

Calgary, Alberta

# Newsletter

Fall / Winter 2007 / 2008

**AVISON  
YOUNG**

Intelligent  
Real Estate Solutions

partnership.  
performance.

## “Credit Crunch” - The New Reality

Around the world, financial markets are experiencing a realignment of lending practices or a “Credit Crunch.” Global economies have been experiencing unprecedented economic growth along with higher than anticipated inflation, causing some central banks to adjust their monetary policy from “easy money” to “tight money” thereby increasing interest rates.

The effects in the U.S. housing market have been overwhelming. Higher interest rates and weaker home values have especially affected subprime borrowers with adjustable-rate mortgages. Foreclosures and late payments have increased dramatically resulting in an over-supplied market. Several high risk, under-capitalized U.S. lenders have been forced out of business while hedge funds and other investors in mortgage securities have suffered significant financial losses.

Lenders in Canada are feeling uneasy about the U.S. challenge and have re-visited their lending practices, especially in the real estate market. The new reality is that lending institutions are reluctant to take on riskier transactions and have increased their rates to all borrowers. Investors and developers working on highly leveraged deals will have to either increase their equity or accept a lower return.

To date, the impact on the Canadian real estate market has been marginal. Speculative purchases have slowed in some markets and several high risk or low return transactions have not materialized. We expect capitalization rates across the country to increase reflecting the increased cost and risk of investor financing. This may affect the holdings of highly leveraged investors and institutions providing a guaranteed return to their investors who may be forced to sell some assets. This is good news for the long term investor looking for strong returns from established properties with cash flow.

At a regional level we expect the impact of the Credit Crunch to be greater in Eastern and Central Canada. Particularly, in regions where economic pressures from a higher dollar have caused a slowdown in the manufacturing sector. In Western Canada we expect a marginal impact as demand for real estate continues to be very strong from investors looking to benefit from the region’s strong economic growth.

### Halifax

Lack of Downtown Office Space Drives Growth in the Suburbs

### Quebec City

Local Developers Filling the Gap in a Tight Market

### Montreal

Redevelopment of the Historic Viger Station in Montreal

### Toronto

Can Toronto’s Waterfront Realize Its Potential?

### Mississauga

Site Selection Goes Back to Basics

### Winnipeg

Hotel Boom Has Positive Ripple Effect

### Regina

Significant Land Development Underway Across the City

### Edmonton

Edmonton at the Centre of New North American Trade Corridor

### Calgary

Downtown Calgary Backfill Space

### Vancouver

West Coast Doldrums?

## Lack of Downtown Office Space Drives Growth in the Suburbs

The Halifax office market has been strong through 2007 with space being absorbed and very few options remaining for large users in the downtown core. The overall vacancy rate has remained in the 8.5% range for the better part of the year. The central business district vacancy rate has reached its lowest in years and is in the 6% range, and is under 4% for Class A buildings.



2559-2565 Agricola Street, Halifax

A major impetus behind the city's dwindling vacancy in the downtown core is Halifax's growing popularity with financial sector companies. In November 2006, the Nova Scotia government announced it had attracted five financial institutions to the province; this is directly responsible for the Class A vacancy rate falling. It appears the pressures in the downtown market will continue as the

province anticipates these financial institutions will draw even more of their kind to Halifax and potentially establish the city as a prominent administrative centre.

Declining vacancy rates have caused rental rates to increase, but not substantively enough to make construction of new downtown office space economically feasible. With no plans in the near future for new construction in the central business district, tenants are looking for other options, and the suburbs are benefiting.

Indeed, the majority of new growth is taking place in the suburbs and developers are moving forward with the construction of new office space. The addition of product has increased the vacancy rate in the area to approximately 11%. Three prominent suburban developments currently under construction include:

Dartmouth Crossing is expected to bring 113,000 square feet of office space to the market over the next 18 months as part of its overall development which includes office, retail, hotel and entertainment uses. Currently 68,000 square feet is available and a second phase is scheduled to be available in 2008.

The Armour Group is developing Park Place V. This 5-storey, 122,500 square foot office building will be the latest edition in the Park Place Corporate Campus and will be the home to Medavie Blue Cross who are planning to occupy more than 50% of the property. The building is scheduled to be completed in late 2008.

The Village at Bayers Road is being redeveloped and expanded and will be adding 215,000 square feet of office space into the market. This project is expected to be completed by spring 2008 with some tenants taking occupancy in late fall.

The development of new office space in the suburbs will continue to lure companies outside the downtown core and help alleviate some of the pressure in the market.

### Recent Appointments

**Stacy M. Chesnutt** has joined Avison Young as Leasing Specialist. She has 14 years of diverse sales and commercial real estate experience in New York City working for the Metropolitan Transportation Authority.

**Ian MacIntyre** has joined Avison Young as Sales Associate. Prior to joining Avison Young, he was associated with a Halifax commercial brokerage firm and acted in the capacity of a sales and leasing associate.



1083 Queen Street, Halifax

### Recent Lease Transactions

28 Powder Mill Road – 4,500 sq. ft  
1083 Queen Street – 1,801 sq. ft  
76 Temple Terrace – 1,400 sq. ft  
1791 Barrington Street – 722 sq. ft  
276 Bedford Highway – 400 sq. ft

### Recent Exclusive Lease Listings

1239 Barrington Street – 7,500 sq. ft

### Recent Property Listings

1081 Cole Harbour Road – 5,240 sq. ft  
2055-2061 North Park Street – 4,062 sq. ft  
6417/6419 Quinpool Road – 2,703 sq. ft  
1137 & 1153 Cole Harbour Road – 2,290 sq. ft  
8865 Commercial Street – 894 sq. ft

### Recent Properties Sold

2559-2565 Agricola Street – 64,365 sq. ft  
5534 Macara Street – 2,445 sq. ft

# Quebec City

1300 Ste-Anne Blvd.  
Quebec City, QC G1E 3M5  
T 418.694.3330 F 418.694.3334

## Local Developers Filling the Gap in a Tight Market

In any market, companies looking for suitable office space in a region where the overall vacancy rate is hovering around 2.8% will find it extremely challenging. This is the case for companies searching for office space in Quebec City. As a result, developers are beginning to respond to the low vacancy rates with new construction announcements. Two new commercial buildings have been announced and are in the works in the Lebourgneuf area, where the vacancy rate is currently under 3%.

