



Bourgeois & Company Ltd.
Real Estate Appraisers & Consultants

Commercial Real Estate Market Trends in the Past 10 Years

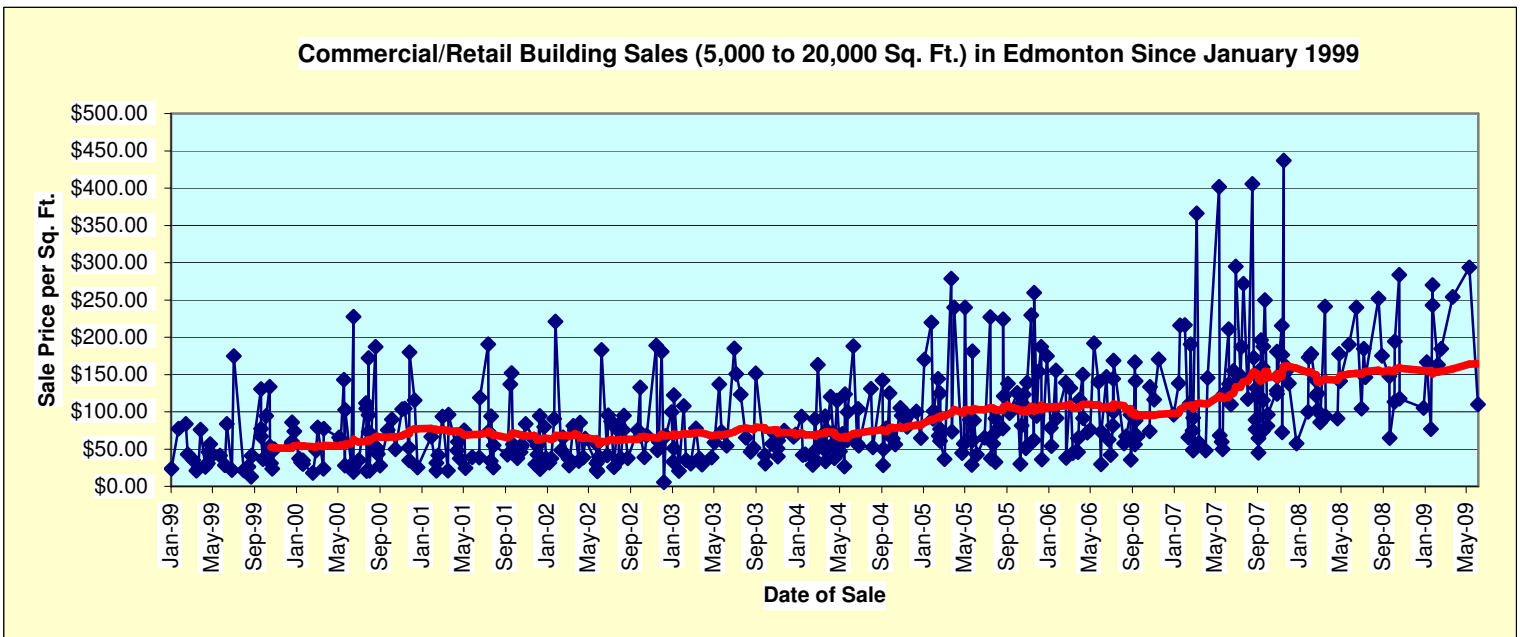
www.bourgeois.ab.ca

Overview

Bourgeois & Company Ltd. has been tracking all commercial real estate transactions within Edmonton across all sectors for well over a decade. Using this information, general market trends have been identified from the past 10 years. It is interesting to note that property values in each commercial sector have followed a very similar pattern over this time period. In general, values were relatively constant with signs of slow, steady growth from 1999 into 2006. Then, coinciding with the economic boom in the Edmonton region in 2006/07, a rapid and substantial increase in values was witnessed. Further, there was a large amount of market activity during this time period. However, as the economy cooled and global recessionary conditions set in during 2008, property values leveled off and appear to have decreased slightly in the recent past. Consistent with the most recent trend in property values is the significant abatement in the number of sales transactions in all sectors, which we believe is strongly attributed to tightened lending conditions, the current economy, and a high level of uncertainty in the marketplace.

