THE BOYLE REPORT Vol. 1

Downtown East and Downtown West: A Brick and Beam Mecca

Back in the early 1980's, artists, photographers, design and fledging film production houses started congregating in increasing numbers in the area now referred to as Downtown West.

The massive old brick and beam warehouses had long been deserted by their manufacturer occupants. The initial renovations by landlords took advantage of the old warehouses' funky attributes – high ceilings, hardwood floors, exposed brick – and arts and new media tenants were soon flocking to the inexpensive loft-style studios and open concept brick and beam offices. The ensuing decade saw the area mature as a high-tech, new media and arts oriented melting pot.

Several thousand young and vibrant arts and new media employees now came to the area daily… so it was a natural for developers to exploit their desire to live in the area.

Construction of residential houses, mainly town houses and condos continues to this day. As does construction of the attendant commercial infrastructure needed to service these trendy new residential hot spots.. including new roads and supermarkets.

Downtown West:

This area is similar to Union St. area in NY City and covers the entertainment district as well as the Brick and Beam area of Liberty Village and extends to Dufferin St on the West Side. Many software companies and creative companies populate the Downtown West market, which is in a mature phase for both leasing and selling. The area has a considerable amount of condo projects being developed. Of interest are such projects as Liberty Village Lofts, King Towns of High-rise, and many others.

With over 5,000 employees working in the creative field consist ing of software development, advertising, animation, photography, and television and web creation companies. It is reputed to have more bandwidth than all of Italy for internet users.

The creation of the new green P Parking area has alleviated the parking supply problem. There are few good buildings left for sale in the Liberty Village area, however if one is to look further north along Queen St., Spadina Ave. or Camden St., properties for sale can be found at attractive prices.

The west side is still growing and there are many restaurants in the area along with a vast amount of new residential development and infrastructure to support the area's dramatic growth over the last ten years.

Rents range from approximately $20.00 per sq.ft gross to $28.00 per sq.ft. gross on a lease basis.

CASE STUDY: 384 Adelaide St. W

5 floors with finished basement fronting on Adelaide and located next to 119 Spadina Ave.

The building sold in 2004 for $4.1 M.

The architect is leasing the top three floors and renting out the second and lower floor.

Downtown East:

DT east is where DT west was 15 years ago. This market is still in transition for both leasing and selling. The area has a considerable amount of condo projects being developed and in the last 10 years has seen a drastic change in building. Of interest is the condo boom with projects such as King George Square, The VU, Kings Court, and many others. Within a 3 km. radius there are over 3,000 either new or on the books condos being built.

This area is still undervalued and would be an attractive area to consider buying a building. It is similar to Greenwich Village in NY City prior to major development. The area includes the Distillery District anchored by the old Gooderham & Worts building and is already mirroring DT West's popularity with the creative and hi-tech industries.

In addition, the West Donlands property which consists of approximately 80 acres of Land is being developed with supported by all three levels of Government. It will have Office, retail and low income housing as well as park land when completed in 2008.

Regent Park is the oldest non-profit housing community in Canada and consists of many buildings. It will be demolished and rebuilt into a modern complex over the next few years.

In addition to the SAS building on King St. E. across from the Toronto Sun building, which has just been completed; two new Green buildings are scheduled for development over the next three years. The largest project is a 350,000 sq.ft. office building at Richmond St. E. and Sherbourne St.

272 Richmond St. is on the market for sale at $2.1M or lease at approximately $21.00 semi gross per sq.ft. and would make a perfect design build opportunity for a larger tenant that wishes to be in a single tenant building for up to 18,000 sq.ft.

CASE STUDY: 272 Richmond St. E.

6,000 sq. ft. main floor
6,000 sq. ft. second floor
6,000 sq. ft. top floor
18,000 sq. ft. total approximately.

Building is for sale at $2.1 million.
Expect to spend $700,000 to bring the building to a move in condition with the following improvements:

- new HVAC
- new wiring
- new windows
- install corridor
- sand blast interior brick
- sand floors and repair where necessary
- demise premises on one floor into 6 smaller units

(Charts on pages 2 and 3)

