

# SMITHFAX

## COMMERCIAL REAL ESTATE INFORMATION

SEPTEMBER 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*

### Third Quarter 2004 Market Survey

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

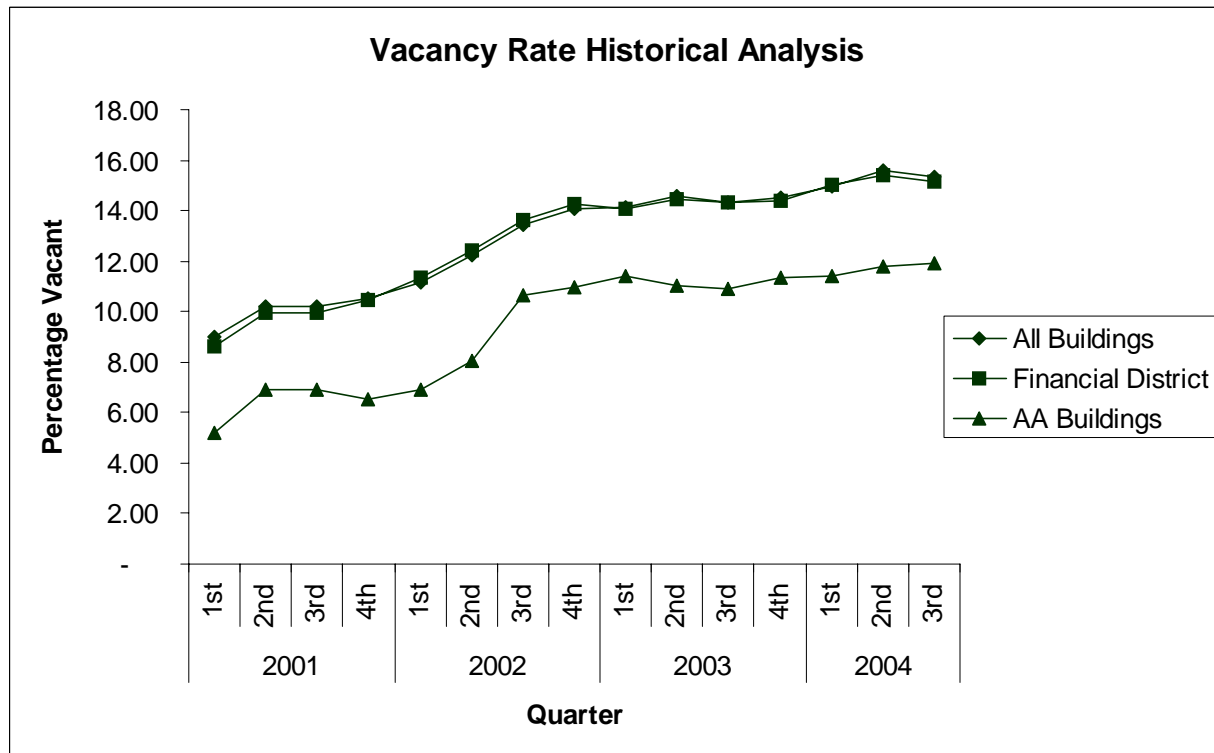
#### Financial Core, Financial North, Bloor Street, St. Clair, Eglinton & North York Area Commercial Space Availability

#### **VACANCY RATES FALL THIS QUARTER, CLASS A BUILDINGS SHOW SIGNIFICANT ACTIVITY**

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

We are starting to see the expectations for demand in office space anticipated by the increase in jobs in Ontario over the past three quarters. Over the past 12 months, the Ontario economy has added 115,000 net jobs, a gain of 1.8%. In addition, during the second quarter of this year the Canadian GDP grew by 4.3%, the most rapid pace in two years. Expectations from 93% of business owners who responded to a survey by the Conference Board are that overall economic conditions will improve or remain the same over the next six months.

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 135,000 square feet. The vacancy rate has fallen from 15.57% to 15.32%. The vacancy rate for Class "AA" buildings has risen from 11.77% to 11.92% with negative absorption of approximately 25,000 square feet. The bulk of activity was a decrease in the amount of space available in Class "B" buildings in the Financial Core and Class "A" buildings in the Bloor Street area. In addition, there was a substantial increase in the amount of space available in Class "A" buildings in the Financial North. For all buildings reporting, the amount of direct space and sublet space available has decreased. Absorption was positive for Class "A" and "B" buildings and negative for Class "AA" and 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 14.19% to 13.66%. There was positive absorption of over 158,000 square feet. Class "AA" buildings had negative absorption of over 25,000 square feet and the vacancy rate rose from 11.77% to 11.92%. Class "A" buildings had positive absorption of over 76,000 square feet and a drop in the vacancy rate from 14.56% to 13.00%. Class "B" buildings saw the vacancy rates fall from 18.24% to 15.82% with positive absorption of almost 130,000 square feet. Absorption for Class "C" buildings was negative at 22,000 square feet and the vacancy rate rose from 19.24% to 19.79%. 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 negative absorption of just over 170,000 square feet this past quarter. The vacancy rate rose from 19.14% to 20.97%. There was an increase in both the amount of direct space and sublet space available. Vacancy rates in Class "A" and Class "B" space rose from 24.93% to 29.23% and 16.14% to 16.38% respectively. Vacancy rates in Class "C" buildings fell from 10.96% to 10.51%.

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

The Bloor Street area had positive absorption of over 137,000 square feet this past quarter and saw a decrease in the vacancy rate from 15.88% to 13.96%. 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 15.47% to 12.75% and 17.89% to 17.24% respectively. Vacancy rates in Class "C" buildings rose from 1.77% to 1.94%.

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

The St. Clair area showed positive absorption this quarter of just over 30,000 square feet and a decrease in the vacancy rate from 16.08% to 14.83%. There was a decrease in the amount of direct space and no change in the amount of sublet space available. The vacancy rate for Class "A" and Class "B" buildings fell from 24.51% to 22.07% and 10.73% to 9.97% respectively. The vacancy rates for Class "C" buildings remained unchanged at 32.95%.

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

The Eglinton area again reported negative absorption this last quarter of just over 15,000 square feet and a rise in the vacancy rate from 16.03% to 16.55%. 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 fell from 23.75% to 15.05%. Vacancy rates for Class "B" buildings rose from 15.59% to 17.61%. Vacancy rates for Class "C" buildings remained unchanged at 11.94%.

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

North York again this quarter has reported negative absorption of over 5,000 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 rose from 16.24% to 16.27%.

#### Highlights of our market survey for this quarter are:

|                                     | <i>Curr. Quarter<br/>All Areas</i> | <i>Prev. Quarter<br/>All Areas</i> | <i>Curr. Quarter<br/>Finan. Core, Finan.<br/>North, And Bloor</i> | <i>Prev. Quarter<br/>Finan. Core, Finan.<br/>North, And Bloor</i> |
|-------------------------------------|------------------------------------|------------------------------------|---|---|
| <b>Total Space Reporting</b>        | 59,005,069                         | 58,939,748                         | 47,206,649  | 47,160,595  |
| <b>Total Direct Space Available</b> | 7,029,268                          | 7,160,387                          | 5,519,333   | 5,601,165   |
| <b>Total Sublet Space Available</b> | 2,011,090                          | 2,015,510                          | 1,628,717   | 1,672,257   |
| <b>% Vacant</b>                     | 15.32%                             | 15.57%                             | 15.14%  | 15.42%  |
| <b>Absorption</b>                   | 135,539                            | (352,234)                          | 125,372   | (191,187)   |

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