



Newsletter

Fall/Winter 2006

**AVISON
YOUNG**

Intelligent
Real Estate Solutions

partnership.
performance.

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.

Real estate solutions from coast to coast

Avison Young is pleased to announce that it has opened the company's tenth office in Canada. The addition of the Halifax office allows us to provide our clients with real estate solutions from coast to coast.

According to KPMG's 2006 Competitive Analysis Report, Halifax is one of the most cost-competitive business locations in North America. The report gave Halifax top ranking for midsize cities with populations of 250,000 to 750,000.

Halifax is a vibrant and growing city. It is home to six degree granting institutions and three community colleges, and boasts the highest rate of post-secondary education in the country. With over half its residents under 40 years of age, Halifax's young and highly educated work force has been a key factor in attracting and retaining many international companies like Research In Motion and Xerox.

New construction projects totaling \$332.5 million were approved in Halifax between January and June 2006, representing an increase of 18% over the same period in 2005. Construction continues to be a key economic driver and the market remains robust as new development projects begin and many more are in planning phases.

Halifax is a key point of entry and transportation hub for Canada. With record numbers of both passengers and cargo coming by air and sea, the city's transportation and logistics sector continues to prosper. This growth, along with growth in the offshore oil and gas industry, has also bolstered the overall health of the economy.

Halifax's stable and diversified economy has created a healthy commercial real estate market. With most business owners optimistic about the current corporate climate, vacancy rates continue to decline and demand for space is expected to continue to increase.

Continued growth and a strong economic climate are forecast for Halifax in 2007.

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Demand remains stable for non-residential properties

In spite of a slight decrease in activity in the multi-residential market, the demand for commercial properties and office buildings in the Québec City region remains stable. Significant transactions were recently concluded by Skyline Properties for the acquisition of Galeries Canadière and by Allied Properties for the acquisition of numerous buildings from GM Développement in the St-Roch District. Other groups of investors are currently in due diligence for the purchase of properties located in many of the Québec City region's business districts. This is the case with respect to Parc Samuel Holland, one of the many well-located buildings with ample rental areas.

Many European, American and Canadian companies are showing interest in the Old Québec market. As a result, this market remains strong with relatively low vacancy rates.

This situation creates an upward pressure on rental rates encouraging developers to consider new construction projects. Cagim Inc. is currently planning an expansion of approximately 100,000 square feet across from its newly constructed building on Pierre-Bertrand Boulevard, which is leased in its entirety. Other projects, downtown and on Laurier and Lebourgneuf Boulevards, are either in the start-up or pre-leasing phases.

In 2007, the Québec City market will continue to be attractive to investors looking for low vacancy rates, price stability and established tenants.

Recent Appointments

Dorothée Couture recently joined the Québec City office and brings over 23 years of experience in office leasing to the Avison Young team.



Complexe Lumière

Recent Investment Properties Listed

10909 Ste-Anne Blvd., Ste-Anne-de-Beaupré
– 52,118 sq.ft. Retail Plaza

406 Minto Street, Sherbrooke
– 45,039 Industrial Building

Villa Mon Domaine, 109, rue Montmarie, Lévis
– 55-Unit Seniors' Residence

65 St-Vallier, Québec – 60-Unit Apartment Building

1005, Chemin Ste-Foy, Québec – 78,000 sq.ft.

700 - 710, place d'Youville, Québec – 133,000 sq.ft.

Recent Investment Properties Sold

4220 Place Orsainville, Charlesbourg
– 63-Unit Seniors' Residence

Hamel Blvd., Québec – 96,000 sq.ft. Land

Still a tenant's market



1501 McGill
College Avenue

Some visitors to Montreal describe the city as sophisticated, old and traditional. Others say Montreal is flashy, young and trendy. Clearly, Montreal is contrarian. While in cities like Vancouver and Edmonton, large vacancies of contiguous space are few and far between, and in Calgary, totally non-existent, in Montreal, tenants looking for space may have a hard time choosing.

