

# SMITHFAX

## COMMERCIAL REAL ESTATE INFORMATION

JUNE 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*

### *Second 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**

#### **LARGE ABSORPTION CONTINUES, CLASS "B" SUPPLY DECREASES**

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

According to Statistics Canada's Private and Public Investment Intentions Survey, Ontario businesses and public sector institutions plan to increase investment by 6.5% to \$95.5 billion in 2006. This would be the strongest increase in capital spending since 1999. Ontario posted very solid job gains in May with the addition of 34,000 net new jobs, the strongest monthly gain since August 2002. So far this year, Ontario employment is up by 109,200 jobs for a gain of 1.7%. The strong job growth in May allowed the unemployment rate to drop 0.3% to 5.9%, its lowest level in five years. It is therefore reasonable to assume continued growth and see the recent stock market shifts as a correction which will not have a long term effect on business and may only cause a shift from equities into real estate.

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.

#### ■ SMITH COMPANY ■

Commercial Real Estate Services Inc.

Tel: (416) 366-7000

44 Victoria Street, Suite 900

An ISO 9001 Registered Company

Fax: (416) 366-9800

Toronto, Ontario M5C 1Y2

Registered by BSI Management Systems

E-mail: [mail@smithcompanytoronto.com](mailto:mail@smithcompanytoronto.com)

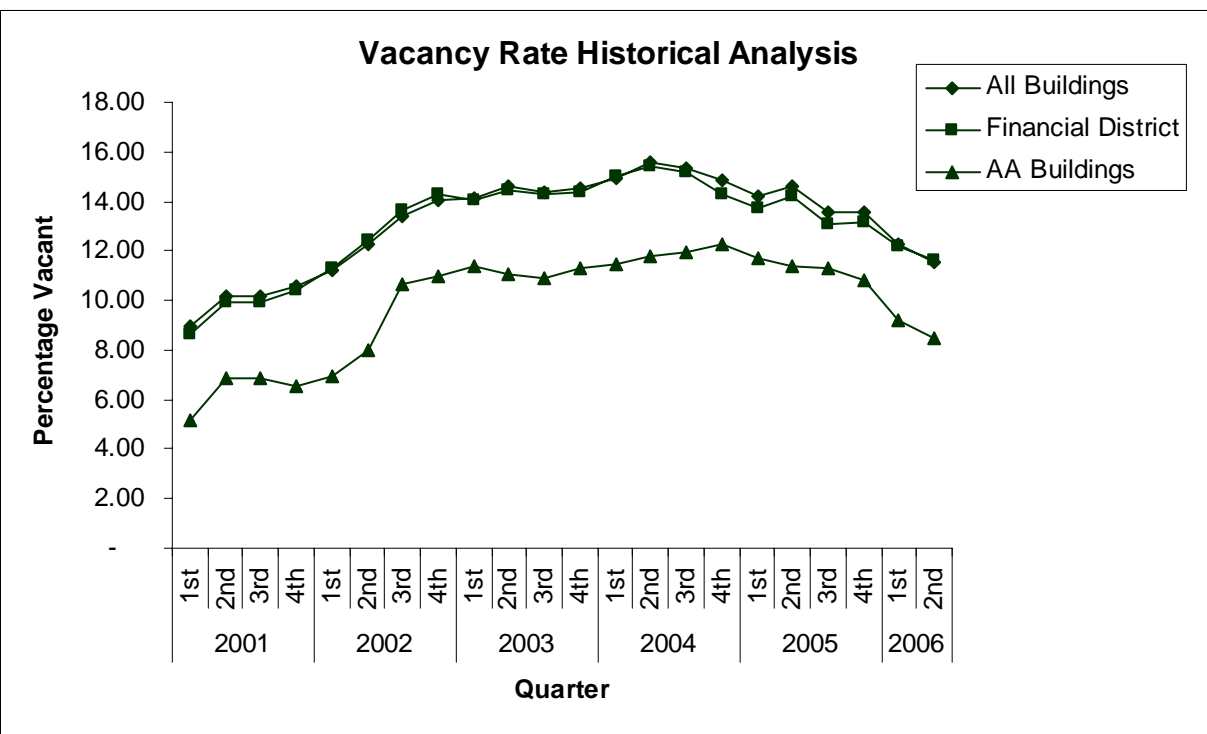
Website: [www.smithcompanytoronto.com](http://www.smithcompanytoronto.com)

# SMITHFAX

## COMMERCIAL REAL ESTATE INFORMATION

JUNE 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*



■ SMITH COMPANY ■

Commercial Real Estate Services Inc.

