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Economic Highlights

November 2009

CANADA

- Canada's GDP declined 0.1% in August 2009 and was down 3.4% annualized in 2Q 2009. GDP is expected to increase 2.4% in 4Q09 and rebound 2.6% in 2010.
- Retail sales were up 0.4% in August, yet remain down 1.6% year-over-year.
- Canada's unemployment rate was at 8.6% at the end of October 2009.

ONTARIO

- Ontario's economy has stabilized after the uncertainty in the automotive sector was resolved in the summer, with both GM and Chrysler emerging from bankruptcy with most of their productive capacity in tact.
- Unemployment reached a 12-year high of 9.6% before easing to 9.3% in October.
- GDP is expected to contract 3.1% in 2009, better than expectations of a 3.4% contraction initially forecasted in 2Q 2009.
- Improving prospects for the auto sector are expected to carry into 2010 as the economy benefits from the projected recovery in the global and US economies.
- Infrastructure spending is expected to reach its peak in 2010 as the economy benefits from a bounce back in housing construction and rising employment, leading to a recovery in 2010 with 2.6% GDP growth.

ALBERTA

- The Alberta economy has seen little signs of stabilizing as the effects of an earlier retrenchment in oilsands projects continue to be felt. The unemployment rate now stands at 7.5% as of October 2009.
- Poor market conditions for natural gas and a dramatic drop in residential construction have pushed off the recovery, although investor interest is coming back as evidenced by some recent high-profile deals in the marketplace.
- The current economic slump is the most difficult experienced since 1982.
- Retail sales were down 0.2% in August and are down 9.4% year-over-year.
- GDP is expected to decline by 2.8% for 2009, and then recover with 3.0% growth in 2010.

BRITISH COLUMBIA

- The British Columbian economy is facing the toughest year since 1982 as virtually all parts of the economy have been affected including: manufacturing, natural resources, construction, services, capital spending, government revenues and the labour market.
- The unemployment rate jumped to 8.3% in October, up from 7.4% in September.
- The housing sector has shown an incredible bounce in existing home sales since the beginning of the year.



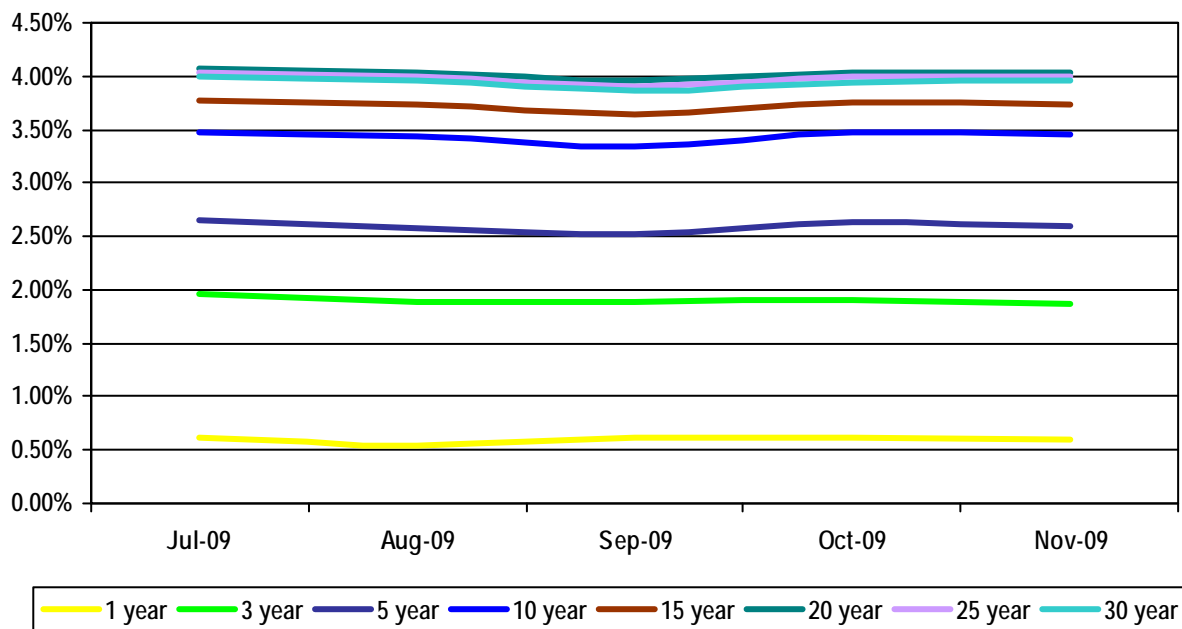
Economic Highlights

November 2009

- The provincial GDP estimate has been revised down to -2.6% in 2009 from -1.9% as forecasted in 2Q09.
- Retail spending was up 0.8% in August 2009, but is still down 6.4% year-over-year.
- GDP is expected to increase 3.2% in 2010 with an increase of tourism spending associated with the 2010 Olympic and Paralympic Winter Games.

