

SmithFacts

Toronto Commercial Real Estate Information

October 2008

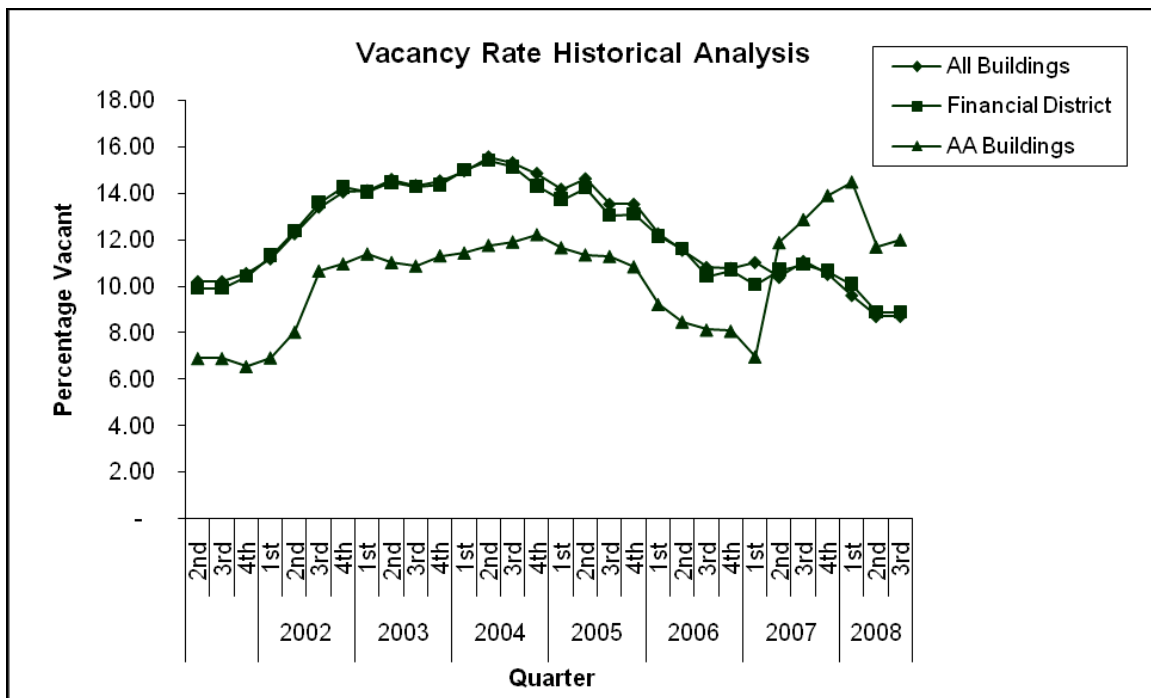
Smith Company Commercial Real Estate Services Inc. is Toronto-focused commercial real estate broker. We specialize in office leasing and sales in Toronto. Our firm is ISO 9001 Registered.

Third 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 remained the same as last quarter at 8.7%
- The vacancy rate in the financial core also remained the same at 8.9%
- The vacancy rate for Class AA buildings rose from 11.7% to 12.0% with negative absorption of 61,000 square feet
- Class A buildings saw positive absorption of 81,000 square feet this past quarter
- Class B buildings saw positive absorption of 29,000 square feet this past quarter
- Class C buildings saw negative absorption of 43,000 square feet this past quarter
- This last quarter had less activity than normally reported but we observed positive absorption at 77 King St. (22,000 sf), 200 King West (27,000 sf) and negative absorption at 66 Wellington West (158,000 sf), 85 Richmond West (52,000 sf) and 5001 Yonge (27,000 sf)



Economic and real estate comments

The Canadian economy is expected to post modest job growth for September amid the turmoil in financial markets, but trouble lies ahead as the United States appears headed for a deep recession, economists say.

SmithFacts

Toronto Commercial Real Estate Information

October 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.

The average estimate by economists is for the addition of about 12,500 new jobs in the Canadian economy in September, that's down slightly from the 15,200 jobs created in August. For the first eight months of the year the Canadian economy has created 87,000 jobs compared with 221,000 in the first eight months of 2007. As a comparison so far this year, 760,000 jobs have been lost in the United States.

Although, there is a view that the Canadian economy is on much stronger footing than the United States we cannot ignore the ripple effect on the stock markets, employment and consumer confidence. It is difficult to predict how this will affect the Toronto real estate market and if there will be a dramatic rise in vacancy rates in the coming months.