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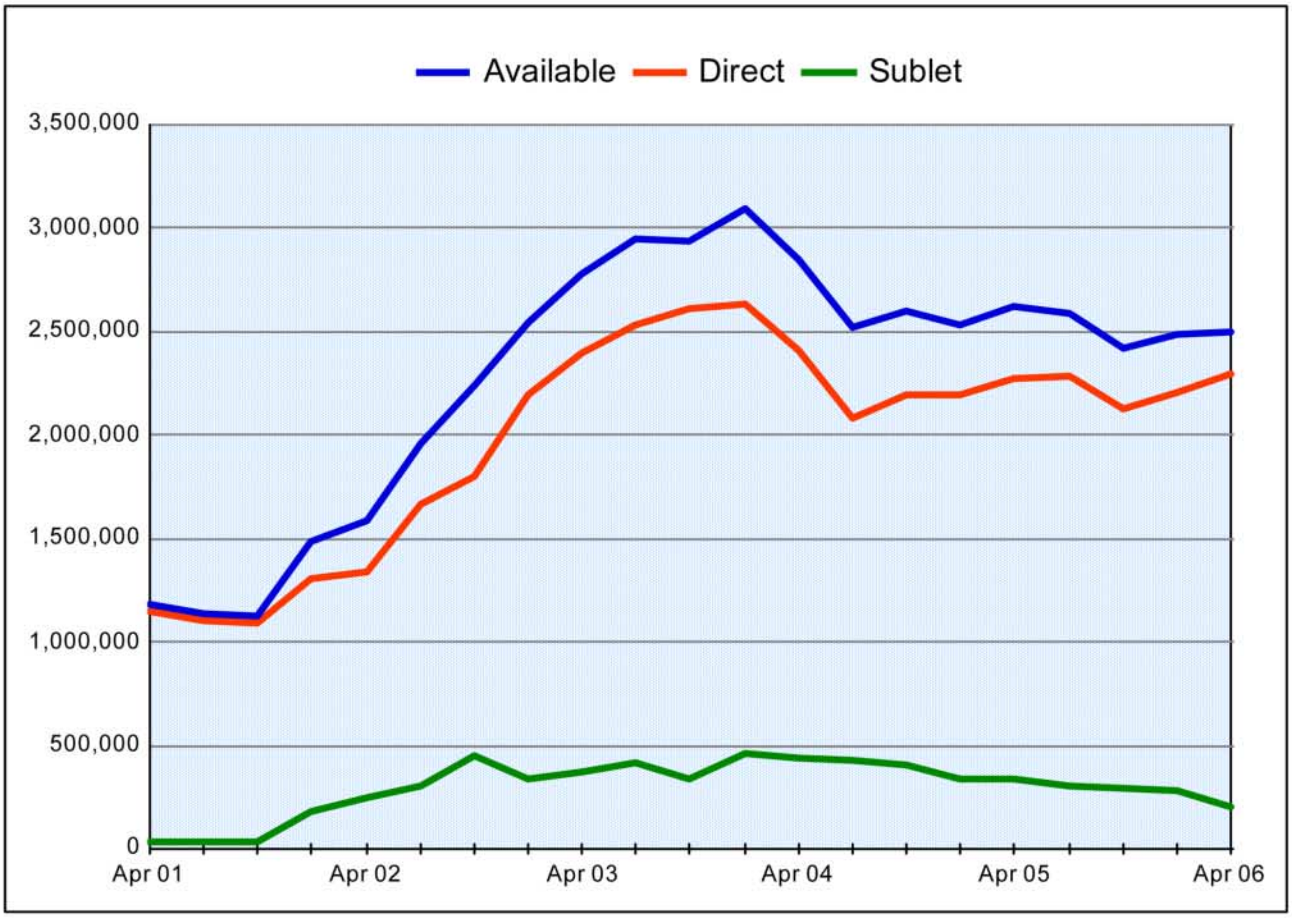
All Brick & Beam

Available

(Available includes all space offered for lease. The space may or may not be occupied, may have a restricted term or other conditions which affect its leasability)

data as of April 30, 2006

Date	Office NRA	Available		Direct		Sublet		Absorption
Apr 06	18,863,568	2,500,183	13.3%	2,296,844	12.2%	203,339	1.1%	116,501
Apr 05	18,792,970	2,616,684	13.9%	2,277,907	12.1%	338,777	1.8%	225,627
Apr 04	18,430,745	2,842,311	15.4%	2,408,318	13.1%	433,993	2.4%	-68,111
Apr 03	18,377,047	2,774,200	15.1%	2,397,229	13.0%	376,971	2.1%	-1,191,894
Apr 02	18,115,856	1,582,306	8.7%	1,336,033	7.4%	246,273	1.4%	-396,972
Apr 01	18,143,135	1,185,334	6.5%	1,150,754	6.3%	34,580	0.2%	



