



Prairie Expansion for Avison Young

On our front page we normally discuss the big picture, market trends, major transactions, and multi-national assignments. The current topic is close to home.

On September 14, 2004, Avison Young and NewWest Enterprise Group announced a strategic partnership to provide comprehensive and integrated services to clients in Western Canada. The new business relationship expands our brokerage group by adding Winnipeg and Regina on the agency side.

NewWest Enterprise's management services are partnered with those of Avison Young in markets in Manitoba, Saskatchewan, and Alberta. As a result of the partnership, both entities can expand their abilities to capitalize on opportunities in Western Canada and offer new and existing clients a harmonious blend of services including investment sales, leasing, advisory, financial, and property management.



Winnipeg

Under the terms of this agreement, the existing NewWest Enterprise Winnipeg brokerage division and the Regina based NAI Commercial Real Estate Services have been converted to the Avison Young brand. The property management business in these markets will continue under the ownership of NewWest Enterprise Property Group. In Alberta, both NewWest Enterprise and Avison Young are reciprocating an ownership position in brokerage and property management. Both companies are retaining their respective brands across Western Canada exemplifying their core business attributes.



Regina

Young brokerage offices continues our expansion and ensures that we can serve the needs of our clients in all major markets across Canada."

Doug McDonald, President & CEO, NewWest Enterprise Property Group, states, "We are pleased to formally announce such a strong and seamless strategic partnership in both brokerage and property management and look forward to offering these expanded value-added services to our clients." Dale Griesser, President of NAI Commercial Real Estate and NewWest Enterprise Saskatchewan Partner, adds, "By converting our NAI office to Avison Young, we have successfully completed the link of Avison Young offices from Vancouver to Quebec City, resulting in stronger support for our people and better opportunities for our clients."

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Strong BC Economy Boosting Property Markets



Together Avison Young and Grubb & Ellis, through its alliance with Knight Frank, form one of the world's largest commercial real estate networks with more than 8,000 professionals in 200 offices in 30 countries on five continents.



TORONTO

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20 Toronto Street, Toronto
155,400 sq.ft. office building
sold by Avison Young

Tenant Inducements Key to Stimulating Activity in Toronto

Deep into the year, Toronto continues to be predominantly a tenant's market. Tenants are generally looking for the most cost effective option, whilst landlords are faced with the challenge of renting abundant available space in a competitive head-lease environment with a large supply of sublet opportunities still outstanding.

Though the Greater Toronto Area (GTA) office-leasing market has been slowly improving, the most noticeable movement is in the suburbs. The Downtown financial core has remained relatively flat this year, with most of the activity driven by early extensions, consolidations and renewals. The Midtown market has seen landlords competing with a large supply of sublet space - in excess of 300,000 square feet.

Elsewhere in Toronto, landlords have faced similar challenges. Toronto North has remained relatively unchanged with rates that appear to be steady, though landlords with large blocks available have been offering aggressive rent-free periods and other inducements to fill up their space.

The GTA West market has seen strengthening demand on the whole, and is the sub-market that is showing most signs of a downward trend in vacancy rates in the Greater Toronto Area. Lower availability rates in this market are a result of landlords' willingness to offer incentives in attracting and retaining tenants. Toronto East has seen some positive absorption, mostly coming from aggressively priced space in the Don Mills and Duncan Mill nodes.

Apart from a handful of very high profile buildings in the financial core, entrepreneurial landlords across the GTA are recognizing that tenant inducements such as free rent periods and leasehold allowances are necessary for stimulating activity and attracting and retaining tenants. Most institutional landlords are willing to discuss additional inducements to make their premises more competitive, whilst still insisting on maintaining face rental rates where possible, which thus underpin the investment and asset value of the property.

Of interest to note, however, is that the soft leasing market and compressed capitalization rates have not slowed the acquisitive appetite of investors seeking to buy quality buildings in Toronto. In fact, an ongoing challenge in Toronto is finding quality product available to satisfy the strong demand from both local and foreign investors, and this is expected to continue into the next year.

New Additions:

Hillel Abergel joined Avison Young in July 2004 as part of the Investment Sales Group. Hillel holds a B.A. Hons (Political Science) degree from Bishop's University and is currently pursuing an M.B.A. from York University, specializing in Real Property Development.

David Tweedie joined Avison Young in July 2004 and will be working with David Warren. David holds a BCom Hons (International Business and Finance) from the University of Victoria, B.C. David has previously worked in a private client services role in both Canada and South Africa.