Place d'Affaires Lebourgneuf, completed in January of 2006 by Cagim Real Estate Corporation is a unique building with a combination of office, commercial and warehouse components. The successful leasing of Place d'Affaires Lebourgneuf has prompted Cagim to go ahead with the second phase of the complex. Phase II will be built across from Place d'Affaires Lebourgneuf on Pierre Bertrand Boulevard, in the heart of Lebourgneuf. It too will have office, commercial and warehouse space. The leasable



500 Lebourgneuf Boulevard, Quebec City

area will be 104,000 square feet on 3 storeys, which is slightly smaller than Place d'Affaires Lebourgneuf I which consists of 186,000 square feet. Canada Post has signed on as the lead tenant of the new building.

The management of Cagim recently announced that Complexe Lebourgneuf Inc. will enter into a joint venture with the Urban Intensification Fund LP and Carterra Management to develop another commercial building located in

Lebourgneuf within walking distance of Places d'Affaires Lebourgneuf I and II.

Unlike many major Canadian markets, local developers in Quebec City still have the upper hand when it comes to new construction and development. The new trend as witnessed with Cagim is to partner with out of province equity players who can provide the much needed equity, leaving the construction and leasing to the local players.

With recent announcements of even more construction, Quebec City is a market where you can still find local developers with big ideas.



Place d'Affaires Lebourgneuf Phase II, Quebec City

### Recent Lease Transactions

1020, route de l'Église, Quebec – 2,000 sq. ft

### Recent Exclusive Lease Listings

400 Jean-Lesage Blvd., Quebec – 4,500 sq. ft

### Recent Property Listings

65 St-Vallier, Quebec – 60-unit apartment  
2360 chemin Ste-Foy, Quebec (commercial)  
– 185,000 sq. ft

### Recent Properties Sold

500 Lebourgneuf Boulevard, Quebec (land)  
– 256,000 sq. ft  
305 Wilfred-Hamel Blvd., Quebec (land)  
– 95,856 sq. ft



Intelligent  
Real Estate Solutions

# Montreal

2000 McGill College Avenue, Suite 1950  
Montreal, QC H3A 3H3  
T 514.940.5330 F 514.940.5331

## Redevelopment of the Historic Viger Station in Montreal

The Viger Hotel and Station was constructed in 1898 for Canadian Pacific and named for Jacques Viger, the first mayor of Montreal. The building was designed by the same architect who designed the world-famous Château Frontenac in Quebec City. At the time, the location was perfect: in Old Montreal near city hall, the port and the court house, in what used to be the financial centre of the City.



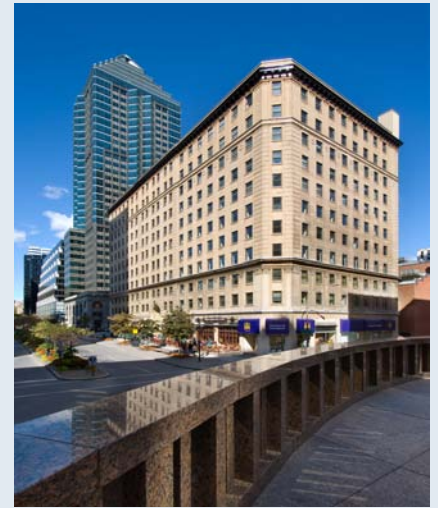
Place Viger, Old Montreal

In the 1930's Montreal's financial core shifted to the north-west and at the same time the economic depression set in. These two factors led to the demise of Place Viger. The hotel closed in 1935 and in 1951 Canadian Pacific discontinued rail service to Place Viger. The building was then sold to the City of Montreal. The interior was gutted and restored into office space and renamed 'Édifice Jacques Viger.' It housed municipal offices until 2005.

A number of propositions were discussed with regards to the future of Place Viger. The Montreal School Board, the City of Montreal and the Quebec provincial government had plans to convert the building into a school of tourism. The Centre hospitalier de l'Université de Montréal also expressed interest in incorporating the building as part of the French language super hospital. Both plans were abandoned and in May 2006 the building was purchased by Viger DMC International for \$9 million. In June the company submitted a master plan to the Borough of Ville-Marie for the redevelopment of the site. The \$400 million dollar project calls for the revitalization of two city blocks plus the former hotel and railway station. The development group includes Homburg Invest Inc. of Halifax, Telemedia Enterprises Inc. of Montreal and SNS Property Finance of Holland.

According to plans, Place Viger will be transformed into a 19-storey, 828,000 square foot mixed-use project consisting of a 225,000 square foot hotel, 185,000 square feet of retail shops and services on the main floor, 385,000 square feet of residential space and parking for 1,400. The two adjoining buildings would be torn down and new structures built for additional hotel rooms. Planning and design will take place throughout 2007 with construction expected to start in the summer of 2008. The proposal will go to public consultation and then the Montreal executive committee and council for final approval. If everything goes as planned, the project should be completed in 2010.