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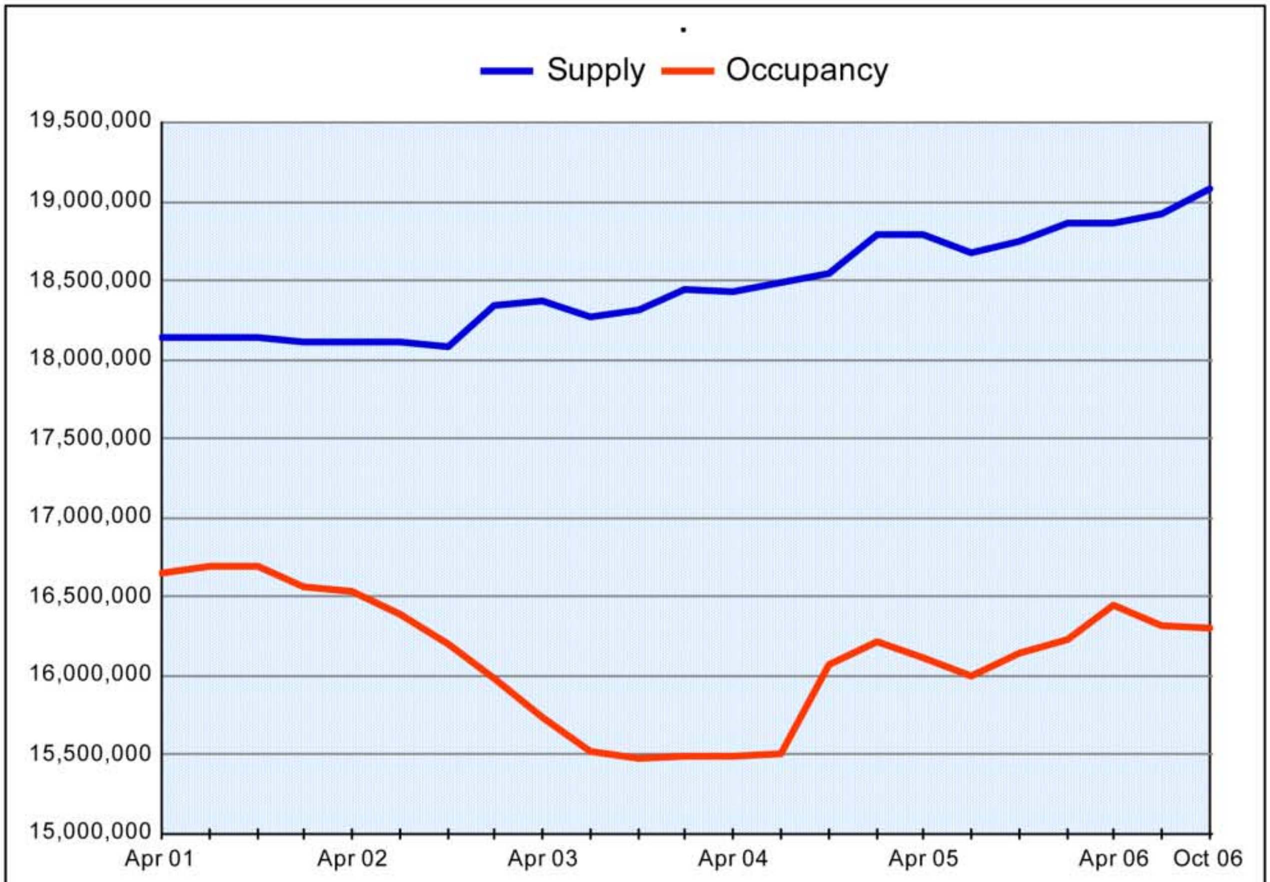
Supply & Occupancy

(Supply includes only office space in a building. Change in supply can be caused by new construction, demolition, or alterations to a building. Occupancy is the change in occupied area and does not include leased, unoccupied space)

data as of April 30, 2006

ACTUAL				PROJECTED*			
Date	**Office NRA**	**Occupied**	**%**	**Date**	**Office NRA**	**Occupied**	**%**
Apr 06	18,863,568	16,447,248	87.2%	Oct 06	19,074,401	16,308,278	85.5%
Apr 05	18,792,970	16,117,075	85.8%				
Apr 04	18,430,745	15,488,934	84.0%				
Apr 03	18,377,047	15,737,702	85.6%				
Apr 02	18,115,856	16,532,885	91.3%				
Apr 01	18,143,135	16,647,882	91.8%				

*Projected occupied space is determined by measuring the anticipated moves of tenants over the next 6 months and is subject to change.



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