Tel: (416) 366-7000

44 Victoria Street, Suite 900

An ISO 9001 Registered Company

Fax: (416) 366-9800

Toronto, Ontario M5C 1Y2

Registered by BSI Management Systems

E-mail: [mail@smithcompanytoronto.com](mailto:mail@smithcompanytoronto.com)

Website: [www.smithcompanytoronto.com](http://www.smithcompanytoronto.com)

# SMITHFAX

## COMMERCIAL REAL ESTATE INFORMATION

JUNE 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*

### Quarterly Market Survey

This past quarter, for all buildings reporting, there was positive absorption of approximately 538,000 square feet. The overall vacancy rate fell from 12.17% to 11.55%. The vacancy rate for Class "AA" buildings has fallen from 9.22% to 8.47% with positive absorption of approximately 127,000 square feet. This is the sixth 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 305,000 square feet in Class "B" buildings for 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 11.35% to 10.73%. There was positive absorption of over 185,000 square feet. Class "AA" buildings had positive absorption of over 127,000 square feet and the vacancy rate fell from 9.22% to 8.47%. Class "A" buildings saw negative absorption of over 151,000 square feet and a rise in the vacancy rate from 9.63% to 12.63%. Class "B" buildings saw the vacancy rates fall from 14.59% to 12.74% with positive absorption of approximately 96,000 square feet. Absorption for Class "C" buildings was also positive at just over 112,000 square feet and the vacancy rate fell from 19.25% to 15.75%. There was a decrease in the amount of direct space available and an increase in 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 188,000 square feet this past quarter. The vacancy rate fell from 15.08% to 13.10%. There was a decrease in the amount of direct space and sublet space available. Vacancy rates in Class "A" buildings fell from 17.56% to 17.25%. Vacancy rates in Class "B" buildings fell from 12.31% to 9.13%. Vacancy rates in Class "C" buildings also fell from 16.50% to 13.31%.

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

The Bloor Street area had negative absorption of over 51,000 square feet this past quarter and saw an increase in the vacancy rate from 11.82% to 13.38%. 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 10.96% to 13.38%. Vacancy rates in Class "B" buildings fell from 14.43% to 14.39%. Vacancy rates for Class "C" buildings are below 1.00% for the 3 buildings reporting.

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

The St. Clair area showed positive absorption this quarter of 65,000 square feet and a decrease in the vacancy rate from 15.76% to 12.71%. There was a decrease in the amount of direct space available and the amount of sublet space available. The vacancy rate for Class "A" buildings fell from 20.54% to 13.31%. The vacancy rate for Class "B" buildings also fell from 12.81% to 12.00%.

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

The Eglinton area reported positive absorption this last quarter of just over 62,000 square feet and a decrease in the vacancy rate from 12.03% to 10.25%. 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 fell from 25.17% to 22.79%. The vacancy rates in Class "B" also fell from 10.88% to 8.21%. Vacancy rates in Class "C" buildings rose from 7.47% to 11.62%.

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

North York this quarter has reported positive absorption of over 88,000 square feet. There was a decrease in the amount of direct space available and an increase in the amount of sublet space available. The vacancy rate fell from 11.63% to 11.26%.

#### ■ SMITH COMPANY ■

Commercial Real Estate Services Inc.

Tel: (416) 366-7000

44 Victoria Street, Suite 900

An ISO 9001 Registered Company

Fax: (416) 366-9800

Toronto, Ontario M5C 1Y2

Registered by BSI Management Systems

E-mail: [mail@smithcompanytoronto.com](mailto:mail@smithcompanytoronto.com)

Website: [www.smithcompanytoronto.com](http://www.smithcompanytoronto.com)

# SMITHFAX

## COMMERCIAL REAL ESTATE INFORMATION

JUNE 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*

**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>59,238,064</b>	<b>59,283,500</b>	<b>47,476,247</b>	<b>47,425,331</b>
<b>Total Direct Space Available</b>	<b>5,698,963</b>	<b>6,085,938</b>	<b>4,628,985</b>	<b>5,772,357</b>
<b>Total Sublet Space Available</b>	<b>1,144,228</b>	<b>1,180,555</b>	<b>883,150</b>	<b>908,945</b>
<b>% Vacant</b>	<b>11.55%</b>	<b>12.26%</b>	<b>11.61%</b>	<b>12.17%</b>
<b>Absorption</b>	<b>538,096</b>	<b>783,485</b>	<b>322,063</b>	<b>481,923</b>

■ SMITH COMPANY ■

Commercial Real Estate Services Inc.

Tel: (416) 366-7000

44 Victoria Street, Suite 900

An ISO 9001 Registered Company

Fax: (416) 366-9800

Toronto, Ontario M5C 1Y2

Registered by BSI Management Systems

E-mail: [mail@smithcompanytoronto.com](mailto:mail@smithcompanytoronto.com)

Website: [www.smithcompanytoronto.com](http://www.smithcompanytoronto.com)