

SMITHFAX

COMMERCIAL REAL ESTATE INFORMATION

MARCH 2005

Smith Company Commercial Real Estate Services Inc. is an ISO 9001 Registered commercial real estate brokerage firm specializing in office leasing and sales in Metropolitan Toronto

First Quarter 2005 Market Survey

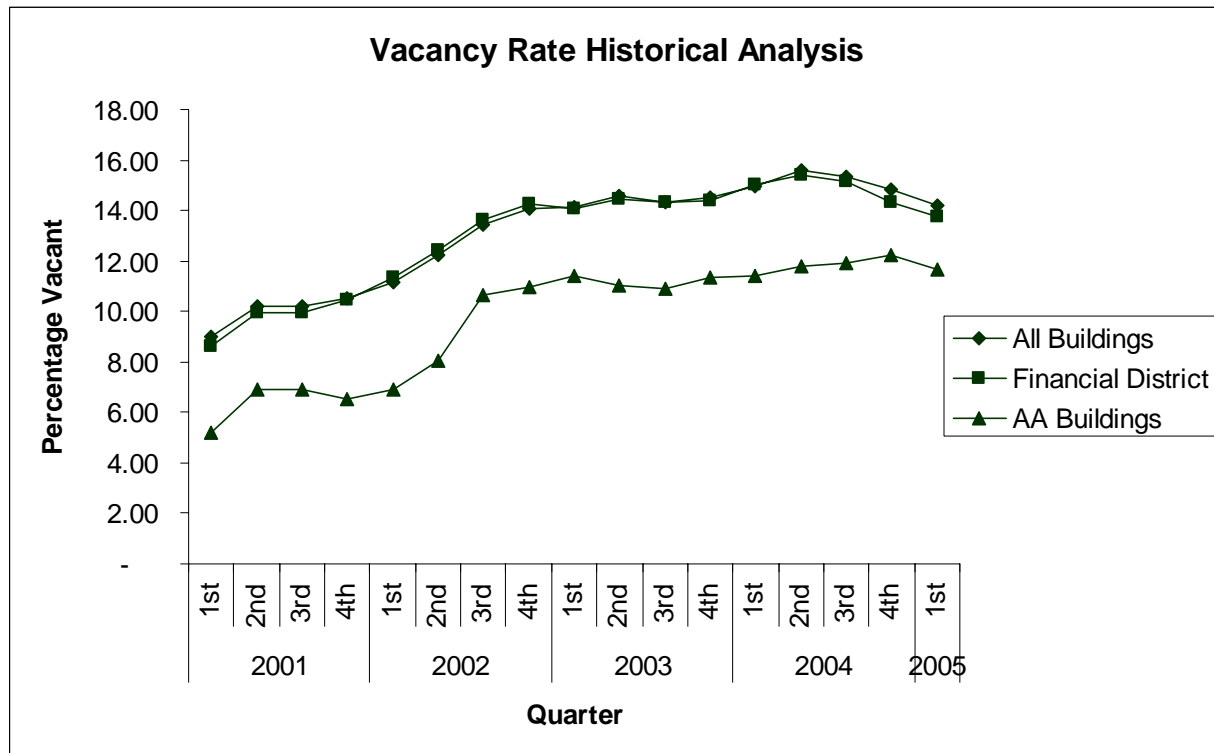
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Financial Core, Financial North, Bloor Street, St. Clair, Eglinton & North York Area Commercial Space Availability CLASS AA BUILDINGS ON THE REBOUND

Smith Company is pleased to present the quarterly market survey for the Spring of 2005 obtained from thorough research of current inventory of available commercial property compiled in a state-of-the-art database.

The economy continued to grow in the fourth quarter of 2004. Inflation continues to decline, from 2.7% in 2003 to 1.9% in 2004 and the unemployment rate is declining, from 7.0% in 2003 to 6.8% in 2004. According to Statistics Canada, Ontario businesses plan to increase investment by 9.4% in 2005 to \$49.1Billion, the largest increase in capital expenditure since 1997. We are observing a trend in the reduction of vacancy rates that has now extended over the past four quarters.

The following chart shows vacancy rates for all buildings reporting, all buildings in the financial district (Financial Core, Financial North and Bloor Street) and for Class "AA" buildings reporting in the financial core. This information is from the first quarter 2001 to the current quarter.



