



75 Tiverton Court, Markham
J.J. Barnicke Ltd. Sublease listing



6750 Century Avenue,
Mississauga
J.J. Barnicke Ltd. Listing



2300 Yonge Street and
20 Eglinton Avenue West
Yonge Eglinton Centre
Toronto
J.J. Barnicke Ltd. Listing

The last nine months have provided a string of challenges to the Canadian economy that have resulted in stalled business activity and slowed economic growth. Canadian economic growth has been downgraded in 2003 and has fallen behind the United States for the first time in four years. National job creation has slowed as employment has increased a mere 0.3% year to date, in sharp contrast to the 2.6% increase seen this time last year. The Ontario blackout in August affected productivity in the province with over 1.3 million employees absent and a 5.9% drop in the number of hours worked for August.

The good news is that the fundamentals remain intact and present day monetary/fiscal policies are conducive to future economic growth. The effects of the challenges we have faced this year will be short term. The reported upswing in the US economy should begin to have a positive impact on the Canadian economy. However, this may be somewhat offset by the growing strength of the Canadian dollar and its adverse affects on our export industries.

After ten consecutive quarters of negative growth, overall occupied space in the GTA increased in Q3 by a modest 196,000 sq.ft. As a result, overall vacancy decreased from 13.9% at mid year to the current rate of 13.5%. Growth was concentrated in select market nodes, most predominantly in the suburbs. We remain cautiously optimistic for the fourth quarter where we do not foresee any worsening of market conditions. Vacancy however remains firmly above the 10% threshold; therefore market dynamics will continue to favour the Tenant.

Investor demand for Office product remains strong in the GTA, particularly for quality assets with strong tenant covenants. Significant office building sales this quarter included St. Joseph Corporation purchasing the Queen Richmond Centre from Continental Saxon Capital Inc for \$16.4 million. In addition, Northam Realty purchased 5255 Yonge Street from GWL Realty Advisors for \$42 million; Crown Realty Partners purchased 3080 Yonge Street from CMHC/Maritime Life for \$23.5 million; PSS Investments Inc. purchased 7070 Mississauga Road from GWL Realty Advisors for \$16.6 million; and Transglobe Management Services purchased 5500 Explorer Drive from Ledcor Properties Inc for \$7.0 million.

Central Area

Overall vacancy in the Downtown market decreased slightly from 12.8% at mid year to 12.7% at the end of Q3. Although not a significant change, the significance is that the negative trend experienced over the past 2 years has now stabilized. Vacancy in the Financial Core remains unchanged from Q2 at 11.3% overall, however Class A vacancy decreased from 10.2% to 10.0% over the quarter. Positive growth was recorded in the Financial Core this quarter with overall occupancy in the Downtown market remaining flat. Average asking rental rates have softened in many buildings and many landlords are offering more generous leasing concessions including free rent and significant improvement allowances to secure or retain tenants. We see this softening of rates as only a correction in the market, as landlords continue to obtain sound economic returns on their properties.

Sublease space represents roughly 20% of the current available inventory in both the Financial Core and overall Downtown market. This ratio has remained consistent over the last nine months.

Vacancy has increased slightly outside of the Financial Core from 15.8% at mid year to 16.0% at the end of Q3.

HIGHLIGHTS

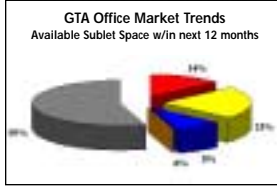
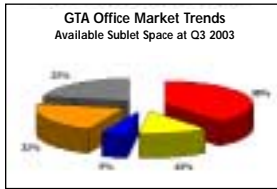
Fundamentals remain intact and present day monetary/fiscal policies are conducive to future economic growth.

After ten consecutive quarters of negative growth, overall occupied space in the GTA increased in Q3 by a modest 196,000 sq.ft.

Positive growth was recorded in the Financial Core this quarter with overall occupancy in the Downtown market remaining flat.

Overall office leasing activity in the GTA North East is bouncing back.

The GTA West has experienced two consecutive quarters of declining vacancy rates.



