

OUR RECENT SALES



95 King Street East, Toronto

A 5,324 square foot site improved with a 27,543 gross square foot, five storey plus fully leased basement office building, located two blocks east of Yonge Street.

Closed August 31st, 2007 at \$5,000,000 or \$188 per square foot.



3550 & 3560-3570 Victoria Park Ave. Toronto

A 4.75 acre site improved with 184,386 square feet of mixed use commercial space, broken down as follows:

Office 62,552 SF, Warehouse 12,239 SF, Retail 56,833 SF & Ice Rinks of 52,762 SF. Located between Finch Ave. & Steeles Ave. **Closed September 21st, 2007 at \$8,500,000.**

OTHER RECENT OFFICE SALES

1867 Yonge Street – Toronto - A 104,606 square foot building located south of Davisville Avenue. Closed July 12, 2007 at \$19,700,000 or \$188 PSF. 7.4% Cap rate.

109 George Street – Toronto - A 35,000 square foot building located north of Adelaide Street East. Closed August 8, 2007 at \$7,200,000 or \$206 PSF.

154 University Avenue – Toronto - A 65,093 square foot leasehold interest building located south of Adelaide Street West. Closed May 11, 2007 at \$13,300,000 or \$204 PSF. 6.0% Cap rate.

477 Mount Pleasant Road – Toronto - A 209,678 square foot building located north of Davisville Avenue. Closed June 26, 2007 at \$16,750,000 or \$80 PSF.

3800 Steeles Avenue West – Vaughan - A 62,700 square foot building located east of Weston Road. Closed August 1, 2007 at \$8,850,000 or \$141 PSF.

461 King Street West – Toronto - A 81,764 square foot building located just west of Spadina Avenue. Closed August 28, 2007 at \$11,606,986 or \$142 PSF.

135 Queens Plate Drive – Etobicoke - A 90,000 square foot building located north of Rexdale Boulevard. Closed May 23, 2007 at \$12,250,000 or \$136 PSF. 8.0% Cap rate.

47 Colborne Street – Toronto - A 43,408 square foot building located east of Yonge Street. Closed July 3, 2007 at \$10,000,000 or \$230 PSF. 7.0% Cap rate.

Source: Marshnet.com



INDUSTRY COMMENTARY

Double Digit Growth in Mid Market Office Buildings since 1995

Values per square foot have increased at a rate of 10.1% for GTA office buildings in the \$5 to \$15 million price scale between 1995 and 2007 YTD.

[Click here to read more](#) 



Forum – Your Feedback and Comments on “Long Term Interest Rates and Cap Rates” Vol. 14.04, August 28th, 2007

“I think it is too early to tell what the fall-out for mortgage spreads will be. Many portfolio investors have already achieved strong volumes this year and therefore can take a breather, picking up extra spread while the conduits are struggling with pricing and liquidity issues. There is a wide range in spreads quoted by major institutions on the same deal. Temporarily, it’s an ideal environment for a mortgage broker. For real estate values, the key has to be leasing and rental rates. New buyers will be hard pressed to see any strong evidence of future NOI growth and I personally believe that we are in for a period of flat cap rates or even some firming up for most non-prime assets.

Anyway, I think your marketing reports are miles ahead of your competition.”

- S.P.



Life Lessons at P.G. GAGNÉ COMMERCIAL REAL ESTATE CORP., Brokerage – Lesson # 25

A sales rep, an administration clerk, and the manager are walking to lunch when they find an antique oil lamp. They rub it and a Genie comes out. The Genie says, “I’ll give each of you just one wish” “Me first! Me first!” says the admin. clerk. “I want to be in the Bahamas, driving a speedboat, without a care in the world.” Poof! She’s gone. “Me next! Me next!” says the sales rep. “I want to be in Hawaii, relaxing on the beach with my personal masseuse, an endless supply of Pina Coladas and the love of my life.” Poof! He’s gone. “OK, you’re up,” the Genie says to the manager. The manager says, “I want those two back in the office after lunch.”

Moral of the story: Always let your boss have the first say.