While the trend across the country is marked by shortages of space and rising rental rates, Montreal is in the midst of a traditional tenant's market. Large credit-worthy tenants have strong negotiating leverage in buildings with large blocks of vacant space, and landlords are offering substantial incentives to secure long-term tenancy. A game of musical chairs is in progress, with tenants moving from one building to another, despite having several years remaining on existing leases. In a

few cases, tenants take advantage of this market to get away from a building owner or manager who pays lip service to customer service but does not deliver. Many tenants now see the extent to which their lease adds value to the landlord's building.

National tenants, and national landlords, need to be aware that the Montreal component of their real estate portfolio is, as usual, contrarian, and so the transactions they seek in Montreal may not resemble their approach in other markets.

Recent Appointments

Ryan Stowe joined Avison Young in July 2006 and will be working in facilities management. He is a graduate of Bishop's University and recently obtained his Affiliated Real Estate Agent certification.

Valérie Momo joins the Montreal office as Receptionist and Administrative Assistant. Valérie holds a degree from the University of Garmersheim in Germany.

Recent Lease Transactions

Société Générale (Canada) – 32,249 sq.ft.

SITA -Air Transport Communications – 20,000 sq.ft.

Loyalty Management (Air Miles) – 8,463 sq.ft.

Abitibi-Consolidated Inc. – 5,600 sq.ft.

MAC Cosmetics – 4,908 sq.ft.

Atomic Energy – 3,145 sq.ft.

Creechurch International Underwriters Limited
– 2,230 sq.ft.

Recent Exclusive Lease Listings

3950 Côte de Liesse – 11,988 sq.ft.

275 Kesmark, Dollard-des-Ormeaux
– 10,140 sq.ft. Office Sublease

Recent Investment Properties Listed

6900 Décarie – 500,000 sq.ft. Retail / Office Complex

1000 St-Charles Avenue, Vaudreuil-Dorion
– 472,000 sq.ft. Office Building

Recent Investment Properties Sold

2525 Marcel Laurin, St-Laurent – 60,000 sq.ft. Land

Gardiner Expressway plans could spur new development

The Gardiner Expressway is one of Toronto's main arterial routes along the waterfront, an elevated roadway linking downtown with the suburban west end. It is a major downtown commuter route, carrying up to 180,000 cars a day – but it has also been described as an eyesore and a barrier to the waterfront. In September, the city government unveiled a report detailing four options for replacing or redeveloping the Expressway and surrounding lands, creating the possibility of significant real estate investment and development opportunities in the years to come.



Toronto Skyline

Front Street extension to carry 30% of downtown-bound traffic – a project whose price tag, not included in the figures above, is currently estimated at \$255 million.

The Toronto Waterfront Revitalization Corporation (TWRC), the body overseeing the redevelopment of 2,000 acres of land along the city's Lake Ontario shoreline, made the proposals investigated in the report. TWRC favours the "great street" option as the best choice for Toronto. The TWRC is involved in a number of initiatives aimed at making the waterfront an attractive series of neighbourhoods, parks and other public areas. Through the TWRC, the city wants to create "diverse and sustainable commercial and residential communities" along the waterfront, a goal that would be furthered by the building of the "great street." If new communities are established across the south end of downtown Toronto, a new area for development will be created, adding significantly to the available land in the city.

The question of what to do with the Gardiner will likely be discussed by the city council in 2007. If the wide, tree-lined avenues envisioned in the "great street" plan are constructed, Toronto has the potential to create an entirely new area for commercial and residential development in the coming decade. A more attractive waterfront combined with redesigned thoroughfares could encourage more workers to live closer to downtown and also open up real estate for businesses in proximity to the core. The city's report indicates that land values in the Gardiner corridor could improve by \$1 billion as the waterfront-Gardiner redevelopment progresses, resulting in increased revenues for the city and excellent opportunities for real estate investment.

Recent Appointments

Julietta Gabriel recently joined the Avison Young Investment Team and is working as Kelly Avison's Associate. Julietta has a Bachelor's degree in International Business and an MBA from Schulich. Julietta brings a strong background in commercial financing and investment analysis.

Ryan Morein will be working as David Warren's Associate and assisting with business development. Ryan has a degree in Philosophy with specialization in Global Business.