Ramesh Gosyne, a real estate professional with approximately 20 years experience working with large real estate companies such as Oxford, College Park, Enterprise and Sunlife, has joined our Property Management Services Group as a Senior Property Manager.

Julia Tishina joined Avison Young after recently graduating from York University, majoring in accounting and administrative studies. Julia will be joining the accounting group as the Accounts Payable Clerk.

Cara Hudson joined Avison Young in November 2004, and will be working with the IT and administration team. Cara holds a Bsc. (Hons) degree in Geography, specializing in GIS and has extensive experience in mapping and desktop support.



Scotia Plaza
40 King Street West, Toronto

Recent Lease Transactions

Canadian Managed Networks Inc. - 29,900 sq.ft.
Environics Research Group - 28,252 sq.ft.
Genuity Capital Inc. - 22,822 sq.ft.
Herman Miller Canada - 22,767 sq.ft.
Northwater Capital Management Inc. - 22,218 sq.ft.
Bell Canada - 17,627 sq.ft.
Telespectrum Worldwide Inc. - 16,570 sq.ft.
Pacific Language Institute - 16,250 sq.ft.
Loyalty Management Group - 16,124 sq.ft..

Recent Exclusive Lease Listings

230 Richmond Street East - 29,851 sq.ft.
789 Don Mills Road - 15,400 sq.ft.
5255 Yonge Street - 14,233 sq.ft.
939 Eglinton Avenue West - 9,910 sq.ft.
11 King Street West - 9,450 sq.ft.

Recent Investment Properties Listed

800 Steeles Avenue West (Main Exchange Plaza), Vaughan - 136,254 sq. ft. retail plaza
1 York Gate Boulevard (Yorkgate Mall) - 216,000 sq. ft. shopping centre
10365 Highway 7, Halton Hills - 225 acres investment land opportunity

Recent Investment Properties Sold

20 Toronto Street - 155,400 sq.ft. downtown office building
48 Yonge Street - 110,000 sq.ft. downtown office building
5145 Dundas Street West - 3.7 acres redevelopment site
443 University Avenue - 39,770 sq. ft. office building
50 Oxten Avenue - 32 suites Multi-residential property
35 Prince Arthur Avenue - 10,700 sq. ft. office mansion
128 Pears Avenue - 5,000 sq. ft. redevelopment site

MISSISSAUGA



550 Petrolia Road, Toronto
New home of Estee Lauder Cosmetics

Commercial Development Land in High Demand

Location, Location, Location. This has been the tried and tested maxim of the successful real estate investor. Today, however, if we look at the demand in the market, Real Estate, Real Estate, Real Estate would likely be a more appropriate mantra. Everything and anything that lies on a basic foundation of dirt is a hot commodity. Not only are the homebuyer and the small investor stumbling over one another, but the 'big boys', the institutional investors, have also jumped on the bandwagon. Cap rates for good commercial and industrial properties are now below the 8% barrier. Supply of land is very limited.

So what does all this mean? Simply this: land is quickly gaining celebrity status as a real estate investment. If you can't buy it.... then build it. There is a tremendous amount of institutional money looking for a home. Financing costs are the lowest we have seen in decades and speculative land is being looked upon as worth the risk. Even in the speculative segment supply is tight, resulting in higher prices not only for immediately developable parcels, but also for those lands with a five to ten year time horizon.

Another contributing factor to rising land prices around the Greater Toronto Area is the implementation of a 1.8 million acre green belt protection area. As of December 16, 2004, a law will come into place setting strict limits on where urban boundaries can and cannot expand. Areas currently not included in the official plan zoned for urban development will be protected. The plan strives to focus growth along transportation corridors and encourages redevelopment of underused land within cities. The Green Belt will run from Rice Lake, southeast of Peterborough to the Niagara Peninsula protecting agricultural land, recreational areas, rural communities and important environmental areas such as major lakes, rivers and marsh lands.

As a result of the current attraction to land, there have been a quantity of recent notable transactions in the Mississauga/Brampton area. Industrial land prices are typically ranging between \$300,000 to \$500,000 per acre, while retail parcels have commanded prices in excess of \$800,000 per acre. One significant transaction involves the purchase of a 221-acre quarry located in the central part of Mississauga by Orlando Corporation for \$22,000,000 in addition to the expense of extensive remediation. The property was acquired for the purpose of an industrial business park, but the anticipated time to development is estimated to be three years.