Commercial/Retail Sector

Commercial/Retail Building Sales (5,000 to 20,000 Sq. Ft.) in Edmonton Since January 1999

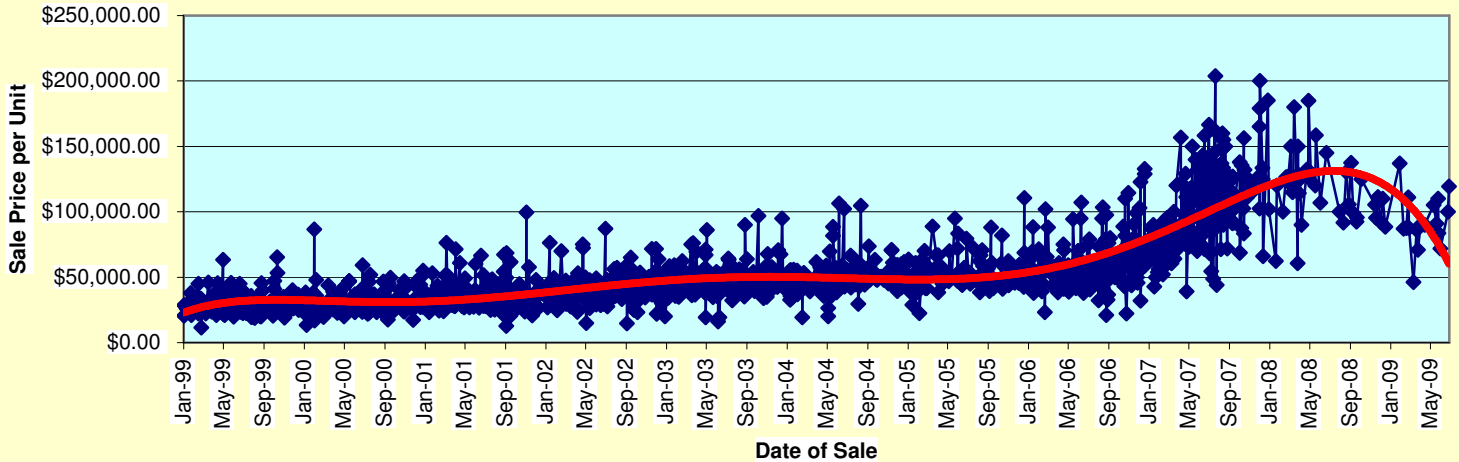


A portion of the commercial/retail sector (buildings between 5,000 and 20,000 sq. ft.) was analyzed and revealed the general trend discussed above. Specifically, the average property value began at slightly below \$50 per sq. ft. in 1999 and grew slowly until a sharp increase occurred in 2007 bringing the average price up to approximately \$150 per sq. ft. where it has since leveled off. In total, there have been 435 sales since January 1999 with the highest number of transactions taking place in 2007, while minimal activity occurred through 2008 and thus far in 2009.