Steven Preston joined Avison Young as Research Coordinator. Steven has a Bachelor's degree from the University of Toronto in English and History.

The report's four plans include replacing the elevated road with a tunnel; transforming the space beneath the route with parks and shops; demolishing a significant stretch of expressway and creating a "great street" consisting of two broad, one-way avenues in its place; and simply maintaining the present roadway. Project costs range from around \$500 million for the "great street" to nearly \$1.5 billion for the tunnel. According to the report, none of the options should have a significant detrimental effect on travel times, provided the city also builds the proposed two-kilometre



220 Bay Street

Recent Lease Transactions

- Bantrel Co. (office) – 38,000 sq.ft.*
- Altera Toronto Corp. (office) – 26,000 sq.ft.*
- Insurance Bureau of Canada (office) – 22,000 sq.ft.*
- Dick Engineering (office) – 22,000 sq.ft.*
- Pareto Corporation (office) – 20,000 sq.ft.*
- Comverse (office) – 17,000 sq.ft.*
- RBC Dominion Securities (office) – 12,000 sq.ft.*

Recent Exclusive Lease Listings

- 220 Bay Street (office) – 44,000 sq.ft.*
- 70 University Avenue (office) – 29,000 sq.ft.*
- 438 University Avenue (office) – 21,000 sq.ft.*
- 2323 Yonge Street (office) – 11,000 sq.ft.*

Recent Investment Properties Listed

- 41 Metropolitan Road, Toronto
– 59,400 sq.ft. industrial*
- 8 Nelson Street, Brampton
– 79,000 sq.ft. office*
- Grafikom Industrial Portfolio
– 3 industrial buildings: total of 150,000 sq. ft.*
- 164-166 Isabella Avenue, Toronto
– 38 unit apartment building*

Recent Investment Properties Sold

- 500 Division Street, Cobourg
– 62,000 sq.ft. shopping centre*
- Ottawa Portfolio
– 451 unit multi-residential portfolio*
- Mary Street, Oshawa
– 117 unit multi-residential high-rise*
- Confidential Toronto Urban Retail Mall
– 210,000 sq. ft. – recapitalization*

Suburban explosion: The 905 office boom

Attractive rental rates, significantly lower taxes, space availability and companies' acknowledgement that employees would rather live and work in the suburbs are the contributing factors driving demand for space in the GTA West.

Although the strong activity in the marketplace is driving up competition for quality office space in the West, the gap between urban and suburban office rates in the Greater Toronto Area is as apparent as ever. The gross cost of office space in the GTA West averages an approximate \$25.20 per square foot, with its net rate sitting at \$13.42 per square foot. In comparison, the downtown financial core's gross average rental rate is nearly double that, at \$42.79 per square foot. In GTA West, new office construction demands gross rental rates of \$30.00 to \$32.00 per square foot per annum (\$23.00 to \$25.00 per square foot in flex style construction). However, these rental rates are still extremely competitive, especially when other items such as free surface parking are taken into consideration.



Avison Young has recently been awarded by GWL Realty Advisors this 400,000 sq.ft. office pre-lease listing at Mississauga Road and Derry Road West in Meadowvale. Delivery is expected in mid 2008.



Currently under construction by Redcliff Realty Advisors: 106,866 sq.ft. of office space at 5750 Explorer Drive, Mississauga.

In addition to the significant difference in rental rates, space availability is also luring businesses to the GTA West. Tenants continue to face limited space options in some locations and categories in the downtown district, pushing them outward to Mississauga, Brampton and Oakville.

Since 2000, there has been approximately one million square feet of commercial space built in downtown Toronto. In the same period, 9.4 million square feet of new office construction was completed in the suburbs. This has bolstered developers' confidence and

created an upsurge in speculative developments. Currently, eleven office developments totaling over 1.2 million square feet are slated for completion in 2007. Construction on many of these buildings commenced as speculative development, however sizable transactions have already been completed.

Recent Appointments

Krystin Champagne joins Avison Young as the Research Coordinator for the Mississauga office. Krystin is a graduate of the University of Guelph where she completed her Bachelor of Arts in Anthropology, Sociology and History.