Avison Young is presently listing a 66-acre parcel of land designated in the Official Plan for industrial uses. The site is located at Airport Road and Mayfield Road in Caledon, six kilometers north of an existing large distribution center housing Nabisco, Future Shop and Best Buy. This area is ideally positioned in terms of highway access with major transportation routes located within ten minutes in every direction.

New Additions:

Greg Albright joined Avison Young in September 2004 as a Real Estate Assistant. Greg is a graduate of Acadia University where he completed his Bachelor of Business Administration, in Finance and Marketing. Greg also brings with him one year of experience in a client relationship position with BMO Discount Brokerage.

Mark Rattenbury joined Avison Young in September 2004 as a Real Estate Assistant. Mark is a graduate of the University of Toronto where he completed his Honours Bachelor of Arts, in Economics, Mathematics and Philosophy. Mark also brings with him some hands-on experience in business as he is a Co-founder and Partner of a small business consulting firm.

Joe Almeida joined Avison Young, Toronto Head Office in 1991, specializing in office leasing, retail leasing and investment sales. In August 2004, Joe decided to make a move and join our Mississauga Branch to better serve his clients' needs.

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2599 Speakman Drive, Mississauga
Avison Young Investment Opportunity

Recent Lease Transactions

Estee Lauder Cosmetics Ltd. - 185,708 sq.ft.
Dufferin Peel Catholic District School Board - 152,866 sq.ft.
Atomic Energy of Canada Limited - 95,892 sq.ft.
Estee Lauder Cosmetics Ltd. - 83,864 sq.ft.
PL Foods Ltd. - 75,400 sq.ft.
AECON - 69,540 sq.ft.
Highpoint Industrial Parks Inc. - 61,050 sq.ft.
AECL - 39,813 sq.ft.
VMC Group - 29,147 sq.ft.
Children's Aid Society - 27,275 sq.ft.
VMC Group - 20,644 sq.ft.
Bell Canada - 17,627 sq.ft.
Hatch Ltd. - 16,985 sq.ft.
Peel District School Board - 14,877 sq.ft.
Hagemeyer Canada Inc. - 14,592 sq.ft.
Lasernetworks Inc. - 14,040 sq.ft.

Recent Exclusive Lease Listings

8 Nelson Street, Brampton - 35,979 sq.ft.
31 Constellation Court, Toronto - 33,352 sq.ft.
2070 Hadwen Road, Mississauga - 26,116 sq.ft.
7070 Mississauga Road, Mississauga - 17,781 sq.ft.
6688 Kitimat Road, Mississauga - 11,949.53 sq.ft.

Recent Investment Properties Listed

8645 Highway 25, Milton - 32.27 acres of land
11000 Steeles Avenue, Milton - 123,750 sq.ft. and 14 acres of land
Healey & Nixon Road, Bolton - 4.29 acres
2599 Speakman Drive, Mississauga - 114,000 sq.ft.

Recent Investment Properties Sold

3140-3170 Dufferin St - 76,455 sq.ft. retail
5200 Orbitor Drive, Mississauga - 40,000 sq.ft. industrial
3133 Orlando Drive, Mississauga - 44,000 sq.ft. industrial
1686 Main Street West, Hamilton - 51,000 sq.ft. office



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Le Quartier Concordia

Sir George Williams Campus, Montreal

Some years ago, when Concordia University purchased an office building, the Faubourg Tower, on St. Catherine Street, no one paid much attention. Few people imagined that it was the first in a series of brilliant real estate moves that are re-shaping Montreal's downtown, just west of the central business district.

To be known as *Le Quartier Concordia*, it's nothing less than the creation of a whole new university campus, visualized as a town within the downtown. As part of its \$350 million expansion project, the university, which has 33,000 degree students and 8,000 continuing education students, is completing construction of a complex that will occupy a city block on St. Catherine Street between Guy and Mackay. The 17-storey west tower will house Engineering and Computer Science. The 12-storey east tower will be home to the Visual Arts Department.

Next in the timeline: a new building for the John Molson School of Business, 13 floors at the corner of Guy and de Maisonneuve. Existing buildings on the campus will be renovated, and even public spaces, such as Place Norman Bethune, will be completely redone. And that's not all: the university also purchased a 19th century architectural gem: the Grey Nun's Mother House, situated immediately south of the Faubourg Tower.

Altogether, the creation of *Le Quartier Concordia* is a real estate *tour de force*, a remarkable addition to Montreal's downtown.