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Quarterly Market Survey

This past quarter, for all buildings reporting, there has been positive absorption of approximately 330,000 square feet. The overall vacancy rate has fallen from 14.86% to 14.18%. The vacancy rate for Class "AA" buildings has fallen from 12.23% to 11.67% with positive absorption of approximately 93,000 square feet. This has been after a continuous rise in vacancy in Class "AA" buildings over the past 5 quarters. The bulk of activity was in the amount of positive absorption in Class "AA" buildings in the Financial Core and Class "A" buildings in the Financial North and Bloor Street areas. Absorption was positive for Class "AA", Class "A" and Class "B" buildings and negative for Class "C" buildings.

FINANCIAL CORE (Front Street/ Simcoe Street/ Queen Street/ Church Street)

The overall vacancy rate in the core decreased this last quarter from 13.12% to 12.78%. There was positive absorption of over 103,000 square feet. Class "AA" buildings had positive absorption of over 90,000 square feet and the vacancy rate fell from 12.23% to 11.67%. Class "A" buildings had positive absorption of over 12,000 square feet and a drop in the vacancy rate from 9.64% to 9.39%. Class "B" buildings saw the vacancy rates rise from 14.74% to 14.90% with negative absorption of approximately 8,000 square feet. Absorption for Class "C" buildings was positive at just over 6,000 square feet and the vacancy rate fell from to 19.94% to 19.77%. There was a decrease in both the amount of sublet space and direct space available.

FINANCIAL NORTH (Queen Street/ University Avenue/ Wellesley Street/ Church Street)

The Financial North had positive absorption of just over 103,000 square feet this past quarter. The vacancy rate fell from 16.87% to 15.78%. There was a decrease in both the amount of direct space and sublet space available. Vacancy rates in Class "A" and Class "B" buildings fell from 20.39% to 18.63% and 16.08% to 14.81% respectively. Vacancy rates in Class "C" space rose from 8.60% to 10.13

BLOOR STREET (Wellesley Street / Bathurst Street / Davenport Avenue / Church Street)

The Bloor Street area had positive absorption of over 61,000 square feet this past quarter and saw a decrease in the vacancy rate from 15.93% to 15.11%. There was an decrease in both the amount of direct space and sublet space available. Vacancy rates in Class "A", Class "B", and Class "C" buildings fell from 15.27% to 14.02%, 18.37% to 18.28% and 1.94% to 1.73% respectively.

ST. CLAIR AREA (Bathurst Street, Bayview Avenue, Bloor /Davenport, Moore Avenue)

The St. Clair area showed positive absorption this quarter of 6,000 square feet and an decrease in the vacancy rate from 16.36% to 16.12%. There was a decrease in the amount of direct space available and an increase in the amount of sublet space available. The vacancy rate for Class "A" buildings rose from 23.87% to 24.47%. The vacancy rate for Class "B" buildings fell from 11.49% to 10.82%.

EGLINTON AREA (Bathurst Street, Bayview Avenue, Martin Avenue, Lawrence Avenue)

The Eglinton area again reported positive absorption this last quarter of just over 35,000 square feet and a decrease in the vacancy rate from 15.31% to 14.11%. There was a decrease in both the amount of direct space available and the amount of sublet space available. The vacancy rates in Class "A" buildings rose from 21.04% to 23.05%. Vacancy rates for Class "B" buildings and Class "C" buildings fell from 14.46% to 13.36% and 15.30% to 10.80% respectively.

NORTH YORK (Bathurst Street, Bayview Avenue, Lawrence Avenue, Steeles Avenue)

North York this quarter has reported positive absorption of over 20,000 square feet. There was a decrease in both the amount of direct space available and the amount of sublet space available. The vacancy rate fell from 18.14% to 17.71%.

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Highlights of our market survey for this quarter are:

	<i>Curr. Quarter All Areas</i>	<i>Prev. Quarter All Areas</i>	<i>Curr. Quarter Finan. Core, Finan. North, And Bloor</i>	<i>Prev. Quarter Finan. Core, Finan. North, And Bloor</i>
Total Space Reporting	59,291,589	59,291,486	47,472,009	47,471,906
Total Direct Space Available	6,830,197	7,090,749	5,248,557	5,360,226
Total Sublet Space Available	1,578,591	1,799,958	1,277,820	1,435,604
% Vacant	14.18%	14.86%	13.75%	14.32
Absorption	331,275	300,295	269,453	352,220

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