Rebekah Dalziel has assumed the role of Associate. In her new role, Rebekah will be assisting Martin Dockrill, Vice President and Principal.

Jonathan Hittner joins Avison Young as Associate to Joe Almeida in the Mississauga office. Jonathan is a recent graduate of the University of Western Ontario where he earned a Bachelor of Social Sciences.

Recent Lease Transactions

- Synergex Corporation (industrial) – 229,717 sq.ft.
- Woodloore International Inc. (industrial) – 71,464 sq.ft.
- Atomic Energy of Canada Limited (office) – 31,610 sq.ft.
- Instore Focus Inc. (flex) – 23,368 sq.ft.
- DecisionOne Corporation (industrial) – 21,272 sq.ft.
- Cadbury Beverages Canada Inc. (office) – 12,509 sq.ft.
- The Corporation of the City of Brampton (office) – 9,683 sq.ft.
- Empathica Inc. (office) – 9,553 sq.ft.

Recent Exclusive Lease Listings

- Mississauga Rd. & Derry Rd. West, Mississauga – 400,000 sq.ft. office pre-lease
- 30 Eglinton Avenue West, Mississauga – over 50,000 sq.ft. office available
- Queensway West Business Park:
 - 89 Queensway West – up to 30,000 sq.ft. contig.
 - 101 Queensway West – up to 30,000 sq.ft. contig.
- 2381 Bristol Circle, Oakville – 15,613 sq.ft.
- 85 Thompson Drive, Cambridge – 14,052 sq.ft.
- 7070 Mississauga Road, Mississauga – 12,545 sq.ft.
- 8 Nelson Street, Brampton – 7,659 sq.ft.

Recent Investment Properties Listed

- 200 Brockport Drive, Toronto – 203,000 sq.ft. on 9.66 acres
- 8 Nelson Street West, Brampton – 79,000 sq.ft. office building
- 1525 Dundas Street West, Mississauga – approx. 42,620 sq.ft. on 5.71 acres

Recent Investment Properties Sold

- 2121 Argentia Road, Mississauga – 61,184 sq.ft.
- 6621 Innovator Drive, Mississauga – 23,853 sq.ft.
- Mississauga Road and Derry Road West, Mississauga – 16 acres
- 201 South Blair Street, Whitby – 9 acres

Strong economy continues to stimulate construction



Boyd Medical Centre

Winnipeg has been experiencing a significant economic upswing in recent years, and is expected to grow by 3.1% in 2006. The unemployment rate is at historic lows, more than 9,000 jobs were created in the last 12 months, retail sales are second only to Alberta, and \$2.0 billion in major projects (those over \$15 million) are currently under construction or in the late planning stages. Winnipeg was also recently voted the "No. 2 city in which to do business in Western Canada" by Canadian Business Magazine. All of this positive activity has continued to bolster construction in the city, with building permits in first half of 2006 totaling \$421.6 million - a 20.8% increase from the same period in 2005.

An average of \$137 million in commercial projects have been undertaken in Winnipeg every year since 2002. In the same time period institutional construction has averaged \$123 million a year, and investment in residential construction has increased approximately 77% a year for an average of \$107 million. 2006 and 2007 construction projects are expected to significantly exceed these averages, due to rising construction costs but also given the significant number of projects in the planning process.

Recent Appointments

Wes Schollenberg is the new Managing Partner of the Manitoba office. Wes brings over 20 years of experience to the position, and will lead the Manitoba team in commercial leasing, sales, investment and development.

Recent Lease Transactions

Priority Restorations – 42,700 sq. ft.
 MTS Allstream – 19,100 sq. ft.
 Great West Life – 18,500 sq. ft.
 London Life – 9,600 sq. ft.
 Adapsys – 9,000 sq. ft.
 Hussmann Canada – 7,500 sq. ft.