QUEBEC CITY

Quebec City's Only National Brokerage Firm

41 1/2 rue d'Auteuil, Quebec

When you visit Claude Pellicelli, Managing Partner of Avison Young in Quebec City, you will be charmed by the beauty of his office and his neighborhood. This is not surprising, as the Avison Young office is located in *le Vieux Quebec*, the Old Town of the only fortified city north of Mexico, where the walls still exist. It's the most European city on the continent, full of beauty and history, founded almost 400 years ago.

Visitors may find it surprising that Avison Young is the **only** national real estate brokerage firm with an office in Quebec City. But it's actually not surprising at all. It took an entrepreneurial, partner-owned firm to offer Canada-wide and world-wide service in the capital city of Quebec, where up until now, local businesses had to call Montreal or Toronto to obtain national service.

It took Avison Young to recognize that, with 500,000 people in Quebec City, there is a dynamic real estate market, not just government-owned buildings. Quebec City has a diversified economy. It's a major seaport, a centre of the insurance industry, home to 6,000 high-tech researchers, and has 14.7 million square feet of commercial office space. Quebec City is open for business, and it took Avison Young to seek out Claude Pellicelli as Managing Partner. Claude has 25 years experience in full-service real estate, and is highly respected in this beautiful city. *Bienvenue.*

All Inclusive Quebec Transactions

Recent Lease Transactions

Black & Decker - 2,121 sq.ft.
Exsultate Inc. - 2,360 sq.ft.
Radiant Communications - 2,415 sq.ft.
Holmested & Associates - 8,042 sq.ft.
Maisonneuve Magazine - 11,500 sq.ft.
Next Canada - 11,837 - sq.ft.
Ricoh - 16,548 sq.ft.

Recent Exclusive Lease Listings

1751 Richardson (Le Nordelec) - 3,306 sq.ft.
2000 McGill College - 7,216 sq.ft.
5250 Decarie Blvd. - 10,000 sq.ft.
777 de la Commune West - 20,912 sq.ft.

Recent Investment Properties Listed

Les Appartments Concordia - 252 unit multi-residential complex
1590 Hymus Blvd. - 271,409 sq.ft. truck depot
Vaudreuil - 1 million sq.ft. land development

Recent Investment Properties Sold

132 St-Pierre - 12,000 sq.ft. office building
4640 Wilfred-Hamel, West - 28,000 sq.ft. commercial building
5055 1st Avenue - 35,000 sq.ft. commercial building
Galeries St-Jacques - 35,000 sq.ft. retail strip

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All Inclusive Quebec New Additions:

Bruce A. Cowper joined Avison Young in October as Senior Vice President responsible for the tenant representation division.

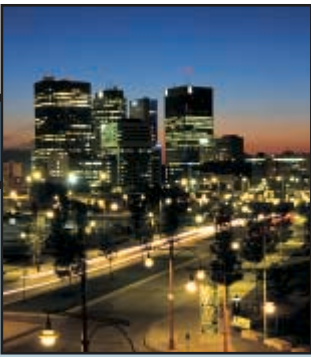
Lynne Parisée joined Avison Young in November as the new Director of Administration and Client Services in Montreal.

Claude Pellicelli joined Avison Young in June as Managing Director in Quebec City. Claude has more than 25 years of experience in all aspects of commercial real estate: development, management, and leasing of office, industrial, retail and multi-residential buildings.

Guylaine Simard joined Avison Young in June as Director of Administration in Quebec City. Guylaine has worked with Claude for the past four years.

Claire Desjardins joined Avison Young in August as Marketing Coordinator in Montreal. Claire has been involved in Graphic design for over 10 years.

Katherine Kuczynski has been a member of the Avison Young team since March and is now working as Manager of Research & Administration. Katherine holds a bachelor's degree in economics from McGill University.



Portage and Main, Winnipeg

WINNIPEG

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Downtown Winnipeg's Reawakening

Downtown Winnipeg - and in fact the City - is undergoing one of the biggest building booms in its history.

Over \$245 million in major projects will be substantially completed in the City's core area this year, with more than double that amount in the planning stages. The largest downtown construction project to be completed in 2004 is MTS Centre - the \$133 million, 440,000 square foot state-of-the-art sports and entertainment complex set to open in mid November. Exciting future developments in the downtown include a proposed \$270 million Canadian Museum for Human Rights, the 600,000 square foot Manitoba Hydro downtown office tower which will be constructed in 2005/2006, and a \$48 million condominium and retail project along the new Waterfront Drive.