- Downtown
- Midtown
- North Yonge
- GTA North East
- GTA West

NOTABLE TRANSACTIONS

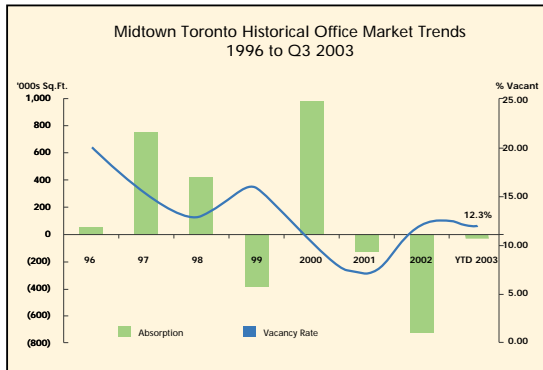
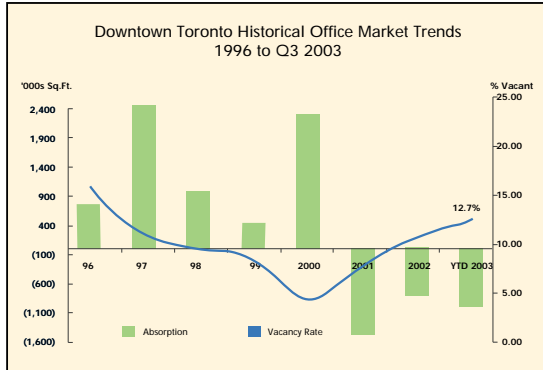
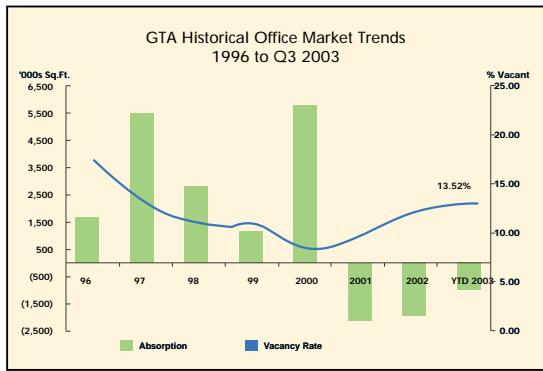
Pitney Bowes of Canada Ltd.
5500 Explorer Drive, Mississauga
60,000 sq.ft.

Equifax Canada Inc.
110 Sheppard Avenue East, Toronto
40,500 sq.ft.

CGI Information Systems & Management Consultants
95 Mural Street, Richmond Hill
38,000 sq.ft.

William Osler Health Centre
9445 Airport Road, Brampton
29,000 sq.ft.

Swift Trade Securities Ltd.
55 St. Clair Ave W, Toronto
14,400 sq.ft.



Occupied space decreased by a further 35,000 sq.ft. in Q3 for a year to date total of 707,000 sq.ft. The Downtown North sub-market has been hardest hit this year with a significant amount of space returned to the market at College Park.

Vacancy in the Bloor/Yonge market decreased slightly for the third consecutive quarter, from 14.2% in Q2 to 14.1% at the end of Q3, translating into an increase in occupied space of 30,000 sq.ft. year to date. Major leasing opportunities continue to exist in this market, the most significant being the 277,000 sq.ft. of available space at 2 Bloor Street E. CREIT has been active at 175 Bloor Street E., setting the benchmark for highly competitive lease rates in the market and experiencing positive leasing activity this quarter.

After recording negative activity in Q2, the Yonge/St. Clair market saw a decrease in vacancy in Q3, from 11.1% to 8.8%. Occupied space increased by 54,000 sq.ft., offsetting the decrease experienced in Q2. Year to date growth is positive at almost 17,000 sq.ft. The largest change this quarter occurred at 55 St. Clair Ave W., which secured lease transactions with Truistar Health and Swift Trade Canada.

The Yonge/Eglinton market saw vacancy increase from 10.1% at mid year to 11.2% at the end of Q3. The largest contributor to this increase is Pitney Bowes Canada Limited who secured space in the Airport Corporate Centre this quarter and will be vacating 45,000 sq.ft. from its former midtown address at Canada Square. Occupied space decreased by 109,000 sq.ft. in total.

Following three consecutive quarters of positive growth, occupied space in the North Yonge corridor declined by 38,400 sq.ft. in Q3. However, year to date absorption

remains slightly positive at 6,300 sq.ft. – indicating there is some stability in this market. Overall vacancy increased to 11.8%, up 0.6% from Q2. However, we expect overall vacancy to increase through Q4 and into 2004 due in large part to the introduction of 5000 Yonge Street by Menkes Developments Inc. – representing a single injection of 540,000 sq.ft. to the market in early 2004, of which roughly 323,000 sq.ft will be occupied by Transamerica Life for their new corporate headquarters.