Recent Exclusive Lease Listings

Boyd Medical Centre (office) – 75,000 sq. ft.
 The Sterling Building (office) – 40,000 sq. ft.
 346 Portage Avenue (retail) – 22,000 sq. ft.
 Pembina Plaza (retail) – 16,000 sq. ft.
 Villa Cabrini (mixed use) – 11,000 sq. ft.
 Portage on the Avenue (retail) – 10,000 sq. ft.

Recent Investment Properties Sold

225 McPhillips Street (industrial) – 65,000 sq. ft.
 Development Land – 14 acres
 Archdiocese of Winnipeg, Develop. Land – 13 acres
 RD Insurance (office) – 6,000 sq. ft.

Investment product becoming scarce

For the second consecutive year, Saskatchewan's economy is booming. Forecasts project local economic growth is on track to increase by a healthy 3.8% in 2006.

In this strong economic environment, the appetite for investment grade real estate in Regina continues to be very strong. Downtown office product has been in particular demand, due to the low vacancy rates and the stability of the market. Due to the exceptionally high demand for these properties, capitalization rates are lower than previous years, averaging between 7.5% and 9%. REITs have been the major purchasers of various Class A and Class B office buildings in Regina during the past 12 months.

For example, Sherwood Place, a 141,865 square foot Class A office building plus a 42,260 square foot two-storey office building, both located in the downtown core, sold to Dundee REIT for \$31,800,000, a 7.5% cap rate. Dundee also purchased Victoria Tower, a 144,164 square foot Class B office building in downtown Regina for \$17,825,000, an 8.4% cap rate.

South Broad Plaza, an 133,923 square foot Class B office building also located in the downtown area, sold to Oballa Enterprises Ltd. for \$13,700,000.

Sask Pen Properties and Harvard Developments Inc. purchased the 152,380 square foot Conexus Plaza and Plaza Parkade Class A office building, located in the heart of the central business district, for \$20,875,000, an 8.8% cap rate.

Saskatchewan Place, a 84,243 square foot Class B office building located in the downtown sold to Huntingdon REIT for \$7,400,000, a 9.3% cap rate.

In addition REITs, private individuals and syndications are very active in the market. Not only are Class A and B office buildings being purchased, but smaller retail and industrial properties are being acquired as well. It is expected that REITs and out of province investors will continue to remain active in the investment market through the remainder of 2006, however supply of product is becoming very limited.



2300 – 11th Avenue, Regina

Recent Lease Transactions

Belron Canada Inc. - 11,632 sq. ft.
 Public School Board - 9,149 sq. ft.
 J-Lyn Holdings Inc. - 8,850 sq. ft.
 Puckmasters Regina - 7,000 sq. ft.

Recent Exclusive Lease Listings

Swift Current Plaza - 16,731 sq. ft.
 1750 Lorne Street - 12,827 sq. ft.
 6823 Rochdale Blvd. - 9,000 sq. ft.
 2540 Victoria Avenue E. - 7,200 sq. ft.

Recent Investment Properties Listed

461 Athabasca Street E. - 67,600 sq. ft.
 316 – 1st Avenue E. - 54,014 sq. ft.
 606 Henderson Drive - 27,800 sq. ft.

Recent Investment Properties Sold

1855 Victoria Avenue - 144,200 sq. ft.
 2045 Broad Street - 133,900 sq. ft.
 2300 – 11th Avenue - 45,400 sq. ft.

Calgary market reaches new heights



Palliser South

In the past two years, Calgary has seen a phenomenal amount of growth, and now ranks as the third most populous city in Canada behind Toronto and Montreal. The population surpassed one million people with 35,681 people migrating to Calgary in 2006. The price of oil also has remained strong, averaging USD \$60.88 per barrel in September despite some recent softening in commodity prices. Alberta leads the country in hourly wage rates and boasts the lowest unemployment rate in Canada. The Province's per capita GDP is 56% above the national average.

All this prosperity has led to a boom in Calgary, and the commercial real estate market is reaching new heights. The value of Calgary building permits is \$3.5 billion year-to-date, which is on pace to surpass the record setting \$3.6 billion in permits in 2005. In September alone, there were over \$500 million in building permits issued. The overall dollar value of commercial sales is currently at \$2.95 billion, which is up 33% over last year. This was led by the office sector, which has completed a remarkable \$983 million in transactions.