Winnipeg continues to have one of the most diversified and stable economies in North America and is expected to post the fifth best economic performance in Canada in 2004, with a real GDP growth of 3.5%. Retail sales are expected to increase 4.8% by December to \$7.2 billion, and the construction industry is projected to have a growth of 4.2%. Additional momentum is found in continuing low unemployment in Winnipeg (5.6% in August) and a rising population in the City and surrounding area, which is expected to hit a record high of 700,000 people this year. Housing starts for Manitoba are expected to reach a 16-year high in 2004, with over 4,400 units built.

Winnipeg's overall downtown vacancy rate is currently at 5.4%.

Recent Lease Transactions

Great West Life - 50,000 sq.ft.
Giant Tiger - 20,000 sq.ft.
Investors Group - 17,792 sq.ft.
Acres International - 17,169 sq.ft.
Coast Wholesale - 13,060 sq.ft.

Recent Exclusive Lease Listings

131 Provencher Boulevard - 40,265 sq.ft. office

Recent Investment Properties Listed

259 Portage Avenue - 91,268 sq.ft. office
565 Munroe Avenue - 30,500 sq.ft. office warehouse

Recent Investment Properties Sold

131 Provencher Boulevard - 40,265 sq.ft. office retail
290 Vaughan Street - 33,000 sq.ft. office
1655 - 67 Inkster Boulevard - 22,562 sq.ft. industrial
1100 Fife Street - 9,888 sq.ft. office



Sask Energy Place
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REGINA

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Strong Retail Growth in Regina

Regina ranks third among 18 Canadian major cities for projected economic growth in 2004, according to the Conference Board of Canada's Metropolitan Outlook. It has forecasted that by 2008 the GDP for

Saskatchewan will increase by 11.8%, which adds confidence to the local economy. Retail sales are poised to top the \$10 billion mark for the first time ever due to the growth of big box stores. East Regina has seen the largest number of big box stores constructed. RONA Home and Garden opened a 31,000 square foot store with an 8,800 square foot garden centre in September 2004. Best Buy will open its 10,170 square foot store for the holiday season. Sears is slated to open a 12,800 square foot Home Store in late November in the east Regina corridor. The strategy of Big Box retailers has been to open new locations in East Regina to allow consumers to comparison shop.

Retail activity in downtown Regina during 2004 included the sale of the Cornwall Centre to Borealis Retail REIT. The Cornwall Centre is Regina's largest regional mall at 168,307 square feet. The former Bay store located at 12th Avenue and Hamilton Street was sold to a local developer. Their focus is to bring new users from the outside core to the site.

Recent Lease Transactions

110 Souris Avenue, Weyburn - 27,280 sq.ft.
303 & 309 Albert Street - 8,050 sq.ft.
480 Henderson Drive - 5,000 sq.ft.

Recent Exclusive Lease Listings

1777 Victoria Avenue - 5,124 sq.ft.
2550 - 12 Avenue - 5,000 sq.ft.
2401 Saskatchewan Drive - 4,184 sq.ft.

Recent Investment Properties Listed

Souris Valley Regional Care Centre, Weyburn - 87 acres land plus 450,000 sq.ft. of multiple buildings
Collingwood Lakeshore Estates - 64 acres land
350 Longman Crescent - 6,868 sq.ft. industrial investment

Recent Investment Properties Sold

1855 Victoria Avenue - 144,164 sq.ft.
Weyburn Square Mall - 136,653 sq.ft.
40 Kress Street - 28,000 sq.ft.



*Century Park Place
855 – 8th Avenue S.W., Calgary*

CALGARY

Market Spurring a Need for New Product in the Core

Where is the next downtown tower?

Record energy commodity prices are continuing to fuel Calgary's economic growth. This has enhanced the demand for downtown office space, which in turn is increasing the potential for new downtown office towers. After seven consecutive quarters of positive absorption in the downtown market, vacancy rates have fallen into the single digits and look to continue falling. The downtown Calgary office market has not seen a new building built since 2001. The only downtown development underway is the new courthouse, which has 100% of the space already committed. With the leasing market tightening, it seems it will be only a matter of time before the proposed office towers will receive enough attention from tenants seeking new space alternatives to become a reality.

Compounding the increased pressure put upon the market by surging oil and gas prices, the recent announcement that Imperial Oil is moving their head office to Calgary and has already committed to take nearly 200,000 square feet in August of 2005, is having a dramatic effect on the downtown market. With this large space being absorbed, a greater sense of urgency has arisen in securing all sizes and classes of downtown office space. This real and perceived urgency will further promote these speculative buildings as viable options.

