

# SMITHFAX

## COMMERCIAL REAL ESTATE INFORMATION

JUNE 2004

*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*

### Second Quarter 2004 Market Survey

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

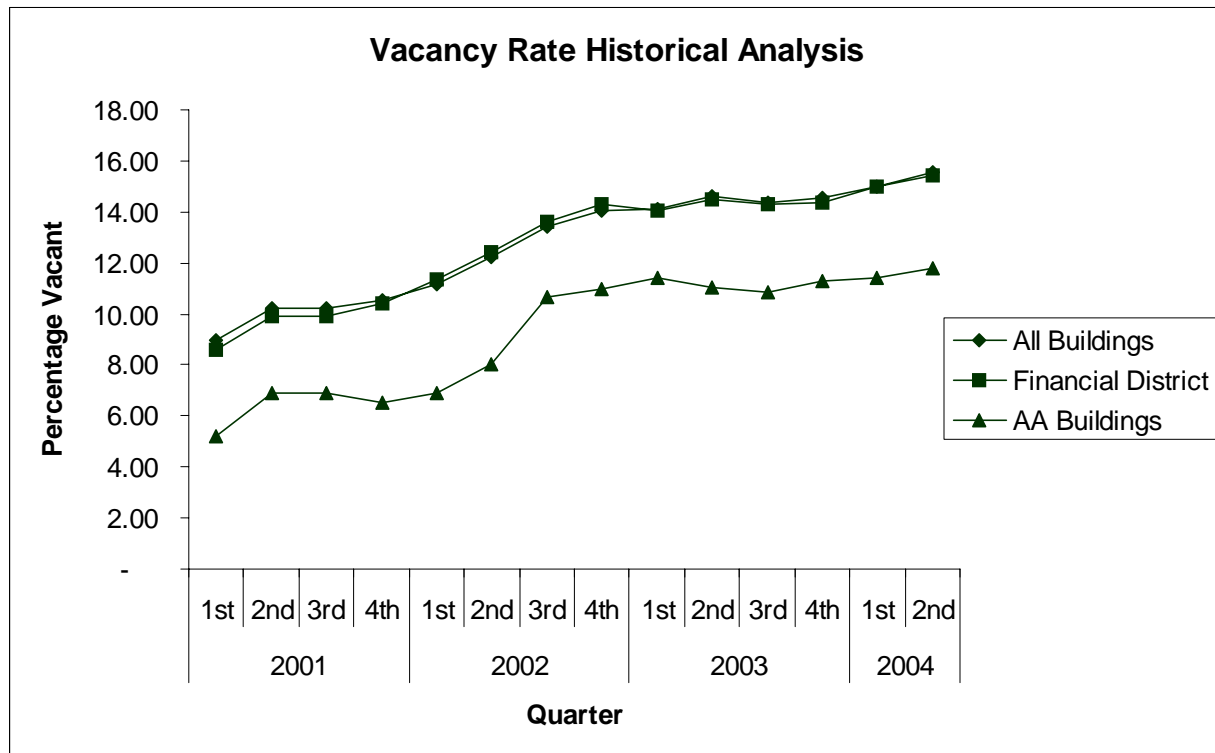
#### Financial Core, Financial North, Bloor Street, St. Clair, Eglinton & North York Area Commercial Space Availability

#### VACANCY RATES CONTINUE THEIR RISE THROUGH THE SECOND QUARTER

Smith Company is pleased to present the quarterly market survey for the Summer of 2004 obtained from thorough research of current inventory of available commercial property compiled in a state-of-the-art database.

The cumulative impact of a series of economic shocks in 2003 - SARS, mad cow disease, the August blackout, global political tensions and an unprecedented rise in the Canadian dollar - slowed the growth of the Ontario economy to just 1.3% in 2003 and this seems to have carried into the demand for office space through the first part of 2004. In saying that however, The Ontario labour market gained momentum in May, adding 30,800 net new jobs following April's increase of 14,300 new jobs. Expectations should be for a renewed demand for space in the near future.

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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This past quarter, for all buildings reporting, there has been negative absorption of approximately 350,000 square feet. The vacancy rate has risen from 14.97% to 15.57%. The vacancy rate for Class "AA" buildings has risen from 11.44% to 11.77% with negative absorption of approximately 54,000 square feet. The bulk of the negative absorption has been in Class "A" buildings in the St. Clair area of approximately 107,000 square feet. There was combined negative absorption of approximately 140,000 square feet in Class "A" buildings in the Financial North and Financial Core. For all buildings reporting, the amount of direct space and sublet space available has increased. Absorption was negative for all classes of buildings.

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

The overall vacancy rate in the core rose this last quarter from 13.89% to 14.19%. There was negative absorption of over 88,000 square feet. Class "AA" buildings had negative absorption of over 54,000 square feet and the vacancy rate rose from 11.44% to 11.77%. Class "A" buildings had negative absorption of over 75,000 square feet and a rise in the vacancy rate from 13.04% to 14.56%. Class "B" buildings saw the vacancy rates fall from 18.75% to 18.24% with positive absorption of almost 26,000 square feet. Absorption for Class "C" buildings was also positive at 16,000 square feet and the vacancy rate fell from 19.70% to 19.24%. There was an increase in the amount of sublet space available of approximately 90,000 square feet.

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

The Financial North had negative absorption of just over 86,000 square feet this past quarter. The vacancy rate rose from 18.20% to 19.14%. There was an increase in both the amount of direct space and sublet space available. Vacancy rates in Class "A", Class "B" and Class "C" space rose from 23.29% to 24.93%, 15.67% to 16.14 and 10.64% to 10.96% respectively.

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

The Bloor Street area had negative absorption of over 16,000 square feet this past quarter and saw an increase in the vacancy rate from 15.66% to 15.88%. There was an increase in the amount of direct space available and no change in the amount of sublet space available. Vacancy rates in Class "A" buildings fell from 15.91% to 15.47%. Vacancy rates in Class "B" buildings rose from 16.41% to 17.89%.

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

The St. Clair area showed negative absorption this quarter of just over 107,000 square feet and an increase in the vacancy rate from 11.71% to 16.08%. There was an increase in both the amount of direct space and sublet space available. The vacancy rate for Class "A" and Class "C" buildings rose from 10.58% to 24.51% and 29.93% to 32.95% respectively. The vacancy rates for Class "B" buildings fell from 10.89% to 10.73%.

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

The Eglinton area reversed its trend and reported negative absorption this last quarter of just over 5,000 square feet and a rise in the vacancy rate from 15.85% to 16.03%. There was an increase in the amount of direct space and a decrease in the amount of sublet space available. The vacancy rates in Class "A" and Class "C" buildings rose from 21.62% to 23.75% and 9.22% to 11.94% respectively. Vacancy rates for Class "B" buildings fell from 16.16% to 15.59%.

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

North York again this quarter has reported negative absorption of over 47,000 square feet. There was an increase in both the amount of direct space and sublet space available. The vacancy rate rose from 15.49% to 16.24%.

#### 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>	58,939,748	58,944,172	47,160,595	47,165,019
<b>Total Direct Space Available</b>	7,160,387	6,918,855	5,601,165	5,524,874
<b>Total Sublet Space Available</b>	2,015,510	1,904,708	1,672,257	1,557,361
<b>% Vacant</b>	15.57%	14.97%	15.42%	15.02%
<b>Absorption</b>	(352,234)	(253,354)	(191,187)	(303,212)

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