

SmithFacts

Toronto Commercial Real Estate Information

July 2008

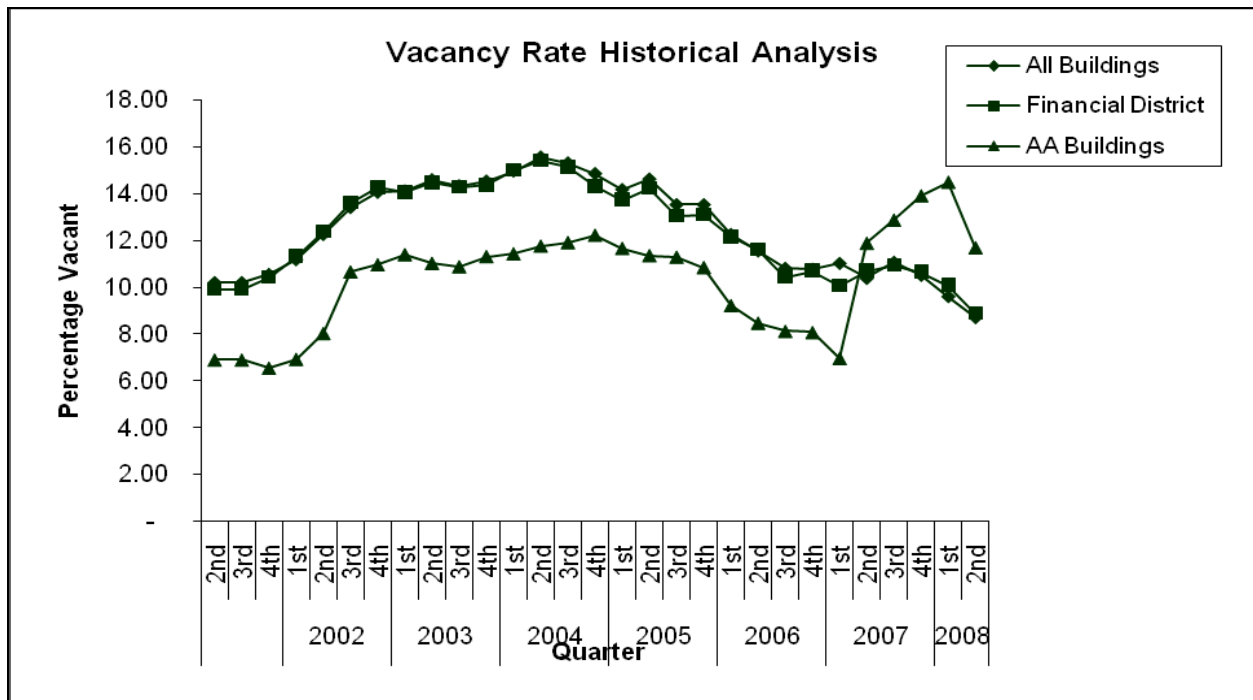
Smith Company Commercial Real Estate Services Inc. is Toronto-focused commercial real estate broker. We specialize in office leasing and sales in Toronto. Our firm is ISO 9001 Registered.

Second Quarter 2008 Office Space Market Survey for Financial Core, Financial North, Bloor Street, Eglinton and North York Areas

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

Strong quarter for AA buildings and Class A buildings

- The overall vacancy rate fell from 9.6% last quarter to 8.7%
- The vacancy rate in the financial core fell from 11.6% to 9.7%
- The vacancy rate for Class AA buildings fell from 14.5% to 11.7% with positive absorption of 465,000 square feet
- Class A buildings saw positive absorption of 82,000 square feet this past quarter
- Class B buildings saw slight positive absorption of 1,700 square feet this past quarter
- Class C buildings saw the vacancy rate rise from 8.1% to 8.6%
- Major developments this past quarter include positive absorption of 232,000 square feet at 77 King Street West, positive absorption of 162,000 square feet at 66 Wellington Street West, positive absorption of 71,000 square feet at 333 Bay Street and negative absorption of 22,000 square feet at 595 Bay Street



Economic and real estate comments

Ontario's real Gross Domestic Product declined 0.3% in the first (January to March) quarter of 2008, compared to 0.1% increase in the fourth quarter of 2007 however real consumer spending grew by 0.6% in the first quarter of 2008. Ontario corporate profits rebounded 1.2% in the first quarter, following a 2.9% decline in the fourth quarter of 2007. The improvement in profits was led by increased earnings by Ontario retailers.

