



GTA North and East Office Market Report

4th Quarter 2010

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GTA North and East Office Market Overview

The Greater Toronto Area (GTA) North and East office markets made significant strides in 2010 with stronger levels of absorption and falling availability and vacancy rates.

In the GTA North market, availability (space marketed for lease) dropped by two full percentage points over the course of 2010, ending the year at 7.3%. The vacancy rate (physically unoccupied space) sits 140 basis points (bps) lower at 5.9%, having declined from 7.8% one year ago. Absorption, or the change in occupied area, increased a total of 241,000 sf during the year, with nearly half of that amount being taken up in the fourth quarter alone. The average asking net rental rate for all classes of space is hovering above the \$15.00 per square foot (psf) range, similar to last year.

Finally, 2010 was the year that saw some positive results for the GTA East market. The market absorbed approximately 1.2 million sf of space, which prompted the overall vacancy rate to drop 310 bps from the start of the year to finish 2010 at 10.7%. Though not as great a drop, the availability rate in the East market decreased 190 bps over the same 12-month period to close the year at 11.9%. Large blocks of available space continue to plague this market, providing ample options for tenants. As a result, landlords have had a difficult time raising their rents. At year-end 2010, the average asking net rental rate for all building classes stood at \$12.55 psf – a modest increase over one year ago (\$12.44 psf).

Data Points

\$17.19

Average asking net rate for North
Yonge office buildings

36%

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

5.4%

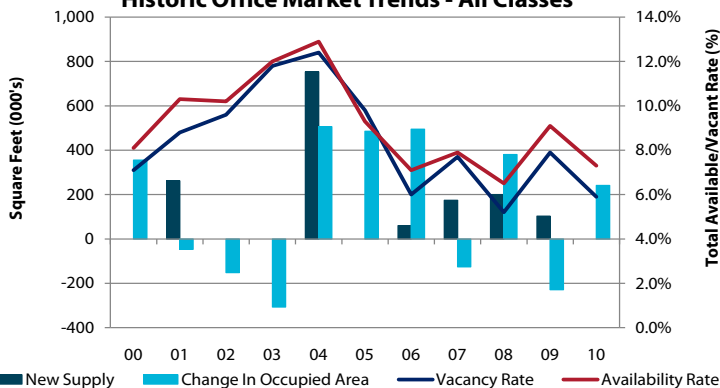
Direct availability rate in the North
Yonge Corridor

16%

Decrease in vacancy year-over-year
in the Don Mills & Eglinton node

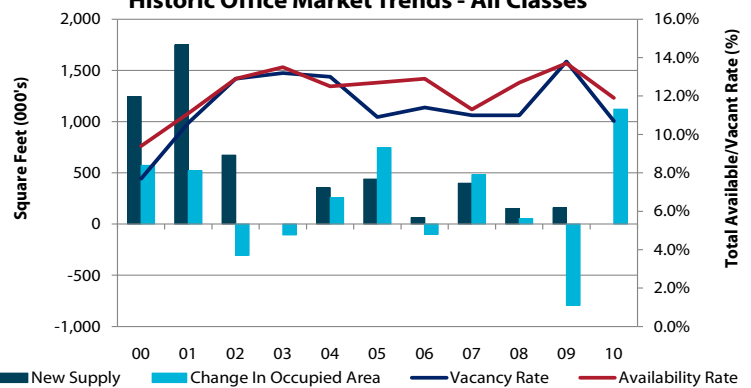
GTA North

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	9.3%	8.4%	7.3%	7.8%	6.9%	5.9%	121	241	-	64	59%
GTA East	13.8%	13.4%	11.9%	13.8%	12.7%	10.7%	729	1,121	-	-	-

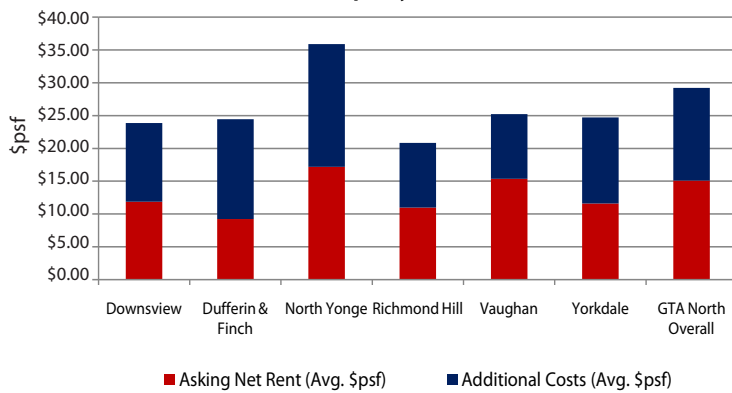
COMPARISON OF LEASING OPTIONS FOR TENANTS – GTA NORTH

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	5	19	64	5.4	3.0	8.4
Richmond Hill	5	0	0	0	6.4	0.0	6.4
Vaughan	36	0	7	13	5.6	1.2	6.8

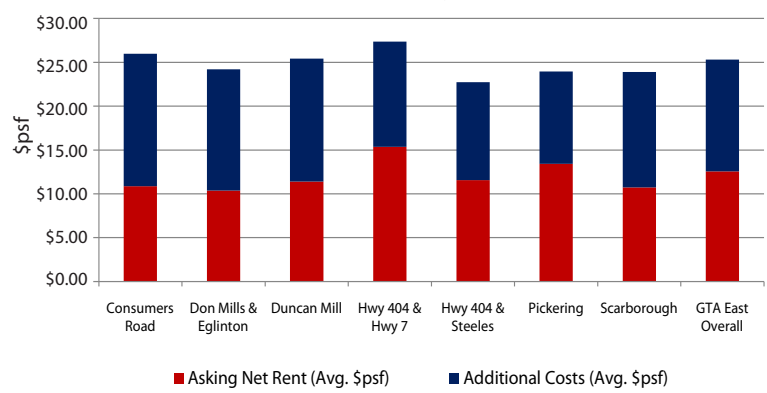
COMPARISON OF LEASING OPTIONS FOR TENANTS – GTA EAST

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	31	82	7.7	4.4	12.1
Hwy. 404 & Steeles	58	4	18	57	9.2	2.5	11.7
Don Mills & Eglinton	33	1	9	61	9.5	0.2	9.7
Consumers Road	35	4	18	77	12.2	0.9	13.1
Duncan Mill	23	1	5	26	6.0	2.6	8.6
Pickering	11	1	4	9	12.3	0.9	13.2
Scarborough	44	4	11	54	13.1	1.1	14.2

GTA North - Occupancy Costs - All Classes



GTA East - Occupancy Costs - All Classes



GTA NORTH AND EAST DISTRICTS SIGNIFICANT TRANSACTIONS FOR THE FOURTH QUARTER

Address	District	Tenant	Size
4100 Yonge St.	North	KPMG	115,000 sf
1100 Sheppard Ave. W.	North	Children's Aid Society of Toronto	70,000 sf
3381 Steeles Ave. E.	East	Warner Music	25,000 sf
400 Applewood Cres.	North	BFI Canada	22,000 sf
50 Acadia Ave.	East	Bioscript	13,000 sf

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