In leasing activity, vacancy rates are virtually nil. The tightest market is the downtown core, where the vacancy rate has plummeted to 0.3%. Most staggering is the 0.027% vacancy rate for Class A space, which is down 300 bps from the previous year. This has led to only 94,862 square feet of absorption in the third quarter, as leasing activity has ground to a halt. As a result of this tight market, rents are also escalating with premier buildings commanding net rent of \$50 per square foot. Other markets are also feeling the effects. The vacancy rate in the Beltline is currently at 0.8% and the Suburban market is at 6.18%.

Rock bottom vacancy rates have necessitated significant new construction. Currently, there are 29 projects under construction in Calgary. These projects total 8,788,253 square feet. Another 25 projects, totaling 9,040,884 square feet, are in their pre-leasing stage. The most notable current development project is Encana's new headquarters, which when completed will be the largest tower in Western Canada at 1,700,000 square feet.



Genco Place

Recent Appointments

Peter Jenkins joins the Avison Young team as Assistant to Alex Wong. Peter graduated from the University of Dalhousie with a Bachelor of Arts in Economics.

Jonathan Milroy is a graduate of the University of Alberta, receiving his Bachelor of Arts degree in Economics. Jonathan will be specializing in investment sales and has 4 years of residential leasing experience as the leasing manager of a large apartment complex.

Todd Thronson has moved to the Calgary office after 19 years in Avison Young's Edmonton office, most recently as Managing Partner. Todd will be working with tenants and landlords in the suburban and downtown office markets.

Melissa Kerr joins Avison Young in a Research/Administrative role. Melissa has an extensive administrative background in the financial industry.

Recent Lease Transactions

Core-Mark International - 53,500 sq. ft.
 Worley Parsons (MEG) - 36,700 sq. ft.
 Q9 Networks - 34,335 sq. ft.
 Jardine Lloyd Thompson - 24,668 sq. ft.
 Renfrew Insurance - 24,600 sq. ft.
 Innova Energy - 23,270 sq. ft.
 Meyers Norris Penny - 22,856 sq. ft.
 Wellco Energy Services - 20,582 sq. ft.
 Nusco Supply - 20,560 sq. ft.
 ARAM - 16,069 sq. ft.
 Aguila Exploration - 13,052 sq. ft.
 Delmar College of Hair Design - 13,022 sq. ft.
 IMV Projects - 12,922 sq. ft.
 Oil Sands Underground Mining - 10,793 sq. ft.

Recent Exclusive Lease Listings

Palliser South - 290,344 sq. ft.
 Genco Place - 65,549 sq. ft.
 225 - 58th Avenue SE - 33,452 sq. ft.
 2777 Sunridge Blvd. NE - 31,801 sq. ft.
 6520 - 36th Street SE - 25,000 sq. ft.
 Lethbridge Chinook Business Park
 - up to 20,000 sq. ft.
 Blackfoot Vista - 16,810 sq. ft.

Recent Investment Properties Listed

3445 - 114th Avenue SE - up to 100,000 sq. ft.
 225 - 58th Avenue SE - 33,452 sq. ft.
 2777 Sunridge Blvd. NE - up to 32,000 sq. ft.
 Chestermere Station - up to 21,000 sq. ft.
 1111 - 42nd Avenue SE - 16,298 sq. ft.

Recent Investment Properties Sold

Heritage Square - 300,000 sq. ft.
 Clearspring Village - 221,531 sq. ft. on 40.13 acres
 Baker Centre - 150,000 sq. ft.
 Horizon Heights - 76,688 sq. ft.
 Genco Place - 74,167 sq. ft.
 Kelowna Business Centre - 72,165 sq. ft.
 7910 - 51st Street SE - 51,492 sq. ft.
 3751 - 21st Street NE - 47,966 sq. ft.
 WAM North East Land Assembly - 1,100+ acres
 9615 - 24th Street SE - 53 acres

The good and the bad of Alberta's boom

The rising price of oil has had a direct impact on Alberta's economy. It is forecast that by 2020 Alberta will be supplying 80% of Canada's crude oil. On the strength of its natural resource, the Province is experiencing an economic boom greater than ever reported in Canada's history. Albertans are spending more and saving more. However, with the good comes the bad, and Alberta is feeling the negative effects in the form of labour shortages and rising construction costs.