GTA North East

Overall office leasing activity in the GTA North East is bouncing back. Market interest has improved and real transaction velocity is up - the overall outlook is positive! Overall vacancy decreased in Q3 to 15.4%, down 1.1% from Q2, representing the first significant decline to vacancy in approximately two years. Occupied space increased by 224,000 sq.ft. this quarter, largely due to the responsiveness of the landlord/developer community – effectively decreasing rental rates and increasing concession packages in order to retain and attract tenants. We are confident that select North East markets will see a further increase towards positive absorption through Q4, thus balancing the scales and making room for potential widespread growth in 2004.

Stemming from a strong Q2 performance, overall market demand remains positive in Markham/Richmond Hill

“Success is measured by results”

through Q3 and appears to be gaining momentum. Current overall vacancy is 17.6%, down 0.9% from Q2. Occupied space increased an additional 38,000 sq.ft., offsetting previous negative absorption in 2003. While the effect on absorption will be delayed, the recent announcement of CGI's pending consolidation at Kolter's South Creek Corporate Centre will drive vacancy down through Q4. CGI's shift will eventually add approximately 300,000 sq.ft. to the occupied inventory over the next 18-24 months. We expect tenants to continue to take advantage of economical rent packages during the remainder of 2003, thus stimulating further gains to positive absorption into 2004.

Occupied space in the Don Mills/Eglinton node increased by 31,500 sq.ft. during Q3, due in large part to the absorption of sublet space within the Don Valley Corporate Centre – a positive indicator mitigating some of the large increase in vacant supply in this node as a result of the Hi-Tech meltdown of 2001-2002. Current vacancy is 23.9%, down 1.0% from Q2 2003. While the Don Mills/Eglinton node has seen a significant drop-off in leasing activity over the last two years, we remain optimistic that competitive rental rates and leasing concessions will promote steady, albeit slow growth during the next six to twelve months.

Following three consecutive quarters of negative growth, the DVP/Hwy 401 node bounced back in Q3. Occupied space increased by 86,000 sq.ft. Industry sources indicate that IBM has renewed at Oxford's Parkway Corporate Centre for 225,000 sq.ft., adding more stability to this node. Current vacancy is 13.4%, down 1.1% from Q2. With no further anticipated major additions to vacant inventory pending in 2003, we expect to see moderate gains in demand and absorption during the remainder of 2003 and into early 2004 in this node.

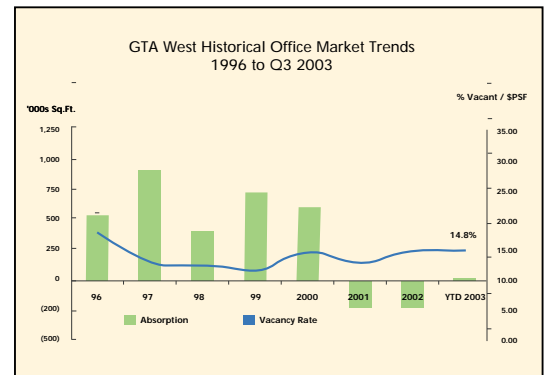
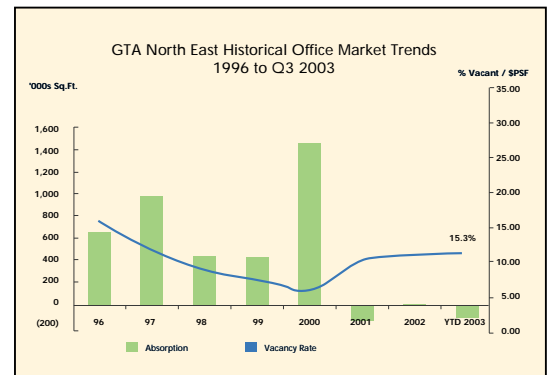
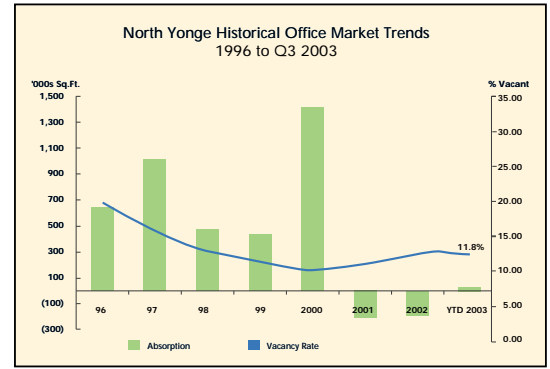
Occupied space in the Scarborough market increased by 69,000 sq.ft. during Q3, due in large part to the absorption of direct space at Oxford's 2075 Kennedy Road. As such, overall vacancy is 7.2%, down 1.9% from Q2. We expect moderate positive gains to occupied space through the balance of 2003. However, 2004 will prove to be a challenge for the Scarborough market, specifically the Town Centre business node, as Transamerica Life vacates approximately 140,000 sq.ft. with their move to 5000 Yonge Street.