This will be the biggest private real estate venture in Montreal since Place Ville Marie opened in 1962. Place Viger, a beautiful site and symbolic representation of our culture and heritage, has sat isolated for years. Completion of this project will not only change this historic site's vocation, but will revitalize the area east of Old Montreal, encourage tourism and attract residents and businesses back into the area.



1253 McGill College Avenue, Montreal

### Recent Lease Transactions

Abitibi-Consolidated Inc. – 114,700 sq. ft  
Equifax – 37,000 sq. ft  
Société Générale – 16,500 sq. ft  
Artificial Mind & Movement – 10,000 sq. ft  
Letko Brosseau & Associates Inc. – 5,800 sq. ft  
Crédit Agricole Asset Management – 2,000 sq. ft

### Recent Exclusive Lease Listings

2045-2121 Crescent (retail/office) – 50,000 sq. ft  
3950 Côte de Liesse – 12,000 sq. ft  
119 Brunswick, Pointe-Claire (sublease)  
– 10,000 sq. ft  
275 Kesmark, Dollard-des-Ormeaux (sublease)  
– 5,000 sq. ft

### Recent Property Listings

6900 Decarie (retail/office) – 500,000 sq. ft

### Recent Properties Sold

3260 Lapinière Blvd., Brossard – 38,000 sq. ft



Intelligent  
Real Estate Solutions

## Can Toronto's Waterfront Realize Its Potential?

For decades, Toronto's waterfront on the shore of Lake Ontario has been an underutilized area, home to the industrial remnants of the city's railway and shipping heritage. The time has come to make better use of the land along the waterfront, especially close to downtown. Waterfront Toronto is the agency charged with overseeing the revitalization, providing a vision for the many developers, architects and builders who will transform



Toronto's East Bayfront District - Existing.  
 Source: WATERFRONToronto

the area. With a series of plans ranging from those already under construction to those to be built in 30 years, this agency is poised to usher in a new era on Toronto's waterfront.

The blocks of land under the governance of Waterfront Toronto total 1,976 acres, giving Toronto an opportunity to make a difference in the way its citizens live, work, and interact with their city. Responsible developments that reduce urban sprawl will create

communities for living and working: plans call for 40,000 new homes and over 10 million square feet of employment space. A "transit first" strategy will see key areas connected to the downtown core as soon as possible to drive future development.

Providing housing close to downtown will help reduce traffic congestion and make the urban core an increasingly appealing and viable choice for business. By creating parks, public spaces, cultural and recreational attractions and pedestrian-friendly neighbourhoods, the city will increase its competitive edge in attracting both residents and the companies that will employ them.

Sustainability and the environment have also been important considerations. Plans call for the creation or refurbishment of 1,173 acres of parks and greenspaces along the water's edge, and new developments will integrate many "green" features. Commercial and employment space will be marketed based on the reduced operating costs that will result from green building methods and the benefits that such buildings offer to workers, with a view to attracting creative and knowledge-based businesses.



Toronto's East Bayfront District - The Future.  
 Source: WATERFRONToronto

Toronto's waterfront revitalization is already underway. Construction is proceeding on the FilmPort studio facility, as is the creation of a flood prevention system and park at the mouth of the Don River, just east of downtown. The plans for the waterfront promise to provide all Torontonians with a more liveable and enjoyable city that takes advantage of its lakeside location, and one in which a strong vision for the future can become a reality.

### Recent Appointments

**Jay Charbonneau** has joined the Avison Young Investment Group as Associate to Robin White. Jay will be involved with analysis and underwriting of investment opportunities.

**Brett Twaits** has joined Avison Young working as Associate to Richard McWhirter.

**Alex Kuo** has joined Avison Young as an Associate. Alex will be assisting with the business development efforts of Tim Hooton in the Leasing Group.

**Sukriti Arora** has joined Avison Young as Associate to Kelly Avison in the Investment Group. She will be assisting with investment analysis and business development.

### Recent Lease Transactions

- Beaches Trading Company Inc. (warehouse)*  
– 42,900 sq. ft
- Ministry of Public Infrastructure Renewal (office)*  
– 29,800 sq. ft
- Falls Management Company (office)*  
– 29,100 sq. ft
- Primeline Tools Inc. (Industrial)* – 21,600 sq. ft
- Johnson Insurance, Halifax (office)* – 20,000 sq. ft
- Rycom Inc. (office)* – 17,800 sq. ft
- Sun Life Assurance Company (office)*  
– 15,700 sq. ft

### Recent Exclusive Lease Listings

- 94 Cumberland Street (office)* – 75,000 sq. ft
- 2040 Yonge Street (office)* – 35,000 sq. ft
- 87 Front Street East (office)* – 9,000 sq. ft
- 333 Eglinton Avenue West (retail)* – 8,900 sq. ft

### Recent Property Listings

- 4342 Queen Street, Niagara Falls (office)*  
– 150,400 sq. ft
- 1 Marmac Drive (flex)* – 70,000 sq. ft
- 161 Eglinton Avenue East (office)* – 64,000 sq. ft
- 288 Main Street, Halton Hills (land)*  
– 165 acres
- 71 Metropolitan Road (industrial land)*  
– 5.75 acres
- 5958 Fallsview Boulevard, Niagara Falls*  
– 49 units (motel)
- 269 Grange Road & 11 Schroder Crescent, Guelph*  
– 2 acres (residential land)

### Recent Properties Sold

- TSC Stores Portfolio* – 6 stores across Ontario
- 530 Scarlett Road (multi-residential)* – 107 units
- 15 Huntley Street and 136 Isabella Street (land)*  
– 46,200 sq. ft
- 1699 London Line (retail)* – 19,600 sq. ft
- The Revue Theatre* – historic theatre/  
redevelopment opportunity

### Recent Management Additions

- 18 King Street East* – 230,000 sq. ft
- Churchill Properties Portfolio* – 2 new properties  
– 100,000 sq. ft
- 94 Cumberland Street* – 75,000 sq. ft



Intelligent  
 Real Estate Solutions

## Site Selection Goes Back to Basics

In the GTA West, which includes Mississauga, Oakville, Brampton, Burlington and Etobicoke, site selection criteria for office tenants is getting back to the basics. To be fair, office tenants are still concerned about the quality of their real estate and other issues such as environmental sustainability, LEED design, and the role real estate can play in attracting and retaining new talent. However, in an office market that is continuing to become tighter, the main concern among sizeable office tenants in the GTA West is where they will be able to find large blocks of space.