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Output by the finance, insurance and real estate sector advanced 1.1% in the first quarter, accelerating from the 0.5% increase in the fourth quarter. Gains in banking services (+1.9%) more than offset declines in other financial services (-0.1%), which includes activities of real estate agents and brokers.

Financial Core (Front Street/Simcoe Street/Queen Street/Church Street)

- The overall vacancy rate fell from 11.6% to 9.7% this past quarter with positive absorption of 557,000 square feet
- We observed positive absorption in all areas excepting Class B buildings
- There was a decrease in the amount of direct and sublet space available
- Positive absorption in the TD Bank Tower (162,000 sq ft) and the Royal Trust Tower (232,000 sq ft)

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy July 2008	Vacancy July 2007	Absorption Past Qtr
AA	18,088	2,123,454	11.7%	11.9%	465
A	5,061	332,815	6.6%	6.7%	62
B	5,018	393,627	7.8%	10.5%	(9)
C	3,418	220,521	6.5%	8.3%	39
TOTAL	31,586	3,070	9.7%	10.5%	557

Financial North (Queen Street/University Avenue/Wellesley Street/Church Street)

- Slight decrease in the vacancy rate from 7.0% to 6.9%
- Positive absorption in A and B buildings and negative absorption in C buildings
- Decrease in both direct and sublet space available

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy July 2008	Vacancy July 2007	Absorption Past Qtr
A	3,974	355	8.9%	13.8%	29
B	4,259	190	4.5%	7.9%	8
C	1,295	110	8.6%	8.9%	(27)
TOTAL	9,529	656	6.9%	10.5%	10

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Bloor Street (Wellesley Street/Bathurst Street/Davenport Avenue/Church Street)

- Positive absorption of 29,000 square feet at 130 Bloor Street West
- Slight increase in the vacancy rate from 7.6% to 7.7% but large year over year drop
- Increase in the amount of direct space available and decrease in sublet space available

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy July 2008	Vacancy July 2007	Absorption Past Qtr
A	4,725	342	7.2%	12.1%	(13)
B	2,412	219	9.1%	13.2%	7
C	226	2	0.9%	2.2%	(4)
TOTAL	7,364	563	7.7%	12.2%	(10)

St. Clair Area (Davenport Avenue/ Bathurst Street/Moore Avenue/Bayview Avenue)

- Negative absorption of 11,000 sq ft at 21 St. Clair Avenue East
- A decrease in direct and sublet space available

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy July 2008	Vacancy July 2007	Absorption Past Qtr
A	769	35	4.7%	15.6%	6
B	1,585	78	4.9%	6.1%	16
C	119	27	22.7%	8.4%	(11)
TOTAL	2,474	141	5.7%	9.1%	11

Eglinton Area (Moore Avenue/Bathurst Street/Lawrence Avenue/Bayview Avenue)

- Negative absorption of 22,000 square feet at 20 Eglinton Avenue West
- Increase in the vacancy rate from 9.6% to 11.4%
- Increase in both direct space and sublet space available

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy July 2008	Vacancy July 2007	Absorption Past Qtr
A	315	28	8.9%	13.9%	(5)
B	2,276	210	9.2%	6.1%	(21)
C	290	91	31.4%	13.5%	(3)
TOTAL	2,882	329	11.4%	7.7%	(30)

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North York (Lawrence Avenue/Bathurst Street/Steeles Avenue/Bayview Avenue)

- 31,000 square feet positive absorption at 4211 Yonge Street
- Vacancy rate unchanged from previous quarter

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy July 2008	Vacancy July 2007	Absorption Past Qtr
A	6,409	466	7.3%	9.5%	2
C	79	13	16.4%	6.3%	(1)
TOTAL	6,489	479	7.4%	9.5%	1

Recap of Overall Toronto Market

The results for Quarter 2, 2008, Quarter 1, 2008 are shown below.

Factor	Q2 2008 All Areas	Q1 2008 All Areas	Q2 2008 Financial Core, Financial North and Bloor	Q1 2008 Financial Core, Financial North and Bloor
Total space surveyed	60,327	60,105	48,480	48,237
Total direct space available	3,942	4,394	3,348	3,763
Total sublet space available	1,296	1,368	942	1,090
% Vacant for Quarter shown	8.7%	9.6%	8.9%	10.1%
Absorption for Quarter shown	579	571	558	306
% Vacant Second Quarter 2007	10.4%		10.7%	

* note: figures represented in (000 s.f.)

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