GTA West

The GTA West has experienced two consecutive quarters of declining vacancy rates. The overall vacancy rate decreased to 14.8% in Q3, down 0.6% from mid year. As a result, occupied space increased by 85,000 sq.ft. over the quarter due to steady leasing activity which is expected to continue into Q4. Rental rates have softened for Class A and B space in select GTA West markets as a result of negative growth in recent quarters and a willingness on behalf of Landlords to be more competitive in order to secure tenancy. The pace of new construction has slowed in the GTA West over the last year, and we do not anticipate the pace to pick up in the near future given the current economic climate and the amount of existing space available for lease. There are currently seven office projects under construction with occupancy slated for 2004, totalling approximately 950,000 sq.ft.

The Airport market saw a 2.2% decrease in the vacancy rate since mid year, to end Q3 at 17.1%. This resulted in a 135,000 sq.ft. increase in occupied space over the quarter. The majority of this positive gain was concentrated in the Airport Corporate Centre, which alone accounted for 87,000 sq.ft. of positive growth. The vacancy rate in the Airport Corporate Centre decreased 3.0%, from 19.9% in Q2 to 16.9% in Q3. Steady leasing activity is expected to continue as tenants vacate other markets in the GTA for quality opportunities in the Airport market.

Vacancy in the overall Mississauga market decreased 0.9% over the quarter, from 17.7% in Q2 to 16.8% at the end of Q3. Occupied space increased 43,000 sq.ft. marking the second consecutive quarter of positive growth. Activity has improved in the Mississauga City Centre. Major landlords have softened their rates in the hopes of retaining existing tenants and attracting new tenants from other markets. The Hurontario North node has experienced a 1.6% decline in the vacancy over the quarter and currently sits at 18.6%. This resulted in a positive growth of 38,000 sq.ft. in Q3.



“Success is measured by results”

NATIONAL OFFICES

Rick Pettinger
VICTORIA
Tel: (250) 385-2033

Bob Saunders
VANCOUVER
Tel: (604) 684-7117

John Hertay
KELOWNA
Tel: (250) 763-8840

Gary Killips
EDMONTON
Tel: (780) 420-1177

Dan Silvester
CALGARY
Tel: (403) 818-5800

Mike Hogan
REGINA
Tel: (306) 777-0678

Gil Dobroskay
SASKATOON
Tel: (306) 665-4444

Joe Diner
WINNIPEG
Tel: (204) 474-2010

Richard Glead
LONDON WINDSOR SARNIA
Tel: (519) 438-5588

John Whitney
WATERLOO
Tel: (519) 746-6300

Don Wilson
NIAGARA
Tel: (905) 354-7413

Sydney Hamber
BURLINGTON
Tel: (905) 637-1215
HAMILTON
Tel: (905) 546-1215

James J. Murray
MISSISSAUGA
Tel: (905) 848-1215

Christopher Ridabock
TORONTO
Tel: (416) 863-1215

Christopher Ridabock
MARKHAM
Tel: (416) 449-1710

Peter Kostogiannis
KINGSTON
Tel: (613) 542-2724

David Lees
OTTAWA
Tel: (613) 232-1215

Brent Butler
MONTREAL
Tel: (514) 868-1215

Tim Margolian
HALIFAX
Tel: (902) 429-9249

For more information
please contact:

Lesley Yule, M.Sc.Pl.
Director of Research
email: yule_l@jjb.com

Vacancy rates in Meadowvale increased by 2.6% to finish Q3 at 13.5%, resulting in a 51,000 sq.ft. decrease in occupied space. The increase in vacancy is mainly attributed to space coming to market in Class B buildings with the majority of leasing activity during Q3 taking place in Class A buildings. The new corporate head office for Hitachi Canada Ltd. is currently under construction. The building will total 55,000 sq.ft. of which Hitachi will occupy roughly 37,000 sq.ft.