Velocity in the GTA West office market remains very strong. Limited existing blocks of large contiguous space are pushing rental rates higher and spurring new development. During the last quarter alone we have witnessed a number of sizeable transactions. These lease transactions include: Loblaws leasing 91,000 square feet at 320 Matheson Boulevard West, Mississauga; Nortel leasing 40,000 square feet at 1830 Matheson Boulevard, Mississauga; American Greetings leasing 30,000 square feet at 1820 Matheson Boulevard, Mississauga; Hatch Engineering leasing 45,000 square feet at 2265 Upper Middle Road East, Oakville; and Maple Leaf Foods leasing 150,000 square feet for a new Food Innovation Centre on Financial Drive in Meadowvale. There are also a number of other tenants actively pursuing opportunities that will soon commence new design-build office development.

With the leasing-up of 320 Matheson Boulevard West, there are only eight existing buildings that can accommodate tenants in excess of 50,000 square feet in contiguous space. Unfortunately, the 1,220,000 square feet currently under construction in the GTA West will not alleviate the dearth of available large blocks, as the majority of this new construction has already been pre-leased.

The recent activity has buoyed rental rates pushing average net rental rates in Class "A" buildings to the \$16.00 to \$18.00 per square foot range. These rates, when added to an average additional rent of \$13.50 per square foot, have pushed gross rental rates to the \$30.00 per square foot gross level, justifying the new construction mentioned above.

With a total available rate, including direct and sublet availability, for Class "A" office space in the GTA West at 8.9 % at the end of the third quarter, tenants will have to address their office needs well in advance should they want to address their occupancy effectively. A strong, well thought out real estate strategy will enable tenants to entertain their site selection criteria in a market that still has a number of design-build options. Those tenants that are expanding sooner than new construction can accommodate will just have to take what is left.

### Recent Appointments

**William Miller** has joined the Mississauga team as an Associate for Brett Elofson and Michael Thompson. Previously, he worked for the Avison Young Edmonton office.

**Keith Courville** has joined the Mississauga office as a Sales Representative. Prior to joining Avison Young, Keith has held various positions in the Commercial Real Estate Industry, with a strong focus in industrial and office leasing. Keith's primary focus will be working with corporate tenants in the GRA West; however, over the course of his career he has successfully assisted clients across Canada and the United States.



Avison Young has been awarded by GWL Realty Advisors pre-leasing for 373,615 sq. ft of the new office building in the Meadowvale Business Park, located at the southwest corner of Mississauga Road and Derry Road West. Delivery is expected in fall 2008. (Artist's Concept). For more details on the site, please visit: [www.avisonyoung.com/7030-7060](http://www.avisonyoung.com/7030-7060)

### Recent Lease Transactions

Catalina Lighting (industrial) – 97,094 sq. ft  
Maurice Sporting Goods Inc. (industrial)  
– 76,513 sq. ft  
Patheon Inc. (office) – 29,156 sq. ft  
Atomic Energy Canada Ltd. (office) – 23,000 sq. ft  
EMI Music Canada (office) – 15,000 sq. ft  
Mercury Marine Ltd. (office) – 13,637 sq. ft  
Maxxam Analytics Inc. (office) – 10,702 sq. ft  
ACH Limited Partnership (office) – 8,006 sq. ft  
Milton Davis Professional Corporation (office)  
– 6,137 sq. ft  
Voxcom Incorporated (office) – 5,978 sq. ft  
Thomson Multi Media (office) – 5,700 sq. ft  
Indigene Pharmaceuticals Inc. (office)  
– 5,000 sq. ft

### Recent Exclusive Lease Listings

7030-7060 Mississauga Road (office)  
– 373,615 sq. ft  
30 Eglinton Avenue West (office) – 35,170 sq. ft  
2301 Royal Windsor Drive (office) – 8,200 sq. ft

### Recent Property Listings

1525 Dundas Street East, Toronto (industrial)  
– 43,196 sq. ft

### Recent Properties Sold

200 Brockport Drive, Toronto (industrial)  
– 200,000 sq. ft  
3109 American Drive (industrial) – 95,555 sq. ft



## Hotel Boom has Positive Ripple Effect

By the end of 2007, the City of Winnipeg is anticipated to have the third-fastest growing economy of the 13 largest Canadian cities. In response to this dynamic growth, activity in Winnipeg's commercial real estate market is accelerating, with over \$4 billion in large construction projects underway.

Among these, are significant investments in the City's hotels. Winnipeg has approximately 6,600 hotel rooms with nearly 900 or 13% of these rooms having been added since 2000, and an additional 500 to 600 rooms expected in the next few years. Investment in new and planned hotel construction now totals more than \$100 million, with investment in the renovation and expansion of existing hotels, comprising nearly 2,500 rooms, around \$70 million.

