

Market Report

Edmonton

Year End 2009



Commercial Real Estate Finance Made Simple

EDMONTON MARKET REPORT

Edmonton is the capital city of Alberta and had a population of 730,372 as of the 2006 census. The Edmonton Census Metropolitan Area (CMA) includes 35 other municipalities in the surrounding region and had a population of 1,034,945 in 2006. The City of Edmonton has an area of 684 km² and has one of the lowest population densities in North America.

As the province's capital and also being home to the University of Alberta, Edmonton has a high proportion of public sector workers. The labour force is divided into Trade/Services (71.9%), Construction/Manufacturing/Transportation (24.9%), and Resource Industries (3.2%). There is a large amount of industrial activity in the Edmonton CMA related to Alberta's energy industry. Edmonton is the construction, manufacturing, and transportation base for the oil and gas industry and other resource industries in northern Alberta, northeastern BC, and the Northwest Territories.

Edmonton has a diverse economy, with growth in the technology and health sectors as well. In 2001, the National Institute for Nanotechnology was established in Edmonton. The city is also home to the Mazankowski Heart Institute, which opened in 2007 with an investment of \$196 million. The heart institute plans to spend up to \$100 million annually in research by 2012.

Edmonton is also an important link in the Asia-Pacific gateway, with rail connections to Prince Rupert and the lower mainland in British Columbia. The biggest mall in North America is the West Edmonton Mall.

Edmonton Economic Indicators

| | |
|-------------------------------|---------|
| Population (City of Edmonton) | |
| 2006 | 730,372 |
| 2007 | 748,631 |
| 2008 | 752,412 |
| Unemployment Rate (CMA) | |
| 2006 | 3.9% |
| 2007 | 3.9% |
| 2008 | 3.7% |

Source: City of Edmonton

Edmonton Economic Indicators (Cont'd)

| | |
|---------------------------------------|--------|
| Housing Starts (CMA) | |
| 2006 | 14,970 |
| 2007 | 14,888 |
| 2008 | 6,615 |
| Economic Growth (GDP) Edmonton CMA | |
| 2006 | 5.2% |
| 2007 | 5.4% |
| 2008 | 3.0% |
| GDP Growth Forecast Edmonton CMA | |
| 2009 | -0.2% |
| 2010 | 3.1% |
| 2011 | 4.1% |
| 2012 | 3.9% |
| 2013 | 3.5% |

Source: City of Edmonton

Edmonton Commercial Real Estate

| | |
|-----------------------------------|------------|
| Industrial Q3 09 | |
| Inventory (SF) | 95,393,431 |
| Vacancy Rate Q3 09 | 4.02% |
| Vacancy Rate Q2 09 | 3.61% |
| Currently Under Construction (SF) | 750,000 |
| Downtown Office Q3 09 | |
| Inventory (SF) | 15,781,271 |
| Vacancy Rate Q3 09 | 6.69% |
| Vacancy Rate Q2 09 | 6.01% |
| Net Absorption Q3 09 (SF) | (107,527) |
| Net Absorption YTD (SF) | 295,304 |
| New Supply Q3 09 (SF) | 0 |
| Currently Under Construction (SF) | 578,000 |
| Suburban Office Q3 09 | |
| Inventory (SF) | 8,284,931 |
| Vacancy Rate Q3 09 | 10.08% |
| Vacancy Rate Q2 09 | 9.69% |
| Net Absorption Q3 09 (SF) | 46,538 |
| Net Absorption YTD (SF) | 128,064 |
| New Supply Q3 09 (SF) | 52,373 |
| Currently Under Construction (SF) | 223,393 |

Source: Colliers