

# SMITHFAX

## COMMERCIAL REAL ESTATE INFORMATION

MARCH 2006

*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 2006 Market Survey

*Prepared by Robbie C. Banks, M.B.A., P.Eng.*

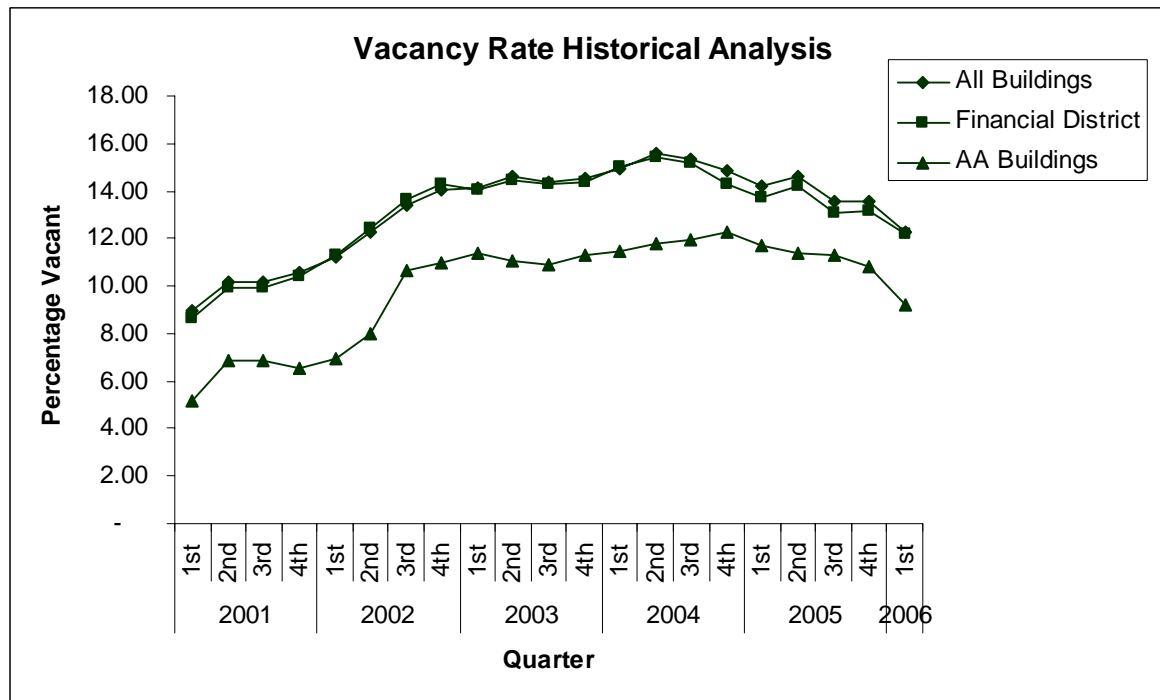
### Financial Core, Financial North, Bloor Street, St. Clair, Eglinton & North York Area Commercial Space Availability

### VACANCY RATES FOR "AA" BUILDINGS BELOW 10%, LARGE ABSORPTION

Smith Company is pleased to present the quarterly market survey for the Spring of 2006 obtained from thorough research of current inventory of available commercial property compiled in a state-of-the-art database.

There is evidence that both the U.S. and Canadian economy are continuing to expand and forecast is for continued positive growth in 2006. One must wonder whether the cyclical nature of real estate predicts an eminent downward fall especially considering an economy growing steadily but slowing. The converse argument is that with most real estate markets recovered and continued declining vacancy rates with stabilizing rents that the property markets may move into a pattern of steady growth with strong underlying fundamentals. If this is the case, we may again begin to see additional build of commercial property in the near future in Toronto.

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 was very large positive absorption of approximately 783,000 square feet. The overall vacancy rate fell from 13.12% to 12.17%. The vacancy rate for Class "AA" buildings has fallen from 10.85% to 9.22% with positive absorption of approximately 270,000 square feet. This is the fifth consecutive quarter that the vacancy rates in Class "AA" buildings have fallen. The bulk of this activity in addition to the decrease in the vacancy rate in Class "AA" buildings was positive absorption of approximately 550,000 square feet in Class "A" buildings in all buildings reporting..

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

The overall vacancy rate in the core decreased again this last quarter from 12.19% to 11.35%. There was positive absorption of over 257,000 square feet. Class "AA" buildings had positive absorption of over 270,000 square feet and the vacancy rate fell from 10.85% to 9.22%. Class "A" buildings saw positive absorption of over 96,000 square feet and a drop in the vacancy rate from 11.54% to 9.63%. Class "B" buildings saw the vacancy rates fall from 15.74% to 14.59% with positive absorption of approximately 63,000 square feet. Absorption for Class "C" buildings was negative at just over 173,000 square feet and the vacancy rate rose from 14.34% to 19.25%. There was a decrease in both the amount of direct space available and the amount of sublet space available.

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

The Financial North had positive absorption of just over 231,000 square feet this past quarter. The vacancy rate fell from 17.52% to 15.08%. There was a decrease in the amount of direct space and sublet space available. Vacancy rates in Class "A" buildings fell from 23.95% to 17.56%. Vacancy rates in Class "B" buildings fell from 12.69% to 12.31%. Vacancy rates in Class "C" buildings rose from 13.53% to 16.50%.

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

The Bloor Street area had negative absorption of over 7,000 square feet this past quarter and saw an increase in the vacancy rate from 11.31% to 11.82%. There was an increase in the amount of direct space available and a decrease in the amount of sublet space available. Vacancy rates in Class "A" buildings rose from 9.51% to 10.96%. Vacancy rates in Class "B" buildings fell from 15.64% to 14.43%. Vacancy rates for Class "C" buildings are below 1.00% of the 3 buildings reporting.

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

The St. Clair area showed negative absorption this quarter of 3,000 square feet and an increase in the vacancy rate from 15.63% to 15.76%. There was an increase in the amount of direct space available and no change in the amount of sublet space available. The vacancy rate for Class "A" buildings rose from 20.10% to 20.54%. The vacancy rate for Class "B" buildings also rose from 12.56% to 12.81%.

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

The Eglinton area reported positive absorption this last quarter of just over 31,000 square feet and a decrease in the vacancy rate from 13.11% to 12.03%. There was a decrease in the amount of direct space available and an increase in the amount of sublet space available. The vacancy rates in Class "A" buildings rose from 24.58% to 25.17%. The vacancy rates in Class "B" and Class "C" buildings fell from 12.10% to 10.88% and 9.14% to 7.47% respectively.

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

North York this quarter has reported positive absorption of over 273,000 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 15.98% to 11.63%.

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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>
<b>Total Space Reporting</b>	<b>59,283,500</b>	<b>59,275,413</b>	<b>47,425,331</b>	<b>47,446,889</b>
<b>Total Direct Space Available</b>	<b>6,085,938</b>	<b>6,608,438</b>	<b>5,772,357</b>	<b>5,093,151</b>
<b>Total Sublet Space Available</b>	<b>1,180,555</b>	<b>1,411,099</b>	<b>908,945</b>	<b>1,130,688</b>
<b>% Vacant</b>	<b>12.26%</b>	<b>13.53%</b>	<b>12.17%</b>	<b>13.12%</b>
<b>Absorption</b>	<b>783,485</b>	<b>(1,203)</b>	<b>481,923</b>	<b>(21,609)</b>

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