GOVERNMENT OF CANADA BOND RATES

- The Canadian bond market has shown a decline in volatility after experiencing extreme volatility in the last two quarters of 2008.
- Bond yields have been range-bound for the past 6 months.





OFFICE TRENDS & PROJECTIONS

Leasing

- Average net asking rental rates experienced a 6.6% decrease to \$17.31 per square foot.
 - Rents are projected to continue to decrease, particularly in buildings that have vacancy issues near-term.
- Overall vacancy increased by 0.7% to 9.1%, up from 8.4% last quarter, representing a total availability of 13.0 million square feet.
 - Vacancy rates are expected to continue to increase as significant new projects are completed in 4Q09.
- Net absorption in the GTA was 1,350,000 square feet this quarter, up from -870,000 in 2Q 2009. This large absorption number will be reversed next month as old space is vacated for newly completed space. There was a record 2.6 million SF of new space completed in 3Q09.

Investment

- Average capitalization rates in Downtown Toronto remained at 7.8% this quarter.
- Suburban capitalization rates decreased to 8.3% this quarter, down from 8.4% in 2Q 2009.

INDUSTRIAL TRENDS & PROJECTIONS

Leasing

- Average asking rental rates in the GTA declined 0.4% to \$4.99 per square foot.
- Overall vacancy rate remained steady at 7.1%, representing a total availability of 59.5 million square feet.
- New supply increased by 1,100,000 square feet this quarter in comparison to 900,000 square feet last quarter.
- Net negative absorption was 5.3 million square feet this quarter, down from negative absorption of 5.9 million square feet last quarter.

Investment

- Average capitalization rates decreased to 8.4% from 8.5% in 2Q 2009.

OFFICE – TORONTO

VACANCY

DOWNTOWN.....	6.0% - 6.6%
OVERALL.....	7.2% - 9.1%

CAP RATES

DOWNTOWN.....	7.8%
SUBURBAN.....	8.3%

LEASE RATES..... \$13 - \$25 PSF

CONSTRUCTION..... 2,566,000 SF

ABSORPTION..... 1,350,000 SF

INDUSTRIAL – TORONTO

VACANCY RATES..... 7.1% - 7.8%

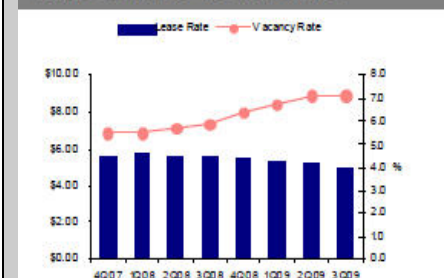
AVERAGE CAP RATE..... 8.4%

LEASE RATES..... \$4.48 - \$5.45 PSF

CONSTRUCTION..... 1,100,000 SF

ABSORPTION..... -5,300,000 SF

LEASE RATES VS. VACANCY



Source: Cushman & Wakefield
 3Q09 Marketbeat Greater Toronto Industrial Report



OFFICE TRENDS & PROJECTIONS

Leasing

- Downtown office vacancy increased from 2.5% to 3.8% in 3Q 2009. The downtown Class A market moved up significantly due to a large completion.
- Overall vacancy increased 0.7% to 7.2%.
- The office market experienced absorption of 5,300 square feet, up from -2,000 square feet last quarter.
- After several quarters of strong activity, both the public and private sectors are adopting a wait-and-see approach.

Investment

- Average capitalization rates in Downtown Ottawa remained at 7.9% this quarter.
- Suburban capitalization rates remained steady at 8.8% this quarter.

INDUSTRIAL TRENDS & PROJECTIONS

Leasing

- Net rental rates decreased \$0.29 to \$7.56 per square foot.
- Vacancy decreased from 5.1% to 5.0% as Ottawa has been largely unaffected due to a strong local economy and few manufacturing companies.
- The industrial market experienced absorption of 132,000 square feet this quarter, down from absorption of 264,000 last quarter.
 - Only 14,000 square feet of new space is expected in come to market in 4Q09, boding well for stability in the sector

Investment

- Average capitalization rates increased to 8.6%, up from 8.4% last quarter.

