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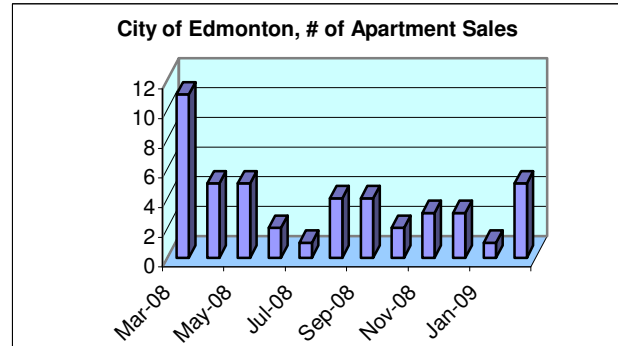
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Page 1.

March 2009 Apartment Report

Overview

Sales activity within the Edmonton apartment market has been steady over the course of the last 12 months, with an average of three and a half sales a month. Changing factors have influenced the risk level within this market and are reflected in lower prices per unit and higher capitalization rates, although current low financing rates are providing additional benefits to Purchasers.



Risk Exposure

Vacancy rates have been rising throughout the city with the overall 2009 average being forecast by CMHC to be 3.5%. Although this is an upward shift from near zero vacancy in previous years, we have not come close to reaching the 9% + vacancy rates that were present in 1982/83 and 1994/95.

Rental rates around the City of Edmonton are remaining at levels above those from 2007. Typical market asking rates - which include heat, water and parking - for a 1 Bedroom suite average between \$800 and \$900/Month, 2 Bedroom suites typically run between \$900 and \$1,200/Month and 3 Bedroom suites are typically renting between \$1,000 and \$1,300/Month. It is unclear whether increased vacancy rates will be counteracted by widespread reductions in rental rates or if incentives offered by landlords will be enough to maintain current rates. CMHC is forecasting slight increases in rental rates over 2009/2010.

Operating expenses have been rising over the last 12 months. The range of increase on a per door basis has seen a move from between \$1,750-\$2,250 per door per annum to between \$2,250-\$2,750/door/annum.* These costs reflect changes in caretaker, utilities, insurance, repairs & maintenance and miscellaneous expenses. As rental rates rise, Management expense as a percentage of income will also go up. Property taxes from the city of Edmonton have also risen an average of 7.3%, due to rising assessment values even though the mill rate has fallen from 9.1103 in 2007 to 5.9860 in 2008.

Incentive programs, offered by landlords to attract tenants, are anticipated to become prevalent in 2009 as vacancy rates rise. Offerings such as the inclusion of cable and Internet service in rents, are becoming more common to the Edmonton region and are likely to be offered by an increased number of landlords as vacancy rates rise. The average cost on these incentives would have the effect of decreasing profit levels, but will prevent a negative drain on cash flow from any carrying costs applicable to a vacant unit.

***This is representative of the most common costs encountered within the marketplace, do not include management percentage or tax expenses, and should not be relied upon for information regarding specific properties.**

The information contained herein was obtained from sources deemed to be reliable and is believed to be true; it has not been verified and as such, cannot be warranted nor form any part of any future contract.

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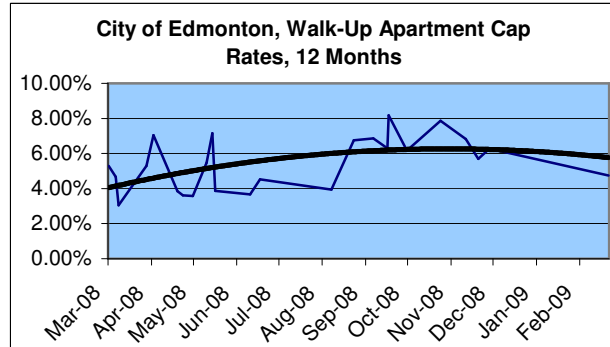


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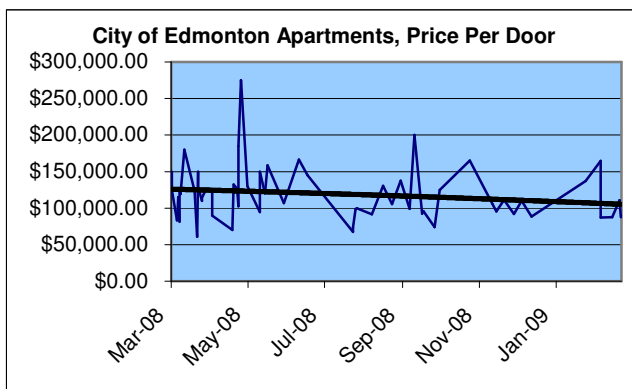
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Capitalization rates have been trending in an upward direction for the last twelve months. The previous cap rate range between 4% and 7% has now been shifted to between 6% and 8%. This is a reflection of investors who are seeking stable Cash on Cash returns, re-entering the marketplace.



The time horizon most Purchasers are expecting to hold their investments has lengthened, also due to the change in profile of the Purchaser. Speculative investors have left the market, allowing operational investors to set the market price and conditions for these properties.



The last twelve months have seen a steady decline in the price paid per door for apartment units within the City of Edmonton. The influential factors for these changes are the reintroduction of investors who are requiring solid Cash on Cash return for their investment, lower financing costs and the stabilization of rental rates.

Investors looking to operate an apartment building were forced out of the marketplace in 2006 and 2007 as prices for apartment buildings were driven to levels that were not sustainable by the income that they were generating. With residential condo prices falling and absorption rates decreasing for these converted properties, the conditions that allowed speculative investors have been removed from the marketplace.

Lending requirements have tightened over the last few quarters and are now ensuring that the debt on an investment property can be serviced by current cash flows. Financing rates are also at all time lows, with the Prime interest rate at 2.5%. This attractive rate, coupled with tighter lending practices, is allowing well-positioned investors to reduce the amount of capital required, for the purchase of an apartment property.

With current unit prices retreating, financing rates lowering and market conditions stabilizing; investors seeking a stable investment with a reliable return on capital, can now look to apartment properties.