

SMITHFAX

COMMERCIAL REAL ESTATE INFORMATION

SEPTEMBER 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

Third 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 IN FINANCIAL CORE FALL BELOW 10%, LARGE CLASS "C" ABSORPTION

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

Ontario employment fell by 15,200 jobs in August following a decline of 5,800 jobs in July. Despite the job declines over the past two months, Ontario employment is up so far this year by a solid 109,800 jobs (+1.7%), all in full-time positions. Over the first seven months of 2006, the value of non-residential building permits issued in Ontario is 2.6% lower than during the same period last year. Given this however, the financial markets have rebounded slightly over the summer months and the overall demand for office space in the study area continues to be strong.

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 ■

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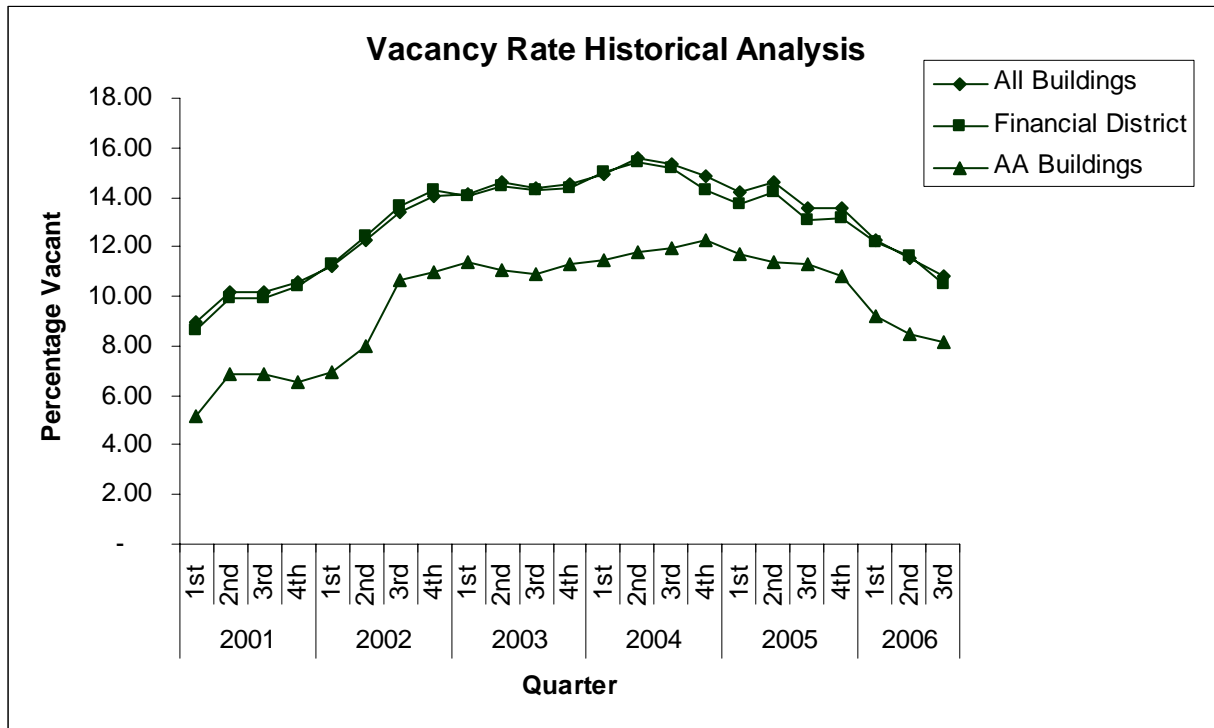
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Quarterly Market Survey

This past quarter, for all buildings reporting, there was positive absorption of approximately 423,000 square feet. The overall vacancy rate fell from 11.55% to 10.81%. The vacancy rate for Class "AA" buildings has fallen from 8.47% to 8.12% with positive absorption of approximately 43,000 square feet. This is the seventh 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 181,000 square feet in Class "C" buildings and 164,000 square feet in Class "A" 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 10.73% to 9.72%. There was positive absorption of over 292,000 square feet. Class "AA" buildings had positive absorption of over 43,000 square feet and the vacancy rate fell from 8.47% to 8.12%. Class "A" buildings saw positive absorption of over 60,000 square feet and a fall in the vacancy rate from 12.63% to 11.26%. Class "B" buildings saw the vacancy rates fall from 12.74% to 11.24% with positive absorption of approximately 60,000 square feet. Absorption for Class "C" buildings was also positive at just over 114,000 square feet and the vacancy rate fell from 15.75% to 13.04%. 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 208,000 square feet this past quarter. The vacancy rate fell from 13.10% to 10.90%. There was a decrease in the amount of direct space and sublet space available. Vacancy rates in Class "A" buildings fell from 17.25% to 13.70%. Vacancy rates in Class "B" buildings fell from 9.13% to 9.00%. Vacancy rates in Class "C" buildings also fell from 13.31% to 8.50%.

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

The Bloor Street area had positive absorption of over 27,000 square feet this past quarter and saw a decrease in the vacancy rate from 13.34% to 12.16%. There was a decrease in the amount of direct space available and an increase in the amount of sublet space available. Vacancy rates in Class "A" buildings fell from 13.38% to 12.16%. Vacancy rates in Class "B" buildings rose from 14.39% to 15.58%. 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 12.71% to 11.67%. 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 13.31% to 12.03%. The vacancy rate for Class "B" buildings also fell from 12.00% to 11.64%.

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

The Eglinton area reported negative absorption this last quarter of just over 21,000 square feet and an increase in the vacancy rate from 10.25% to 11.00%. There was an increase in the amount of direct space available and a decrease in the amount of sublet space available. The vacancy rates in Class "A" buildings fell from 22.79% to 22.29%. The vacancy rates in Class "B" rose from 8.21% to 9.13%. Vacancy rates in Class "C" buildings rose from 11.62% to 12.54%.

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

North York this quarter has reported negative absorption of over 108,000 square feet. There was an increase in both the amount of direct space available and the amount of sublet space available. The vacancy rate rose

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from 11.26% to 12.97%.

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	59,398,310	59,238,064	47,636,493	47,476,247
Total Direct Space Available	5,322,264	5,698,963	4,144,502	4,628,985
Total Sublet Space Available	1,097,315	1,144,228	839,066	883,150
% Vacant	10.81%	11.55%	10.46%	11.61%
Absorption	423,612	538,096	528,567	322,063

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