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

- The overall vacancy rate rose from 9.7% to 10.0% this past quarter with negative absorption of 92,000 square feet
- We observed negative absorption in Class AA and Class C buildings
- There was an increase in the amount of direct space and a decrease in the amount of sublet space available
- Negative absorption at 85 Richmond (52,000 sq ft) and the TD Bank Tower (158,000 sq ft)

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy Oct 2008	Vacancy Oct 2007	Absorption Past Qtr
AA	18,152	2,185	12.0%	12.9%	(61)
A	5,061	313	6.2%	5.9%	19
B	5,018	385	7.7%	10.1%	7
C	3,418	278	8.1%	7.8%	(57)
TOTAL	31,649	3,161	10.0%	10.8%	(92)

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

- Almost no change in the vacancy rate and little activity
- Positive absorption in A and B buildings and negative absorption in C buildings
- Increase in direct space and decrease in sublet space available

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy Oct 2008	Vacancy Oct 2007	Absorption Past Qtr
A	3,974	339	8.5%	12.3%	15
B	4,259	197	4.6%	8.4%	(6)
C	1,295	101	7.8%	9.4%	9
TOTAL	9,528	637	6.7%	10.2%	18

■ SMITH COMPANY ■
Commercial Real Estate Services Inc.

Tel: 416-366-7000

Fax: 416-366-9800

E-mail: info@smithcompany.ca

401 Bay Street, P.O. Box 59, Suite 2704

Toronto, Ontario M5H 2Y4

An ISO 9001 Registered Company

Registered by BSI Management

Website: www.smithcompany.ca

SmithFacts

Toronto Commercial Real Estate Information

October 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.

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

- Positive absorption of 58,000 square feet reported
- Decrease in the vacancy rate from 7.7 % to 6.8% and large year over year drop
- Decrease in the amount of direct space and sublet space available

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy Oct 2008	Vacancy Oct 2007	Absorption Past Qtr
A	4,725	321	6.8%	13.5%	20
B	2,412	176	7.3%	12.2%	42
C	226	2	1.1%	2.2%	(4)
TOTAL	7,363	499	6.8%	12.7%	58

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

- Negative absorption of 11,000 sq ft at 2 St. Clair Avenue East
- Large year over year drop in the vacancy rate
- A decrease in direct and sublet space available

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy Oct 2008	Vacancy Oct 2007	Absorption Past Qtr
A	526	35	6.7%	14.9%	(1)
B	1,585	82	5.2%	6.4%	(4)
C	119	13	11.5%	11.5%	13
TOTAL	2,230	130	5.9%	9.3%	7

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

- Negative absorption of 18,000 square feet at 2300 Yonge Street
- Increase in the vacancy rate from 11.4% to 11.5%.
- Decrease in direct space and increase in sublet space available

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy Oct 2008	Vacancy Oct 2007	Absorption Past Qtr
A	315	16	5.1%	13.6%	12
B	2,276	219	9.7%	6.5%	(9)
C	290	94	32.6%	19.2%	(3)
TOTAL	2,881	329	11.5%	8.6%	(1)

■ SMITH COMPANY ■
Commercial Real Estate Services Inc.

Tel: 416-366-7000

Fax: 416-366-9800

E-mail: info@smithcompany.ca

401 Bay Street, P.O. Box 59, Suite 2704

Toronto, Ontario M5H 2Y4

An ISO 9001 Registered Company

Registered by BSI Management

Website: www.smithcompany.ca

SmithFacts

Toronto Commercial Real Estate Information

October 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.

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

- 27,000 square feet negative absorption at 5001 Yonge Street
- Vacancy rate unchanged from previous quarter

Building Type	Total Space (s.f.)	Total Vacant (s.f.)	Vacancy Oct 2008	Vacancy Oct 2007	Absorption Past Qtr
A	6,409	466	7.3%	13.9%	15
C	79	13	16.4%	9.6%	-
TOTAL	6,488	479	7.4%	13.8%	15

Recap of Overall Toronto Market

The results for Quarter 2, 2008 & Quarter 3, 2008 are shown below.

Factor	Q3 2008 All Areas (000s s.f.)	Q2 2008 All Areas (000s s.f.)	Q3 2008 Financial Core, Financial North and Bloor (000s s.f.)	Q2 2008 Financial Core, Financial North and Bloor (000s s.f.)
Total space surveyed	60,148	60,327	48,544	48,480
Total direct space available	4,045	3,942	3,431	3,348
Total sublet space available	1,181	1,296	869	942
% Vacant for Quarter shown	8.7%	8.7%	8.9%	8.9%
Absorption for Quarter shown	5	579	(15)	558
% Vacant Third Quarter 2007	11.1%		10.9%	

■ SMITH COMPANY ■
Commercial Real Estate Services Inc.

Tel: 416-366-7000
Fax: 416-366-9800
E-mail: info@smithcompany.ca

401 Bay Street, P.O. Box 59, Suite 2704
Toronto, Ontario M5H 2Y4

An ISO 9001 Registered Company
Registered by BSI Management
Website: www.smithcompany.ca