INDUSTRY COMMENTARY

Double Digit Growth in Mid Market Office Buildings since 1995

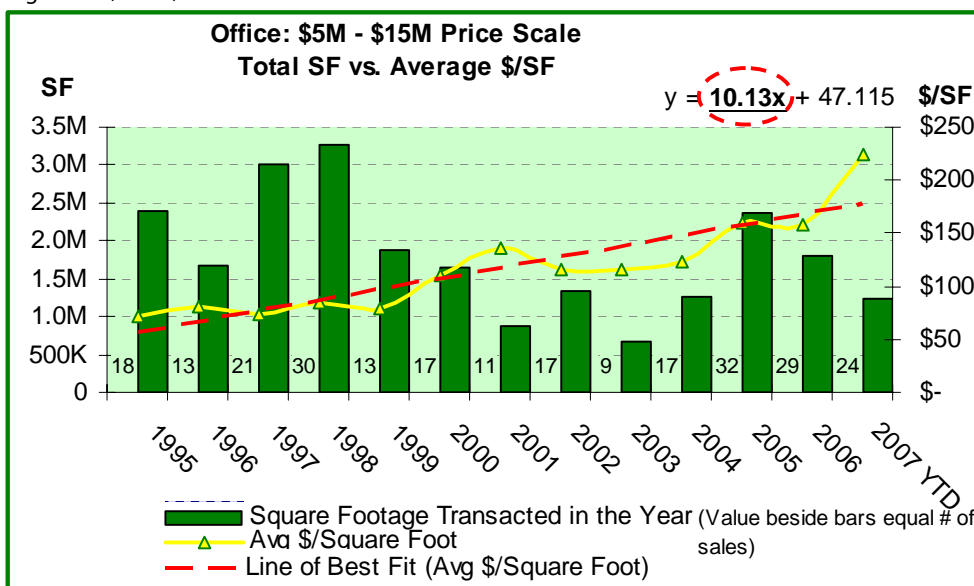
Values per square foot have increased at a rate of 10.1% for GTA office buildings in the \$5 to \$15 million price scale between 1995 and 2007 YTD (see Figure 1). Sampling methodology includes all GTA office transactions closed during the period. Total volume of sales is 151 million square feet (see Table 1) for the period with an average of 11.6 million square feet sold per year or approximately 7.2% of the entire 160.7 million square feet of GTA office supply. The 18 sales in 1995 showed an average price of \$72 per square foot and the 24 sales in 2007 show an average price of \$224 per square foot.

The table below summarizes the aggregate office sales from 1995 to 2007 YTD.

Table 1 – Office Sales 1995-2007 YTD by Price Scale

	Price Scale	# of Sales	% of Sales	Total Value	% of Value	Avg Value / Sale	Total SF	% of Square Feet	Average SF
1	< \$5M	700	58%	\$ 1,534,341,420	7%	\$ 2,191,916	21,404,753	14%	30,578
2	\$5M - \$15M	249	21%	\$ 2,193,383,620	9%	\$ 8,808,770	22,976,201	15%	92,274
3	\$15M - \$50M	149	12%	\$ 3,910,576,529	17%	\$ 26,245,480	33,127,485	22%	222,332
4	\$50M - \$100M	56	5%	\$ 3,820,203,091	16%	\$ 68,217,912	23,957,394	16%	427,811
5	> \$100M	50	4%	\$ 11,737,660,172	51%	\$ 234,753,203	49,647,045	33%	992,941
TOTAL		1,204	100%	\$ 23,196,164,832	100%	\$ 340,217,282	151,112,878	100%	125,509

Figure 1 - \$5M - \$15M Price Scale 1995 - 2007 YTD



Larger asset classes have also shown an increase during the period but have not performed as well. The growth rates are 5.3%, 6.5%, and 8.4% respectively. The weighted average is 7.5% (see Table 2 right). Charts as shown in Figure 1 are available for other price scales upon request.

Table 2 – Growth Rates by Price Scale

Price Scale	Growth Rate Since 1995
\$5M - \$15M	10.1%
\$15M - \$50M	5.3%
\$50M - \$100M	6.5%
> \$100M	8.4%
SF Weighted Avg	7.5%

Your opinions and insights are always welcome, send them to pierre@gagnerealestate.ca

Why does the \$15M - \$50M group have the lowest growth rate? Is the \$15M - \$50M group positioned for the highest growth going forward? How will institutional demand drive the cost per square foot growth rate over the next 5-10 years?