The vacancy rate in Oakville increased by 4.2% in Q3, from 13.9% at the end of Q2 to the current rate of 18.2%. This resulted in occupied space decreasing by 42,000 sq.ft. Year to date, occupied space has decreased by 111,000 sq.ft. in Oakville, mostly affecting Class B product. Currently there are three buildings in this market under construction totalling just over 200,000 sq.ft. Vacancy rates in Burlington decreased by 0.7%, from 19.9% in Q2 to 19.2% at the end of Q3. Occupied space increased 19,000 sq.ft. marking the first positive quarter of growth this year

Q3 2003 OFFICE MARKET HIGHLIGHTS

Zone	Inventory	Direct 09/30/03	Sublet 09/30/03	Total Available at 09/30/03	Vacancy Rate	Available in next 12 months	YTD Growth	Weighted Average Overall Net Rate	Under Construction*	YTD Completions*
GTA Total	116,469,012	12,308,968	3,441,668	15,750,636	13.52%	1,739,576	(1,192,743)	\$17.07		
Financial Core	32,670,959	2,851,970	750,767	3,602,737	11.03%	599,612	(329,852)	\$24.53		
Downtown South	1,903,596	176,564	126,313	302,877	15.91%	23,068	(49,240)	\$22.98		
Downtown West	6,043,917	706,210	203,579	909,789	15.05%	3,528	(226,672)	\$13.79	90,000	
Downtown North	7,344,335	950,047	242,223	1,192,270	16.23%	7,396	(419,762)	\$17.80		
Downtown East	1,320,002	218,883	32,845	251,728	19.07%	12,201	(11,357)	\$13.53		
Downtown Total	49,282,809	4,903,674	1,355,727	6,259,401	12.70%	645,805	(1,036,883)	\$21.40	90,000	
Bloor/Yonge	7,241,817	728,405	295,247	1,023,652	14.14%	169,285	30,127	\$17.80		250,000
St. Clair/Yonge	2,408,211	188,532	24,260	212,792	8.84%	101,433	16,747	\$14.63		
Eglinton/Yonge	4,515,559	385,610	118,539	504,149	11.16%	90,422	(121,314)	\$12.66		
Midtown Total	14,165,587	1,302,547	438,046	1,740,593	12.29%	361,140	(74,440)	\$16.01		
York Mills/Yonge	1,369,332	134,545	38,669	173,214	12.65%	39,510	(35,784)	\$21.57		
Downtown North York	4,018,301	410,544	119,214	529,758	13.18%	155,433	19,312	\$16.64	540,000	
Uptown North York	1,795,401	134,976	11,242	146,218	8.14%	0	22,791	\$17.83		
North Yonge Total	7,183,034	680,065	169,125	849,190	11.82%	194,943	6,319	\$17.85	540,000	
Don Mills/Eglinton	2,869,490	505,323	180,933	686,256	23.92%	40,816	(94,561)	\$9.57		
DVP/401	7,498,230	846,651	157,165	1,003,816	13.39%	21,435	(58,818)	\$13.97		
Don Mills/DVP	10,367,720	1,351,974	338,098	1,690,072	16.30%	62,251	(153,379)	\$12.09		
Markham	7,007,979	1,029,703	231,146	1,260,849	17.99%	35,359	48,240	\$14.63		
Richmond Hill	1,974,892	201,523	119,299	320,822	16.25%	29,340	(26,889)	\$14.97		
Markham/R. Hill Total	8,982,871	1,231,226	350,445	1,581,671	17.61%	64,699	21,351	\$14.68		
Scarborough	3,699,437	213,963	52,291	266,254	7.20%	167,851	24,641	\$11.57		
North East Total	23,050,028	2,797,163	740,834	3,537,997	15.35%	294,801	(107,387)	\$13.20		
427 Corridor	4,298,178	478,154	64,071	542,225	12.62%	0	(63,785)	\$13.09		
Airport Total	6,704,214	830,995	316,251	1,147,246	17.11%	16,118	170,140	\$13.55	216,000	300,000
Mississauga Total	7,513,579	991,327	271,673	1,263,000	16.81%	218,558	(135,483)	\$15.13		
Meadowvale	1,988,580	195,607	72,755	268,362	13.50%	6,971	8,213	\$14.02		
Toronto West	2,283,003	129,436	13,186	142,622	6.25%	1,240	40,563	\$10.50		
GTA West Total	22,787,554	2,625,519	737,936	3,363,455	14.76%	242,887	19,648	\$13.96		
Brampton	550,711	52,154	0	52,154	9.47%	0	(3,783)	\$13.68	400,000	
Oakville	992,969	32,472	148,021	180,493	18.18%	36,929	(111,791)	\$14.46	220,739	
Burlington	2,717,451	466,729	55,139	521,868	19.20%	5,516	(25,571)	\$13.21	60,000	

*Under construction and YTD completions include both speculative and build to suit development projects.

Although the information contained in this brochure is from sources believed to be reliable, no warranty or representation is made as to its accuracy being subject to errors, omissions, conditions, prior sale, withdrawal or other changes without notice and same should not be relied upon without independent verification.