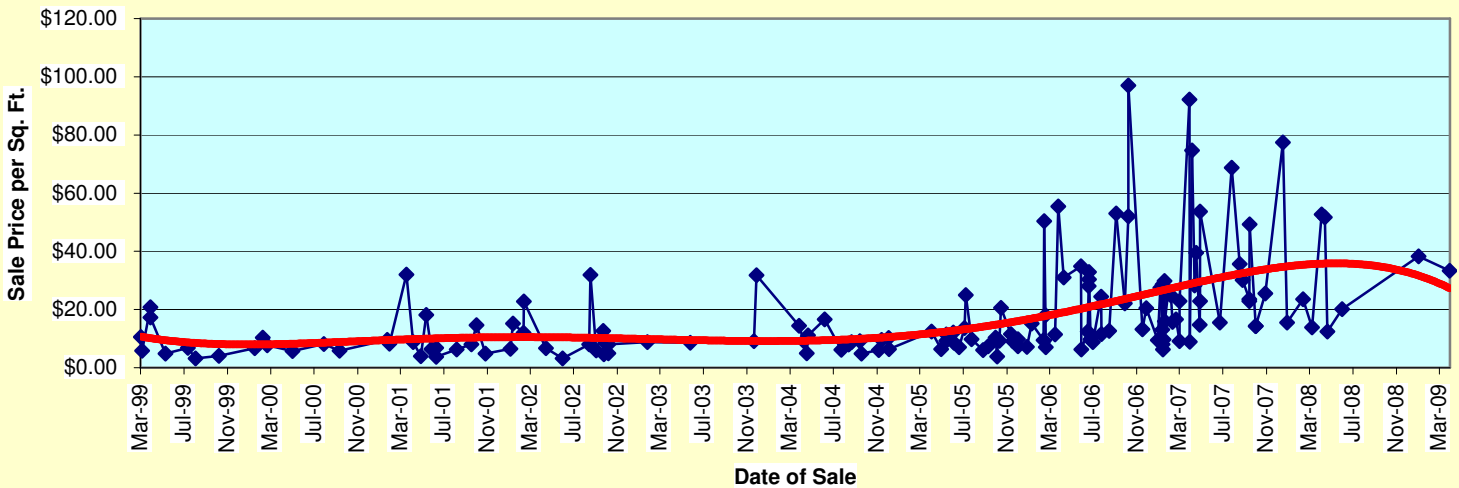


Multi-Family Sector

Low-Rise Multi-Family Property Sales (6 Units or More) in Edmonton Since January 1999



Low-Rise Multi-Family Residential Land Sales (10,000 to 217,800 Sq. Ft.) in Edmonton Since January 1999



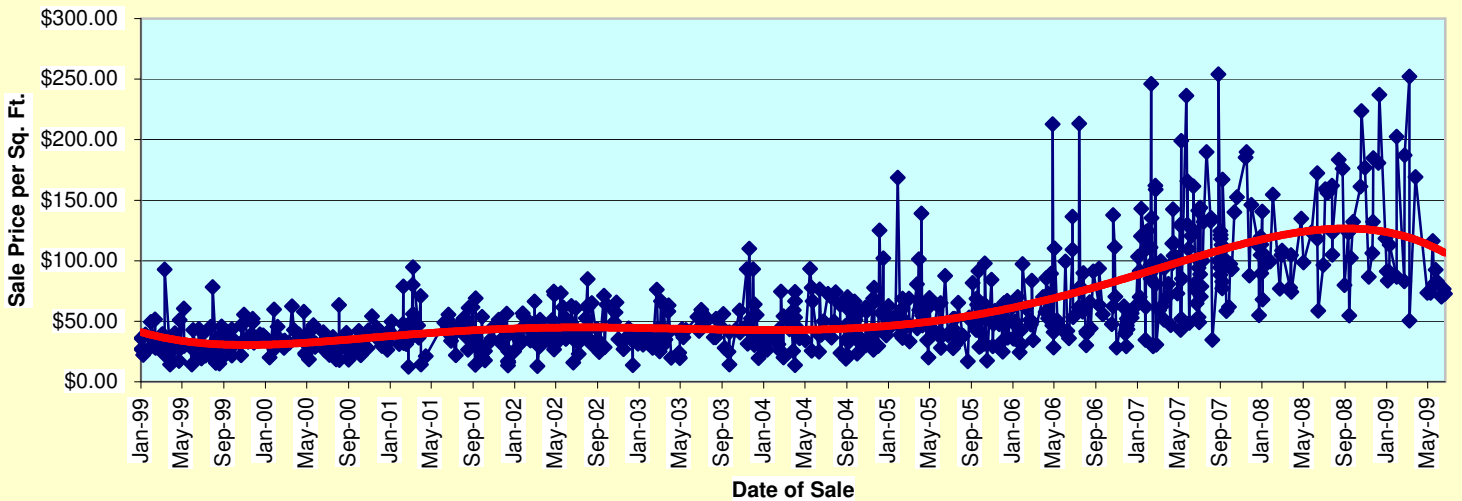
Both low-rise multi-family building and land sales are illustrated in the graphs above. It is evident that there is a very strong positive correlation between building and land values within this sector. Further, both types of properties follow the general trend discussed in the overview. Building values ranged from an average of well below \$50,000 per unit in 1999 to between \$100,000 and \$150,000 per unit at the peak of the market and have since leveled off to approximately \$100,000 per unit or slightly less. Land values averaged near \$10 per sq. ft. from 1999 until 2006, when much higher prices became achievable. The average value peaked close \$40 per sq. ft. in 2007/08 and prices near \$100 per sq. ft. were being garnered. In terms of the frequency of sales, 2006 to 2007 was the most active time frame for these types of properties while a significant abatement in transactions is apparent in the recent past. In total, 1,474 building sales and 150 land sales in this size range have occurred since the beginning of 1999.

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. Report prepared by Brett Coley (brettc@bourgeois.ab.ca). Phone 780-452-8000.