Statistics Canada reports that the year-over-year retail sales in Alberta have increased by 15.6%, compared to the national average of 5.4%, and consumer spending is on track for a record setting year. At 2.9%, Alberta has the lowest unemployment rate of any province or state in North America and the highest employment rate at 71.7%. The Conference Board of Canada predicts a total labour shortage in Alberta of 332,000 workers by 2025. Alberta currently leads the country with its hourly earnings hitting \$20.94.



Westpoint Corporate Centre,
178 Street & 111 Avenue

With the current labour shortage, attracting talent has become increasingly difficult and has pushed employers to up the ante. Many businesses have had to cut their hours of operation. However, even with these labour shortages, retail sales for the first 6 months of 2006 outstripped 2005 by 17% over the same time period and retail development, despite rising labour and material costs, continues unabated. The result is increased rental rates for new and existing developments. The provincial government is adjusting the upcoming 2007-08 and 2008-09 budget years to reflect an increase in construction costs by an annual rate of 15%.

Regardless of this, there has already been 156,000 square feet of new retail space constructed and leased this year in Edmonton and more retail construction is underway. Edmonton has had retail absorption jump from 29,642 square feet in 2005 to 564,688 as of June 30, 2006. Retail vacancy in the city has dropped from 4.8% in December 2005 to 3.4% as of June 2006. Even with the high costs of construction and the increased expenses related to staffing, these retail stores are experiencing unabated growth.

Recent Appointments

Mark Hartum joins Avison Young as a Senior Associate. Mark brings to the position a wealth of experience in the Edmonton market. He has provided consulting and representation to a number of national clients. Prior to joining Avison Young, Mark was the Associate Vice President with Cushman & Wakefield LePage.

Karnie Vertz joins Avison Young as Assistant to Mark Hartum. Karnie will be working with corporate clients in the Edmonton downtown and suburban office leasing markets.

Grant Ranslam joins Avison Young as an Industrial Assistant. Grant holds a Bachelor of Management degree from the University of Lethbridge and a Bachelor of Arts degree from Concordia University College of Alberta.

Sharon Neher is Executive Assistant to Cory Wosnack and Mark Hartum. She attended the University of Alberta, and prior to joining Avison Young worked as a Property Manager and Landlord's representative.

Amanda Helmle graduated from the University of Alberta with a Bachelor of Arts degree in Anthropology. Amanda joins the Avison Young Investment Sales Team.



NAPA Building, 14819 - 118 Avenue

Recent Lease Transactions

- Dufresne Furniture & Appliances - Ind.
– 49,000 sq.ft.
- The Board of Governors of Norquest College
– 45,000 sq.ft.
- Sota Glazing Inc. – 45,000 sq.ft.
- H. Paulin & Co. Limited – 41,000 sq.ft.
- Dufresne Furniture & Appliances – 40,000 sq.ft.
- Coremark International Inc. – 32,000 sq.ft.
- Newman's Valve Limited – 31,000 sq.ft.
- Katoen Natie – 29,000 sq.ft.
- Hagemeyer Canada Inc. – 26,000 sq.ft.
- Schlumberger Canada Limited – 22,000 sq.ft.
- Famous Toy Liquidators Ltd. – 22,000 sq.ft.
- Bioware Corp. – 19,000 sq.ft.

Recent Exclusive Lease Listings

- Westpoint Corporate Centre Phase IV & V
– 260,000 sq.ft.
- Lloydminster Power Centre – 100,000 sq.ft.
- Napa Building – 70,000 sq.ft.
- Baker Centre – 60,000 sq.ft.
- First Edmonton Place – 30,000 sq.ft.
- Davmar Building – 19,000 sq.ft.

Recent Investment Properties Listed

- Southwood Centre – 75,000 sq.ft.
- 10345 - 104th Street Building – 13,000 sq.ft.