OFFICE – OTTAWA

VACANCY

DOWNTOWN..... 2.9% - 3.8%
 OVERALL 5.8% - 7.2%

CAP RATES

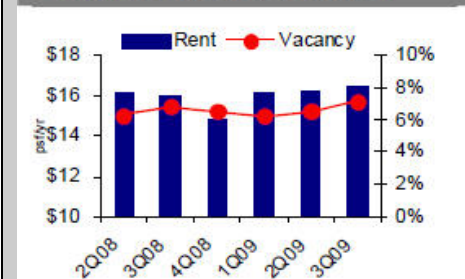
DOWNTOWN..... 7.9%
 SUBURBAN..... 8.8%

LEASE RATES..... \$11 - \$20 PSF

CONSTRUCTION..... 535,000 SF

ABSORPTION..... 5,300 SF

OVERALL RENT VS. VACANCY



Source: Cushman & Wakefield
 3Q09 Marketbeat Ottawa Office Report

INDUSTRIAL – OTTAWA

VACANCY..... 4.1% - 5.0%

AVERAGE CAP RATE..... 8.6%

LEASE RATE..... \$7.20 - \$8.22 PSF

CONSTRUCTION..... 142,000 SF

ABSORPTION..... 132,000 SF



OFFICE TRENDS & PROJECTIONS

Leasing

- Suburban Net lease rates were flat in the quarter, with average rates ranging from \$17 - \$21 for class A and B buildings.
 - Rental rates for Downtown class AA buildings dropped again this quarter from \$43 per square foot to \$38 per square foot, while rents on class A and B buildings dropped from a range of \$26-\$30 last quarter to a new range of \$19-\$26 this quarter.
 - Outlook is for rental rates to continue to decline throughout the remainder of 2009.
- In the Downtown area, vacancy rates moved up 3.7% to 12.6%.
 - The suburban vacancy rate also increased significantly from 12.4% last quarter to 14.0% this quarter.
- Net absorption declined from 7,000 last quarter to -395,000 in Q3 2009.

Investment

- Average capitalization rates in Downtown Calgary remained at 8.0%.
- Suburban capitalization rates increased 0.1% from 8.3% last quarter to 8.4% in 3Q09.

INDUSTRIAL TRENDS & PROJECTIONS

Leasing

- Net rental rates decreased \$0.64 to \$7.61 this quarter.
 - Companies continue to rationalize their operations and thus more space is expected to come back on the market which will continue the downward move in rents.
- Vacancy increased from 4.4% last quarter to 4.7% in the third quarter.
 - Vacancy is expected to continue to rise throughout the remainder of 2009 as the negative trend in absorption accelerated.

Investment

- Average capitalization rates remained at 8.4% in Q3 2009.

OFFICE – CALGARY

VACANCY

DOWNTOWN.....	9.5% - 12.6%
OVERALL.....	14.0% - 16.0%

CAP RATES

DOWNTOWN.....	8.0%
SUBURBAN.....	8.4%

LEASE RATE

DOWNTOWN.....	\$19 - \$38 PSF
OVERALL.....	\$17 - \$21 PSF

CONSTRUCTION..... 5,600,000 SF

ABSORPTION.....-395, 000 SF

INDUSTRIAL – CALGARY

VACANCY..... 4.7% - 5.6%

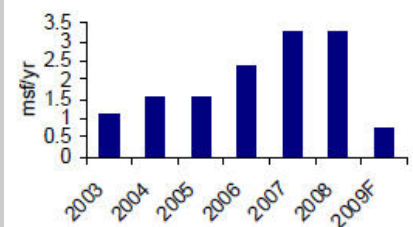
AVERAGE CAP RATE..... 8.4%

LEASE RATES..... \$5 - \$10 PSF

CONSTRUCTION..... 944,000 SF

ABSORPTION..... -1,200,000 SF

CONSTRUCTION COMPLETIONS



Source: Cushman & Wakefield
3Q09 Marketbeat Calgary Industrial Report



OFFICE TRENDS & PROJECTIONS

Leasing

- Average net rental rates remained at \$18 per square foot.
 - Signs of an economic recovery are starting to emerge and leasing activity is improving moderately.
- Vacancy rates increased to 8.9% from 7.8% last quarter, indicative of continued uncertainty in the marketplace.
- Negative absorption increased from -193,000 square feet to -230,000 square feet.

Investment

- Average capitalization rates in Downtown Vancouver remained at 6.6% in 3Q 2009.
- Suburban capitalization rates remained at 7.4% this quarter.

INDUSTRIAL TRENDS & PROJECTIONS

Leasing

- Average net rental rates increased \$0.05 this quarter to reach \$7.94 per square foot.
- Vacancy remained at 4.1% in 3Q09.
- 900,000 square feet of new development is expected in 4Q 2009, but the majority of the space is pre-committed and therefore not expected to have much of an impact on vacancy or rent levels.

Investment

- The upcoming Winter Olympics is expected to add 1% to BC's real GDP in addition to recent increases in existing home sales and retail sales.
- Average capitalization rates remained at 6.8% this quarter.

OFFICE – VANCOUVER

VACANCY

DOWNTOWN..... 3.3 % - 6.0 %
 OVERALL..... 7.9 % - 8.9 %

AVERAGE CAP RATES

DOWNTOWN..... 6.6 %
 SUBURBAN..... 7.4 %

LEASE RATES

DOWNTOWN..... \$19 - \$37 PSF
 OVERALL..... \$14 - \$19 PSF

CONSTRUCTION.....320,000 SF

ABSORPTION..... -230,000 SF

INDUSTRIAL – VANCOUVER

VACANCY..... 4.1 % - 4.5 %

AVERAGE CAP RATE..... 6.8 %

LEASE RATES..... \$5 - \$16 PSF

CONSTRUCTION..... 734,000 SF

ABSORPTION..... 980,000SF



Source: Colliers International
 Metro Vancouver Industrial 3Q09 Market Report