The Vancouver-based Sandman Hotels, Inn and Suites will be the next new hotel to open its doors in Winnipeg, with a 210-room property near the Winnipeg James Armstrong Richardson International Airport. This hotel will be the seventh to be constructed in the last eight years, with the Signature Suites Hotel anticipated to be the eighth. Signature Suites, being developed in the downtown by The Lakeview Group of Companies, will be mixed-use with 94 suites and 20 condominium units. Another mixed-use property currently in the planning stages in the downtown will be on Assiniboine Avenue,

encompassing 40 luxury condos, 40 boutique hotel rooms, a restaurant and a retail store. Diverse properties like these are key to a healthy and vibrant core area, and are becoming increasingly common thanks in part to flexible downtown "multiple-use" zoning.

As a reaction to the large amount of new hotel construction and development in the City, some older hotels are choosing to redevelop into multi-family residential properties rather than compete. Demand for housing is still very strong in Winnipeg, and multi-family housing starts were up 83% in the first eight months of 2007 from the same period in 2006. This, combined with the fact that apartment vacancy continues to remain low, makes it an ideal time for investors to

consider residential conversions. The largest such conversion will be the 271-room York The Hotel in the downtown core, which was recently purchased by B&M Land Co. and will be closing its doors on December 8th, 2007 to undergo a \$15 million renovation to convert into apartments. The Holiday Inn Downtown may also become a residential conversion, as the nearby University of Winnipeg has expressed interest in the property for student housing, as part of a larger plan to substantially expand their downtown campus. With a healthy residential population an important component of the core's revitalization, the conversion of older hotels to multi-family properties, and an increase in the development of mixed-use properties, is encouraging.



Rendering of planned \$25 million Canad Inns hotel at the Heath Science Centre in Winnipeg's West End. (Source: Canad Inns, [www.canadinns.com](http://www.canadinns.com))



The Paris Building, 259 Portage: 91,000 sq. ft heritage office building. Sale recently brokered by Avison Young Manitoba.

### Recent Lease Transactions

Home Depot Supply (industrial) – 24,000 sq. ft  
Investors Group (office) – 8,900 sq. ft  
155 Carlton (office) – 6,000 sq. ft  
1873 Henderson Highway (retail) – 5,500 sq. ft  
Province of Manitoba (office) – 4,500 sq. ft  
293 Chambers (industrial) – 4,000 sq. ft  
Keewatin Tribal Council (office) – 4,000 sq. ft

### Recent Exclusive Lease Listings

Clearspring Centre, Steinbach (retail)  
– 221,000 sq. ft  
Johnson Terminal (retail) – 80,000 sq. ft  
730 Century (retail) – 32,000 sq. ft  
55 Donald Street (office) – 22,000 sq. ft  
384 Portage (retail) – 3,290 sq. ft  
511 Osborne (mixed-use) – 2,896 sq. ft  
285 Portage (retail) – 2,200 sq. ft

### Recent Property Listings

1205 Sherwin Road (industrial) – 55,000 sq. ft  
1248 Wilkes (land) – 2.93 acres  
75 Thornhill, Morden (land) – 1.15 acres  
554 Highland, Brandon (land) – 1.086 acres

### Recent Properties Sold

259 Portage (office) – 91,000 sq. ft  
750 Marion (industrial) – 63,800 sq. ft  
730 Century (retail) – 32,000 sq. ft  
55 Donald (office) – 22,000 sq. ft  
800 Adele (specialty) – 12,400 sq. ft  
937 Portage (retail) – 8,000 sq. ft  
420 Turenne (industrial) – 8,000 sq. ft  
857 Portage (retail) – 5,000 sq. ft  
73 Hargrave (office) – 3,800 sq. ft  
3713-15 Portage (retail) – 3,515 sq. ft

## Significant Land Development Underway Across the City

In the spring, we reported on the high demand for industrial land in Regina. The demand is consistent in all major centres in the province and development is well underway as the summer construction season continues into fall.

Development is underway at Harbour Landing, a \$1 billion joint venture by Dundee Developments and Harvard Developments of Regina. In total, Harbour Landing will encompass 798 acres of land in the City's extreme southwest region and will include development of 2,500 single-family units as well as 1,500 medium and high-density housing units over a span of seven to ten years. In addition, Harbour Centre will see the development of 83 acres of land which will include 1,000,000 square feet of commercial and office space. At a cost of \$248 million, it is scheduled to be completed in five years. A mix of big box retailers and specialty boutiques in an architecturally controlled design, very similar to a modern urban village, is envisioned for this development.



Northwest Commercial Development, Pasqua Street & Rochdale Boulevard, Regina

In southeast Regina, land development of a 167-acre parcel is dedicated to a new residential package that can house up to 735 homes is underway. A mixture of single family and medium density homes is planned with about 12.4 acres of space set aside for parks and green space.

Industrial Park will be expedited due to the huge demand for developed land. The City of Regina is assessing how it might bring on an 88.75 acre parcel sooner than the early-2008 date originally planned.

Construction and land development has been brisk in the City's northwest sector. A blend of single and medium density residential housing with commercial and industrial development has advanced to fill the needs in that area of the City. A concept plan for the area, consisting of about 450 acres, will soon be available to outline future development of single family and multi-residential areas with some commercial space near the IPSCO buffer area.

City of Regina administration staff held an open house to allow public input into industrial land development planning. The City has 455 acres of industrial land available to develop. Much of it is located on aquifers that will limit its use to the extent that a shortfall of up to 741 acres is projected within the next 25 years. Four options are currently being assessed with targeted locations, and blends within each, going to the Argyle Park-IPSCO buffer lands, Regina Airport, Ross Industrial Park, Pinkie Road and Trans-Canada Highway.

### Recent Appointments

**Sherry Comte** has moved from her role as Office Manager to Executive Assistant reporting directly to Dale Griesser. She brings over 14 years of commercial real estate experience with her, having worked with Dale during that time in various capacities.