In the Calgary downtown office tower market there is currently 8,000,000 square feet of development permits in place. Of this 8,000,000 square feet there are six potential developments encompassing eight buildings with a total of 3,000,000 square feet currently being marketed for pre-lease. There are various options for tenants looking for new space in both the central core with three new developments, and also the west core of the downtown with three new developments. These developments also vary in scope with the largest being nearly 700,000 square feet and the smallest at just over 225,000 square feet.

Although the evidence looks extremely favorable that a new project could commence shortly, notwithstanding pre-leasing requirements, concerns such as increasing price of raw materials and construction costs have kept any development in check. Steel prices have increased more than 75% compared with pre-2000 levels and persistent labor shortages continue to drive up the cost of construction. These concerns will force developers to look very closely at pre-leasing levels and fixed price construction contracts prior to commencing construction.

When will the next office tower within downtown Calgary be announced? With exceptionally strong energy prices, continued positive absorption and diminishing product, we can expect to see these potential developments start to become a reality within the next twelve months.

Recent Additions

Megan Warkentin studied *Administrative Information Management* at the Southern Institute of Technology for the past two years. She came to Avison Young for her practicum in May of 2004. After graduating with her Diploma from SAIT, Megan returned to Avison Young in September of 2004 to fill the role of *Industrial Researcher*.

Tyler Pinder joined Avison Young in October of 2004. He has a Bachelor degree in Psychology from the University of Saskatchewan. Tyler is assistant to Alex Wong.

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*RuffNeck Heaters Building
2827 Sunridge Blvd. N.E., Calgary*

Recent Lease Transactions

*Canadian Forest Oil - 27,343 sq.ft.
Quorum Information Technologies -
14,864 sq.ft.
Intermap Technologies - 11,149 sq.ft.
Cinergy Canada - 9,572 sq.ft.
Compusmart - 8,500 sq.ft.
BCMP Architects - 7,908 sq.ft.
ATB Financial - 6,500 sq.ft.*

Recent Exclusive Lease Listings

*4303 - 26th Street. N.E. - 35,323 sq.ft.
Wi-LAN Building - 16,500 sq.ft.
105 - 58th Avenue S.E. - 15,600 sq.ft.
404 - 6th Avenue S.W. - 12,565 sq.ft.
6325 - 12th Street S.E. - 12,554 sq.ft.
IDC Building - 12,000 sq.ft.
Hanover Building - 10,280 sq.ft.
Melcor Building - 10,050 sq.ft.*

Recent Investment Properties Listed

*McCall Industrial - 89,560 sq.ft.
Century Park Place - 76,000 sq.ft.
Foothills 77 - 55,000 sq.ft.
RuffNeck Building - 28,663 sq.ft.*

Recent Investment Properties Sold

*Parkside Place - \$8,400,000
Lands within the City of Airdrie - \$7,900,000
Ricky Bob Racelands - \$4,500,000*



*Parkside Place
602 - 12th Avenue S.W., Calgary*



EDMONTON

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Edmonton - Alberta's Industrial City

*MTE Warehouse
111 Avenue & 189 Street, Edmonton*

Edmonton's industrial real estate has been a top investment choice for several years now. Today's market shows the classic signs of strong basic demand and some differing attempts at satisfying that demand. Our inventory of 73 million square feet has a vacancy of 3.3% overall; the third lowest in North America, only Vancouver and Los Angeles are lower. Followers of Edmonton also know of the separation between northwest and southeast markets, now posting vacancy rates of 3.9% and 2.7% respectively. The differential is due both to the recent completion and tenancing of several new south side buildings as well as the added supply of 1.1 million square feet in new buildings in the northwest that are still seeking tenants. Older product remains mostly full but there will be additional vacancy next spring (in northwest) due to planned tenant relocation to new construction. Other tenants seeking new product will have greater choice also for the next two quarters.

Every time you fill your vehicle with gas, at \$50.00 U.S. a barrel, a little tickle is felt in our market. All industrial components of the petroleum/petrochemical industry are operating at capacity. The rate of expansion we thought might abate, has not done so (see \$50.00 U.S.). Conventional reserves are being vigorously pursued and servicing of an expanded oil industry infrastructure must continue. Demand for all industry inputs remains strong; labour is scarce. This has meant continued demand for industrial land. Prices have moved accordingly and are now effectively over the \$200,000 per acre mark for fully serviced land. This increase in land cost and inflationary construction costs are hurting developers' proformas. While owner/users are not happy, the availability of cheap money has kept demand high for new product. Vacant buildings tend to sell promptly.