Recent Investment Properties Sold

- Broadmoor Place V & VI – 155,000 sq.ft.
- Baker Centre – 150,000 sq.ft.
- Glen Allen Shopping Centre – 11,000 sq.ft.

Vancouver CBD – Is the crane an endangered species?

Class 'AAA' and 'A' office vacancies in the Vancouver Central Business District (CBD) are the lowest in twenty-five years and trending lower.

Paradoxically, with the market clamouring for office space, there is a solitary crane sitting atop a pre-leased CBD office building. The supply pipeline is empty. Only one mixed-use building, with an office component, will be available within the next three years. In a rational market, these conditions would be a green light for more development.

What is happening in the Vancouver CBD market?

The Greater Vancouver Regional District's Liveable Region Strategy has been effective in encouraging people to live near their places of employment. However, an unforeseen consequence of the strategy has been a relative shift in the demand for land amongst competing users. Developers have concentrated their energies where they are most productive; the residential market. Consequently, office development has been a long way back in second place.

The supply of CBD office sites has been exhausted. The situation has been exacerbated by city planners. The office stock has been allowed to diminish through the conversion of offices to residences. The City of Vancouver planners are studying the CBD and nearby sub-markets to ascertain the right balance between competing land uses. There is an effective moratorium on development in and around the CBD.

Without pre-empting the conclusions of the City's planning study, there is the potential for the CBD and adjoining areas to be re-zoned to higher densities. Land owners will hold out until certainty is established. Only the brave will speculate in this environment.

The timing of development is critical given the risks between inception and completion of a project. Vancouver has enjoyed strong economic growth driven in large part by a strong commodities market. Is the bubble about to be pricked? This is a question on the minds of many as commodity prices fall.

Returns are being squeezed as labour and material costs sky-rocket. The Region is undergoing unprecedented construction activity due to projects associated with the 2010 Winter Olympics, new road and bridge construction designed to alleviate the congestion of Greater Vancouver's ports and deferred and accelerated capital projects required for an expanding population. Also, rents are not currently at levels to justify the cost and risk of construction.

In summary, cranes have migrated to greener pastures but will return once the necessary conditions are in place. If tenants have not secured their futures through early lease renewals, opportunities have probably been lost. "Sticker shock" will soon enter the lexicon.

Recent Appointments

Katharine Friesen has been appointed Office Assistant. She has a degree in Political Science and History from the University of Victoria.

Glenn Gardner will be assisting James Lewis with office leasing. Glenn recently graduated with a Commerce Degree from the University of Alberta.

Phillip Gibbons will be focusing on office leasing. He has a diploma in commercial real estate from the British Columbia Institute of Technology.

Josh Sookero will be assisting Darrell Hurst with investment sales and commercial leasing. He has a Bachelor of Science degree from The University of British Columbia and an MBA from The Haagse Hogeschool, The Hague, The Netherlands.



Victoria Apartment Building



The Leckie Building

Recent Lease Transactions

Telus – 645,000 sq.ft.

Omstead – 85,000 sq.ft.

Health Employers Association – 52,000 sq.ft.

Vancouver Coastal Health – 38,300 sq.ft.

Owen Bird – 22,900 sq.ft.

Kensington Computer Products – 20,700 sq.ft.

Recent Exclusive Lease Listings

550 Sixth Street (office/retail) – 23,000 sq.ft.

Recent Investment Properties Listed

625 Agnes Street, New West (office) – 80,700 sq.ft.

Recent Investment Properties Sold

Transglobal Property Management Services
– 94,700 sq. ft. Apartment Building, Victoria

Shape Properties – 40 acres

Nicola Crosby Real Estate
– 268,000 sq.ft. Shopping Centre

Montgomery Assets – 92,900 sq.ft. Office

Accolade Equities Inc. – 66,200 sq.ft. Office

First Capital Realty Inc. – 59,600 sq.ft.

0729136 B.C. Ltd.

– 250,000 sq.ft. Mixed Use Develop. (Hotel)

H & R Reit – Office Building