

### Montreal Market Report Sept. 30, 2011

Montreal is the second largest city in Canada and had a population of 1,692,082 in 2010. The census metropolitan area had a population of 3,859,318 in 2010.

Montreal is a leading financial services centre and home to the Montreal Exchange, or Bourse de Montreal, a derivatives exchange.

Other important industries in Montreal include aerospace, electronics, telecommunications, pharmaceuticals, and software engineering. The headquarters of the Canadian Space Agency are located nearby in Longueuil, QC.

There continues to be new investment and activity in Quebec. Phostech Lithium announced spring 2011 that it will invest \$78 million to establish the first commercial lithium iron phosphate (LFP) plant in Candiac (a suburb of Montreal). The chemical is used in next-generation rechargeable batteries. Among other applications, these batteries are used in electric vehicles.

Pharmascience, the third largest pharmaceutical company in Canada, announced spring 2011 that it will invest \$38 million to expand and modernize its plant in Mont-Royal, a borough of Montreal.

Coriolis Composites, a French company specializing in robotic cells and software for fibre placement in the aerospace, automotive, and wind turbine industries, announced in June 2011 that they will be setting up a subsidiary in Quebec to carry out research and development activities. It will also install and maintain its robots for local clients. Bombardier is a major buyer of Coriolis products. (Source: [www.investquebec.com](http://www.investquebec.com) 'Look who's investing in Quebec' Monthly Newsletter September 2011).

The Port of Montreal is the world's largest inland port with traffic totaling over 25.9 million tonnes of product in 2010. Montreal is also a centre for railway transport.

Montreal is a UNESCO (United Nations Educational, Scientific, and Cultural Organization) City of Design, one of three in the world, the others being Berlin and Buenos Aires.

Among others, the following companies have their corporate headquarters in the Greater Montreal Area: Rio Tinto Alcan, Bombardier, CN, CGI Group, Air Canada, Bell Canada, and the National Bank of Canada. Of Canada's top 500 corporations, 81 (16.2%) are headquartered in Montreal. (Fraser Forum Sep/Oct 2011).

### Employment Statistics:

Unemployment Rate Aug. 2011	9.7%
Unemployment Rate Aug. 2010	9.7%
Participation Rate Aug. 2011	64.4%
Participation Rate Aug. 2010	66.4%

Source: Institut de la statistique Quebec

### Commercial Real Estate

<b>Industrial Q2 11</b>	
Inventory (SF)	342,989,278
Vacancy Q2 11	9.97%
Vacancy Q4 10	10.4%
Absorption Q2 11	3,687,904
Average Sales Price \$/SF	\$53.44
Average Gross Rent \$/SF	\$7.91
<b>Office CBD Q2 11</b>	
Inventory (SF)	43,078,966
Under Construction	295,000
Net Absorption Q2 11	153,308
Vacancy Rate Q2 11	7.5%
Vacancy Rate Q4 10	9.6%
Average Gross Rents \$/SF	\$33.02
<b>Office Total Q2 11</b>	
Inventory (SF)	67,632,067
Under Construction	471,000
Vacancy Rate Q2 11	8.9%
Vacancy Rate Q4 10	9.6%
Average Gross Rents \$/SF	\$28.49

Source: CBRE