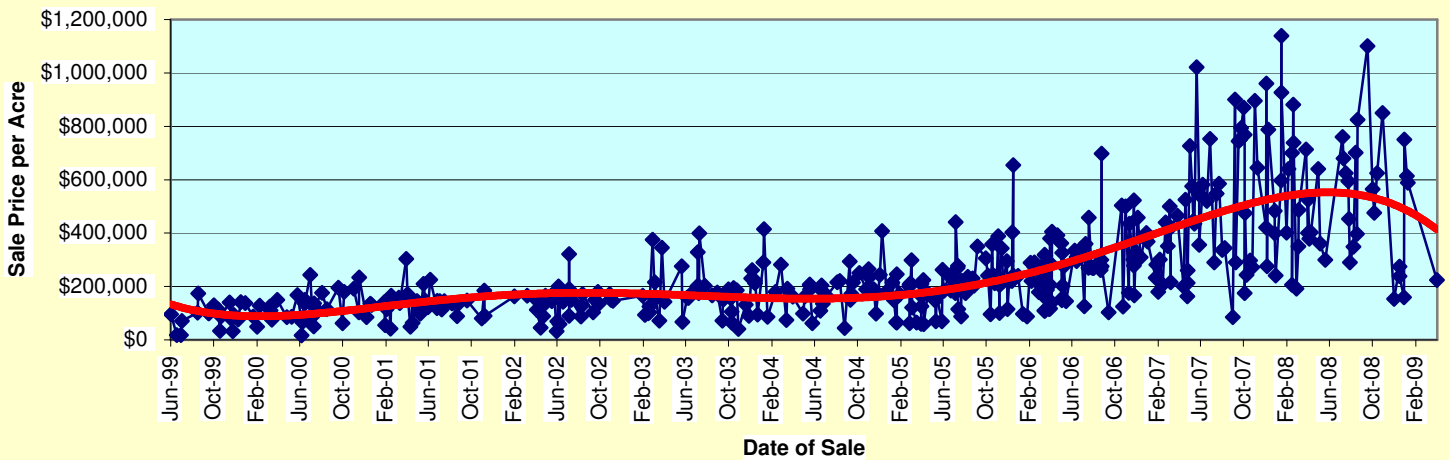


Industrial Sector

Industrial Building Sales (Over 10,000 Sq. Ft.) in Edmonton Since January 1999



Industrial Land Sales (Between 1 and 5 Acres) in Edmonton Since January 1999

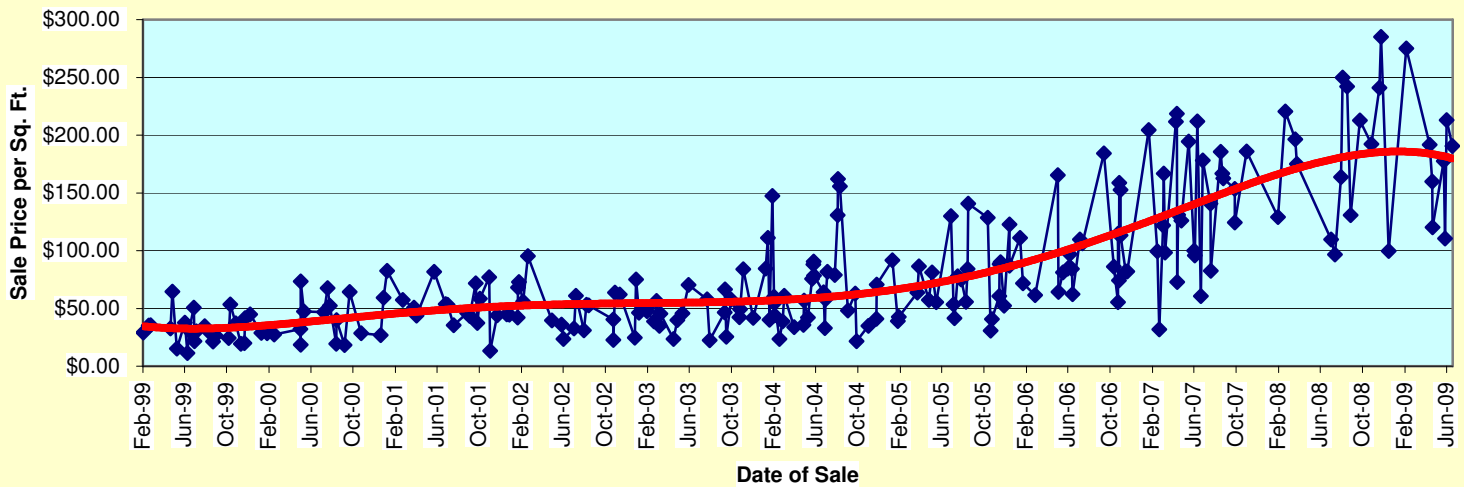


Industrial buildings over 10,000 sq. ft. and industrial lots between 1 and 5 acres have been included in the graphs above. Again, both graphs support the general trend of the commercial market discussed in the overview and it is evident that they are directly related to one another. The average sale price per sq. ft. for the buildings ranges from below \$50 per sq. ft. in 1999 to between \$100 and \$150 per sq. ft. in 2007/08. The average sale price per acre for land in 1999 was approximately \$100,000 per acre and increased to nearly \$600,000 per acre by 2007/08. The average sale prices for both buildings and land have levelled off and decreased slightly in the recent past. The greatest frequency of transactions for industrial properties occurred between 2005 and 2007 and sales have abated substantially in recent times. 756 buildings and 429 lots in these size ranges have sold during this time frame.