**Jason Leippi** has joined the Saskatchewan team as Sales Assistant. Jason was previously licensed in the residential market before operating his own industrial services company. Jason will work under the tutelage of Joe Trudelle.

**Tracey Hendriks** replaced Sherry Comte as Office Manager effective September 4th. Tracey has previous office management experience in the commercial sector which is supplemented by her post-secondary training in accounting.



606 Henderson Drive, Regina

### Recent Lease Transactions

1777 Victoria Avenue – 17,043 sq. ft  
405 Park Street – 14,040 sq. ft  
2010 – 11th Avenue – 7,348 sq. ft  
1056 Albert Street – 6,054 sq. ft

### Recent Exclusive Lease Listings

606 Henderson Drive – 27,829 sq. ft  
6823 Rochdale Blvd. – 9,000 sq. ft  
Market Mall – 5,792 sq. ft  
University Park Mall – 2,282 sq. ft  
2825 Saskatchewan Drive – 2,000 sq. ft

### Recent Property Listings

City Centre Mall, Weyburn – 136,653 sq. ft  
707 McDonald Street – 40,050 sq. ft  
308 Industrial Drive – 12,100 sq. ft  
140 – 2nd Ave., Swift Current – 9,886 sq. ft

### Recent Properties Sold

Sherwood Mall – 100,785 sq. ft  
Market Mall – 42,396 sq. ft  
Parliament Place – 24,098 sq. ft  
1465 McDonald Street – 7,500 sq. ft  
1221 Albert Street – 1,655 sq. ft  
Saskatoon Land – 5.85 acres



## Edmonton at the Centre of New North American Trade Corridor

September 12, 2007 marked the official opening of the Fairview Container Port in Prince Rupert, British Columbia. With the first phase of the project completed, Fairview has the ability to handle up to 500,000 twenty-foot equivalent container units (TEUs) annually.



Prince Rupert - Gateway to Trade Corridor

Construction will commence next year to increase capacity to 2 million TEUs by 2011 and 4 million TEUs by 2020, making it potentially one of the largest seaports in North America. Don Krusel, chief executive officer of Prince Rupert Port Authority, says that Edmonton will especially benefit from the new port. The majority of TEUs will be moved by CN Rail to their Edmonton intermodal yard and then redistributed throughout North America.

Brian Maher, chairman and chief executive office of Maher Terminal has stated that with congestion at major ports along the west coast of North America, the international steamship and shipping community indicates a real interest in using the Fairview Port. Maher Terminal has provided the equipment and technology at Fairview to handle the world's largest vessels.

The City of Edmonton has been actively supporting the Fairview project in order to enhance the movement of Canadian goods in and around the world. Estimates show the potential to export Canadian goods range from 335,000 to 600,000 TEUs annually and U.S. goods from 330,000 to 450,000 TEUs. As a direct result of the projected container traffic, \$10.5 billion annually will be added to the Canadian economy and an additional 32,000 direct jobs will be created by 2020. Transportation and warehousing is the fifth largest sector in Alberta's economy. Air, rail and truck moved 40% of Alberta's \$73 billion worth of international exports in 2004. There is already a 500,000 square foot container stuffing facility planned for construction in northwest Edmonton.

CN Rail is ready to handle Fairview's TEU capacity when the first container arrives. Edmonton is home to CN's newly opened grain distribution centre and Edmonton Oil & Gas Service Centre situated on 230 acres in Alberta's Industrial Heartland. Port Alberta, an inland port situated at Edmonton International Airport, has intentions of being a multimodal international transportation hub that combines air, rail and road in one location with direct access links to the West Coast ports of Vancouver and Prince Rupert. Glen Vanstone, Director, states that "We're doing all the area structure plans necessary to turn all that land (3,000 acres) into development around the runways and airport property."

### Recent Appointments

**Chad Zima** has joined the Investment Team as Sales Assistant. Chad practiced commercial and real estate law with a major national law firm for two years.

**Melissa White** has extensive real estate experience working for one of Western Canada's leading commercial real estate developers. She has joined the Office Team as an Executive Assistant.

**George Sroka** will be working as an Economist and Director of Research for the Edmonton Office. He has several years experience providing economic consulting. In addition, George enjoys teaching micro and macroeconomics at the Northern Alberta Institute of Technology.

### Recent Lease Transactions

*Dover Corporation (Canada) (industrial)*  
– 124,000 sq. ft  
*Home Depot (retail)* – 98,308 sq. ft  
*Connect Logistics (industrial)* – 97,075 sq. ft  
*CoLinX Canada (industrial)* – 66,000 sq. ft  
*Staples (retail)* – 63,000 sq. ft  
*Capital Centre (office)* – 50,000 sq. ft  
*Maxxam Analytics (office/lab)* – 40,777 sq. ft  
*Ashley Furniture (retail)* – 39,000 sq. ft  
*44 Capital Boulevard (office)* – 33,965 sq. ft  
*Baker Centre (office)* – 33,925 sq. ft  
*ATB Financial (retail)* – 25,000 sq. ft  
*Future Shop (retail)* – 21,000 sq. ft

### Recent Exclusive Lease Listings

*Cornerstone Industrial Park (industrial)* – 43 acres  
*Southlands Shopping Centre (retail)* – 34 acres  
*Legacy Park (retail)* – 30 acres  
*Lloydminster Power Centre (retail)* – 20 acres  
*Mill Creek Shopping Centre (retail)* – 7.5 acres  
*Horizon Business Park (industrial)*  
– 1.3 million sq. ft  
*Guild 51st Business Centre (office)* – 80,000 sq. ft  
*Westwind Business Park (industrial)*  
– 69,300 sq. ft  
*AMEC Building (office)* – 30,000 sq. ft  
*Broadmoor Place V (office)* – 26,000 sq. ft