So we ask, can our market be any better? Calgary "runs" our petroleum industry, but Edmonton offers more than being Calgary's low cost oil patch service centre. We are petrochemicals; every oil sands development relies on Edmonton's industrial infrastructure and we are Alberta's manufacturing city. In addition, two regional banks are headquartered here. Edmonton has Alberta's three largest biotech companies and its largest industrial software firm. We are the regional base for every forestry company with northern Alberta assets. Canada's largest engineering and construction companies are headquartered here. CN runs its entire railway from here and several prominent national retailers call Edmonton home. Our other assets include several dynamic educational institutions and we have a new progressive mayor with a strategic vision for Edmonton's future. Edmonton has abundant assets and is poised for continued growth. So when you think of the diversity, depth and strength of Edmonton's industrial market, think beyond oil and gas.

New Additions

Paul Chaput joined the Avison Young team in August and is heading up our Multi-Family division. Paul has been involved in the research, marketing, analysis and negotiation of over \$80 million worth of successful apartment investment sales and multi-family land transactions.

Richard Matthew is our new Director of Research. Richard brings with him a vast experience in business applications, research & development, database knowledge, marketing and four years of commercial real estate experience.

Kevin Petterson joined the Avison Young office team in October. He has a B.Comm. from the University of Alberta with a major in Entrepreneurship and Small Business.



*Roper Industrial Centre
59 Street & Roper Road, Edmonton*

Recent Lease Transactions

*Dell Canada Inc. - 83,029 sq.ft.
Hagemeyer Canada Inc. (4 deals) - 44,892 sq.ft.
Guillevin International Co. (2 deals) - 33,000 sq.ft.
Boyle Street Education Centre - 30,500 sq.ft.
X/S Wares - 29,000 sq.ft.
Northern Bokay Corp. - 26,784 sq.ft.
Upside Software Inc. - 19,018 sq.ft.
LandTron Logistics Inc. - 15,161 sq.ft.
ATCO I-TEK - 15,136 sq.ft.
Arpac Storage Systems - 14,175 sq.ft.
Hinz Automation - 14,000 sq.ft.
Tarpon Energy - 13,700 sq.ft.
Coast Wholesale Appliances - 13,060 sq.ft.
ICS Courier - 12,800 sq.ft.
Royal Bank of Canada - 9,164 sq.ft.
IBM Canada - 7,400 sq.ft.
Moores The Suit People - 6,600 sq.ft.
South Edmonton Oral Surgery - 6,600 sq.ft.*

Recent Exclusive Lease Listings

*Westpoint Corporate Centre - 300,000 sq.ft.
Klingenburg Build-to-Suit - 100,000 sq.ft.
Zaicana Building - 56,186 sq.ft.
Clareview Town Centre - 26,000 sq.ft.
Eastgate Warehouse - 25,270 sq.ft.*

Recent Investment Properties Listed

*Stantec Centre - 190,000 sq.ft.
Meridian Village Mall - 40,499 sq.ft.
Mobilcom Building - 21,927 sq.ft.
Riverside Warehouse Building (Red Deer) - 21,288 sq.ft.
Triumph Building (Red Deer) - 21,232 sq.ft.
Strathcona Square - 16,612 sq.ft.*

Recent Investment Properties Sold

*MTE Portfolio Sale - 767,000 sq.ft.
Imperial Square III - 96,589 sq.ft.
CE Franklin Building - 77,390 sq.ft.
Telus Surplus Building Spruce Grove - 57,454 sq.ft.
Home Depot Land Spruce Grove - 6.65 Acres*



VANCOUVER

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*Busy Port of Vancouver
contributing to economic growth*

Strong BC Economy Boosting Property Markets

Economic expansion in British Columbia has increased demand for commercial real estate by both tenants and investors. Economists expect provincial GDP growth to exceed 3.5% in 2004 and 2005, leading the nation or tying with Alberta for the honour.

All major provincial industries are sharing in this improvement. Despite continued countervailing duties on softwood lumber from the United States, the forestry industry is generating solid revenue. Commodities and energy export revenues are soaring thanks to high prices on global markets. Increased global trade -- especially involving China -- is accelerating activity in the Port of Vancouver, Western North America's busiest port. The knowledge economy and high technology sector is thriving and contains three of the four fastest growing industries in the province, including the fastest, software publishing.

Construction starts also continue to climb -- both residential and non-residential. Transportation infrastructure is being upgraded, whether to improve the movement of goods to and from the Port or to facilitate access to future Olympic sites. Construction for Olympic venues themselves will start within the next few years.

