T 416.955.0000 F 416.955.0724
 E ayresearch@ay-on.com www.avisonyoung.com



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