### Recent Property Listings

*Nisku Centre (industrial)* – 66.7 acres  
*St. Albert Road Lands (multi-family/retail)*  
– 4.71 acres  
*Arlington Lands (multi-family/retail)* – 1.5 acres  
*Manhattan Building (investment)* – 24,000 sq. ft  
*Ponoko Shopping Centre (investment)*  
– 19,648 sq. ft

### Recent Properties Sold

*Remington Development Corp. (land)* – 479 acres  
*Gateway Business Park (industrial)* – 240 acres  
*Beaverbrook (industrial)* – 110 acres  
*Nelson Lumber Group (5 properties)* – 50 acres  
*Wal-Mart (retail)* – 9.76 acres  
*44 Capital Boulevard (office)* – 376,391 sq. ft  
*HSBC Building (office)* – 116,100 sq. ft  
*11 Liberty Road (industrial)* – 91,448 sq. ft  
*Southwood Centre (industrial)* – 75,000 sq. ft  
*Grafikom Building (industrial)* – 68,813 sq. ft  
*Princess Apartments (multi-family)* – 178 units  
*The Tennyson (multi-family)* – 163 units



# Calgary

Gulf Canada Square, Suite 309  
401 9th Avenue S.W.  
Calgary, AB T2P 3C5  
T 403.262.3082 F 403.262.3325

## Downtown Calgary Backfill Space

During the summer of 2007, downtown Calgary office vacancy rates were sitting at 0.58% out of an inventory of 32.7 million square feet. That represents only 190,345 square feet. If a tenant needed more than 8,000 square feet in one contiguous block, they had few options to look at.

However, coming into September of 2007 vacancy has increased again for the third quarter in a row, after decreasing steadily from July 2004, along with a distinct increase in sublease space. Immediately available downtown office space has a vacancy of 0.76% or 258,969 square feet. In addition, there are 60,551 square feet of sublease space available, whereas there was virtually none available just one year ago. Combined, this represents a vacancy rate of 0.94%, even though the overall inventory of office space in downtown Calgary increased to 34.6 million square feet.



*The Shoppes of Marda Loop, Calgary*

This is the net effect in a market where 2.6 million square feet of office space is scheduled to come on stream in the last six months of the year and all of it is pre-leased. Even though the economy continues to grow at a healthy rate, we expect vacancy rates to increase in downtown Calgary. As tenants give up their existing space to move into the new buildings they have pre-leased, it is anticipated there will be a continued increase in the amount of space being

returned to the market for lease or sublease. It is possible that downtown vacancy rates could reach as high as 3.4% before the end of 2007 if there is no additional absorption before the end of the year.

It should be remembered however, that a normal or healthy office leasing market operates between 5% and 8%. This level of vacancy gives larger tenants the ability to move between existing buildings in order to expand their space requirements, rather than have to pre-lease space and wait for a building not constructed yet.

We can expect this trend to continue as long as there is new construction in downtown Calgary. Currently, there are 14 office buildings under construction in downtown Calgary, containing over 7.2 million square feet. If the absorption trend maintains its historic average of 500,000 square feet, we could see vacancy in downtown Calgary reach double digits by that time. This is a very conservative estimate given the current super-heated Calgary economy.

### Recent Appointments

**Philip MacDonald** has joined the Investment Team at Avison Young as Assistant to James Miller. A graduate of the University of Prince Edward Island with a Bachelor of Business Administration, Philip has previous experience in Industrial market research and Investment Sales.

**Steven Goertz** has joined Avison Young as an Office Team Member working with Todd Thronson. Steven attended the Haskayne School of Business at the University of Calgary, where he studied International Business.

**Alex Wihak** has joined the Industrial Team at Avison Young as Assistant to Ed Dorosz. In addition to a Bachelor of Commerce, Honours from Lakehead University, with a major in Marketing, Alex took three years of a Communication Studies program at University of Calgary.

**Chris Connor** has joined the Retail Team at Avison Young working with Jeff McGinley and Amela Palic. Chris has both a Bachelor of Arts from the University of Western Ontario and an Urban Land Economics diploma from the University of British Columbia.



*Crowfoot Business Centre, Calgary*

### Recent Lease Transactions

*Divestco Inc. – 199,386 sq. ft*  
*Iron Mountain Canada – 144,890 sq. ft*  
*WTS Distributors – 78,698 sq. ft*  
*Bow Valley College – 27,111 sq. ft*  
*Meyers Norris Penny LLP – 22,087 sq. ft*  
*Home Depot – 19,940 sq. ft*  
*Community Credit Union – 16,814 sq. ft*  
*Superior Food Service & Pizza – 12,676 sq. ft*  
*Visions Electronics – 11,300 sq. ft*

### Recent Exclusive Lease Listings

*Palliser South – 290,300 sq. ft*  
*South Glenmore Distribution Centre*  
*– 200,310 sq. ft*  
*608 – 189,594 sq. ft*  
*10905 – 48th Street SE – 146,530 sq. ft*  
*Genco Place – 31,271 sq. ft*  
*The Shoppes of Marda Loop – 8,800 sq. ft*

### Recent Property Listings

*Lausanne Montreux – 1.45 acres*  
*5th Avenue & 7th Street SW – 0.95 acres*  
*1108 – 4th Street SW – 191,000 sq. ft*  
*Crowfoot Business Centre – 68,408 sq. ft*  
*Douglasdale Professional Centre – 49,110 sq. ft*

### Recent Properties Sold

*600 Southridge Drive, Okotoks – 2.32 acres*  
*Bow Parkade – 1,024 parking stalls*  
*Westmount Centre – 551,649 sq. ft*  
*Towers Mall, Regina – 115,999 sq. ft*  
*Kenstar Building – 14,868 sq. ft*



Intelligent  
Real Estate Solutions

## West Coast Doldrums?

Paradoxically, Metro Vancouver's real estate markets are hot but are they in the doldrums? Nothing of consequence is happening. There are relatively few significant trades and insignificant movement in the leasing markets. There is a lack of deal velocity.