Entrepreneurs and small businesses in BC are more optimistic about the future than their counterparts in any other province, according to the Canadian Federation of Independent Businesses. Besides the factors mentioned above, shifts to taxation policy and the new provincial government budget surplus are contributing to this rejuvenated business spirit.

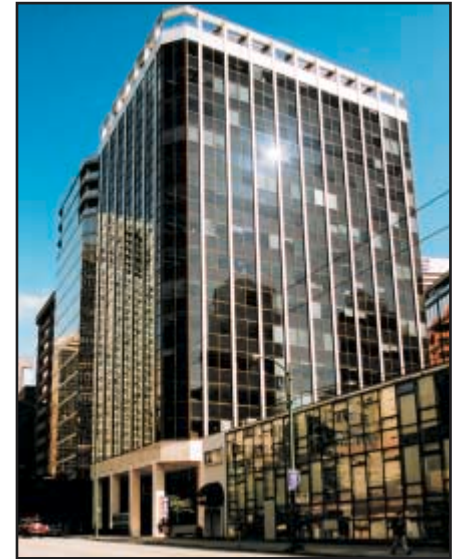
Related to this optimism, employment in BC reached its highest level ever in October, 2.09 million. This pushed the unemployment rate down to 6.9%. To fill jobs, net inter-provincial migration has finally become positive (after years of losing population to other regions) and international immigration remains strong.

This strong economy and optimism has boosted leasing and sales demand for all commercial real estate product. Cap rates have steadily marched downward over the past year. Consumer retail spending has flourished, consequently increasing demand for leased space and pushing prices for retail investment product upward. Escalating global trade traffic through Vancouver has expanded demand for industrial property, particularly for new warehouse-distribution facilities designed to meet modern logistics requirements. With all BC's major industries doing well, the office leasing market is also experiencing improved demand and strong absorption.

New Additions

Peter Edgar joined Avison Young in May 2004 and is working closely with Matt Walker, specializing in Office Leasing. He graduated in 2003 from the University of Alberta with a Bachelor of Commerce degree majoring in International Business.

Michael Emmott joined Avison Young in May, working with the investment sales group. He is a Chartered Surveyor from England and has a degree in Real Estate Management from Oxford Brookes University. During his five years in the property industry, Michael worked initially with Grosvenor in London, followed by a private development company in Sri Lanka.



1166 West Pender Street, Vancouver

Recent Lease Transactions

- Vancouver Coastal Health - 71,000 sq.ft.*
- Vancouver Coastal Health - 60,000 sq.ft.*
- Michelin North America - 60,000 sq.ft.*
- Stantec Consulting - 55,000 sq.ft.*
- Legal Services Society - 45,000 sq.ft.*
- Placer Dome - 40,000 sq.ft.*
- Fraser Health Authority - 38,000 sq.ft.*
- WCB - 22,000 sq.ft.*
- Electronic Arts - 18,000 sq.ft.*
- TWK Management - 18,000 sq.ft.*
- Interfor/Sauder - 16,000 sq.ft.*
- Commonwealth Insurance - 15,000 sq.ft.*
- Hemmera Envirochem - 14,000 sq.ft.*
- eBay - 13,500 sq.ft.*
- Old School Boxing - 10,000 sq.ft.*
- Ray & Berndtson - 10,000 sq.ft.*
- BCBC - 9,800 sq.ft.*
- FX Trainer Financial Services - 9,000 sq.ft.*
- Anthem Properties - 7,700 sq.ft.*
- Ikona Gear - 7,000 sq.ft.*
- CoMotion Fitness Studios - 7,000 sq.ft.*
- Pacific Sport - 6,600 sq.ft.*
- Cunningham Investments - 6,500 sq.ft.*
- Distinctive Designs Furniture - 6,500 sq.ft.*
- Spencer Interiors - 6,000 sq.ft.*

Recent Exclusive Lease Listings

- 555 Sixth Street, New Westminster*
- Peachtree Square, Penticton*

Recent Investment Properties Listed

- Pemberton Plaza, North Vancouver - 77,000 sq.ft. shopping centre*
- 555 Richards Street, Vancouver - 28,000 sq.ft. office building*

Recent Investment Properties Sold

- St. Edwards Crossing, Richmond*
- King Edward Centre, Coquitlam*
- 111 Dunsmuir Street, Vancouver*
- Royal City Centre, New Westminster*
- Boitania Mall, Williams Lake*
- 1166 West Pender Street, Vancouver*