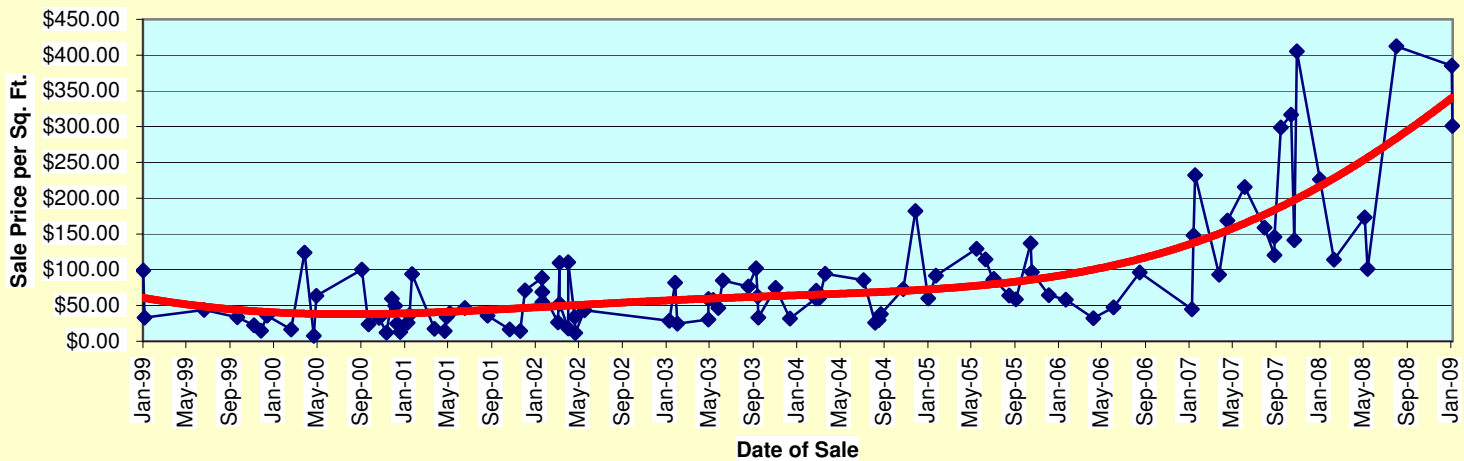


Office Sector

Non Hi-Rise Office Building Sales (Over 4,000 Sq. Ft.) in Edmonton Since January 1999



Hi-Rise Office Building Sales in Edmonton Since January 1999



Non Hi-Rise and Hi-Rise office building sales since the beginning of 1999 have been gathered and indicate similar trends as each other and the other commercial sectors. 225 sales of Non Hi-Rise office buildings over 4,000 sq. ft. in size have taken place since 1999 and the average price ranged from below \$50 per sq. ft. to just under \$200 per sq. ft. Values have recently leveled, which is consistent with the minimal amount of sales that are occurring. Fewer Hi-Rise office buildings have sold (102) since 1999, but a very similar trend is apparent. Prices slowly increased from \$50 per sq. ft. to \$100 per sq. ft. between 1999 and 2006, and have since gone on a strong upward trend with sale prices in the \$300 to \$400 per sq. ft. range being achieved. However, there have been few recent sales of this type of office property.