The knock-on effect from the sub-prime mortgage situation in the U.S. continues to work its way through the economy but real estate professionals realize that the news is negative, not positive. Strict underwriting in all credit markets will eventually affect the Canadian economy. Consumers are finding it more difficult and more expensive than previously to obtain credit.

Office markets in Vancouver are characterized by a lack of leasing alternatives, tenant frustration caused by an absence of choice, a recent strike, which made building and occupancy permits difficult to obtain, and ongoing pricing adjustments, as landlords push rents through the \$40 ceiling for Class AAA space. Nothing of consequence will be built in downtown Vancouver for at least four years and construction costs are escalating. However, on the bright side, landlords are showing their best returns in several decades.

The industrial market displays some of the same characteristics. There is a continuing shortage of zoned and serviced industrial land, owner occupiers continue to expand in the face of increasing land and construction costs but investors are finding it increasingly difficult as adequate returns are becoming less evident. Industrial land is regularly trading at prices above \$1 million an acre.



Gateway Business Centre in Surrey to be developed by Dundee REIT and GE Capital Real Estate Canada

The critical issue for many retailers is the high value of the Canadian currency. The 'Loonie' has soared to levels not seen in thirty years and consumers, while perhaps slow to react during the climb to parity with the U.S. Dollar, have now seen the light and are fleeing retail outlets north of the border for greener pastures across the line. The double hit for Canadian retailers is that U.S. buyers are staying home where prices on consumer goods are significantly cheaper than in Canada. The critical questions are "Is the new reality sustainable?" and, if so, "How long will it be before Canadian pricing adjusts to the new reality?"

The apartment market in Vancouver is strong and reflects evolving demographics with a steady inflow of people to the region, either retiring, or following a buoyant economy. With capitalization rates in the 3% to 5% range, Vancouver is a market driven by the expectancy of capital gains.

Going forward, we anticipate change and market movement as the forces of demand and supply are re-balanced. At a point, there will be a break in the doldrums and the market will once again hum with the sound of deals as market participants adjust to the emerging realities of the marketplace. At that point, life will be neither dull nor calm.

## Recent Appointments

**Rob Greer** specializes in Investment sales with an emphasis on multi-family and office buildings. Rob attended the BCIT Marketing Management program and the Sauder School of Business.

**Kristy Sanders**, with a background in real estate research, is Bill Elliott's new assistant and will be specializing in office leasing.

**Lindsay Eichhorn**, a recent journalism graduate, is our new Receptionist.

**Renee Pellerin**, an experienced real estate office administrator, is the new Office Assistant.



Westminster Centre South Office Tower - brand new office space in the centre of Metro Vancouver

## Recent Lease Transactions

Phillips, Hager & North - 55,000 sq. ft  
Busby Perkins + Will Architecture - 22,000 sq. ft  
Stantec Consulting - 20,000 sq. ft  
Fluor Canada - 19,100 sq. ft  
Ausenco Engineering - 7,000 sq. ft  
Winsor Gallery - 6,000 sq. ft  
Fab Clothing - 3,700 sq. ft

## Recent Exclusive Lease Listings

Gateway Business Centre - +600,000 sq. ft  
680-688 Terminal Avenue - 110,000 sq. ft  
7671 Alderbridge Way - 74,134 sq. ft  
333 Terminal Avenue - 70,000 sq. ft  
699 Howe Street - 65,000 sq. ft

## Recent Property Listings

Qualicum Landing - 15.1 acres  
23451 Fraserwood Way - 2.96 acres  
King Edward Centre - 81,647 sq. ft  
4400 Still Creek - 44,606 sq. ft

## Recent Properties Sold

McDermott Parkade, Winnipeg - 295 stalls  
Seaview Manor - 44 apartments  
1603 - 1625 West 3rd Avenue (land) - 18,000 sq. ft  
2747 East Hastings (retail/office) - 12,000 sq. ft  
2787 West Broadway (retail) - 10,000 sq. ft



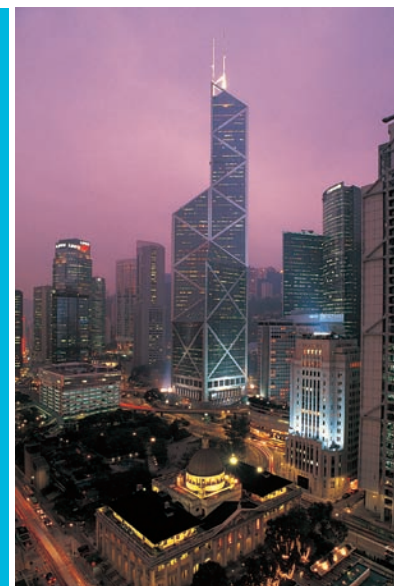
Intelligent  
Real Estate Solutions

## Across the Country, Around the World

Halifax  
Quebec City  
Montreal  
Toronto  
Mississauga  
Winnipeg  
Regina  
Calgary  
Edmonton  
Vancouver

USA  
Mexico  
United Kingdom  
Continental Europe  
Asia-Pacific

Avison Young is the real estate partner business trusts for intelligent, integrated solutions. We deliver results that are aligned with your strategic business objectives, supporting real estate initiatives that add value and build competitive advantage for your organization.



Intelligent  
Real Estate Solutions