



Bourgeois & Company

Edmonton Residential Real Estate Market Report 2009-2010

Current Conditions

EREB 2010 Forecast:
Resale SF – **10% Sales Gain**
Resale Condo – **Stable-0%**

Edmonton – All Zones:
?8.4% from '07 to Current

Southwest Zones:
14, 15, 16, 55, 56, 57
? 9% from '07 to Current

All MLS Residential Real Estate Listing #'s/Sales #'s
July '09. – Jan 11th 2010
Edmonton: 2462/ 6407

Ambleside: 20/ 27
Windermere: 1/ 7
Terwillegar Area: 50/ 136
Haddow: 20/ 54
Cameron Heights: 8/ 12
McTaggart: 16/ 27
Magrath Area: 6/ 26

Avg. Sales/Listing Ratio:
December 2009: 85
Avg. Days on Market:
December 2009: 50

Bourgeois & Company
14207 – 115 Ave.
Edmonton, Alberta
T5M 3B6
Phone: (780) 452-8000
Fax: (780) 452-8069
www.bourgeois.ab.ca

Overview - Residential

The past year started out slow and ended on a high with larger than expected sales volumes and stabilizing residential sales prices. Consumer confidence in the second quarter allowed Alberta to be the first province to show signs of recovery nationally. MLS listings were at an all time high in the late spring-early summer of 2009 with active listings volumes at approx. 11,000. Current inventories have stabilized to more typical seasonal lows of approx. 4,000 houses currently listed. These volumes indicate a stable supply and demand that allows for sales prices to recover and continue to grow at a sustainable level. This has been triggered by low interest rates, government incentives and overall consumer confidence.

Southwest Zones continue to enjoy the highest sales prices and listings activity in the City of Edmonton. Recently the Edmonton Journal declared the deep south-west community of Windermere the “distinctly most expensive neighborhood in Edmonton, whereby 101 homes were worth an average of \$1.1 million”.

Neighboring south-west communities such as Haddow, Cameron Heights, Terwillegar Area, Magrath and McTaggart continue to build and cater to higher end living as well.

- ~33% of homes with sales prices over \$900,000 were located in the south-west zones in the past year.

CMHC recently declared a consistent growth in housing starts with the prairies averaging an 8.2% increase in November alone. This is led primarily by single family dwellings with a small decline in multi family construction. November increases were the highest within the 2009 calendar year. Market conditions throughout 2009 have allowed for more affordable construction materials, competitive labor therefore decreasing sales prices and expedited home ownership.

- New neighborhoods such as Ambleside and expanding Windermere areas rely on primarily local builder sales. Fewer MLS sales are available until there is available resale properties to turn over. This explains the limited sales & listings information available on the MLS system.



Rental Property: Vacancy Rates and Saturation

Bourgeois & Company *Residential Division*

Specializing in all areas
of residential Real Estate
including:

- ∞ Single-Family Homes
- ∞ Condominiums
- ∞ Townhouses
- ∞ Duplexes
- ∞ Triplexes
- ∞ Fourplexes
- ∞ Acreages
- ∞ Recreational Properties
- ∞ Vacant Land

Our professionals are
experienced in
performing valuation
and consulting
services for all
purposes including:

- ∞ Purchase and Sale
Agreements
- ∞ Refinancing
- ∞ Relocation
- ∞ Litigation Support and
'Qualified Expert'
Witness Testimony
- ∞ Divorce
- ∞ Estate Settlement
- ∞ Expropriation
- ∞ Taxation Issues
- ∞ Fire Insurance
- ∞ Risk Analysis

Rental Properties continue to be desirable investments in today's current market place. This demand can be attributed to lower sales prices, competitive financing options and a generally good selection of properties to choose from. However, vacancy rates in Alberta experienced the highest provincial increase in October 2009, increasing 2% to 4.5%. The same forces which drive landlords to purchase investment properties are driving tenants to home ownership.

The condominium market remains fairly saturated with a large pool of rental properties available. More and more landlords are offering incentives such as free utilities, parking and first months rent free. The condominium market appears relatively saturated with an abundance of condominiums to choose from - primarily in the downtown market.

Location, Location, Location...

University areas will continue to retain good tenancy, similar to downtown areas. Condo-conversion properties sold quickly at the peak of the market (2007) and at premium pricing. Those same units have experienced the highest decreases in market value and generally speaking have remained tenant occupied. Some of these units have also been abandoned and or are in the process of foreclosure proceedings.

Ambleside & Windermere Neighborhoods

The Ambleside neighborhood continues to grow with all facets of home ownership including starter condominiums, duplexes and single family dwellings as well as more executive housing.

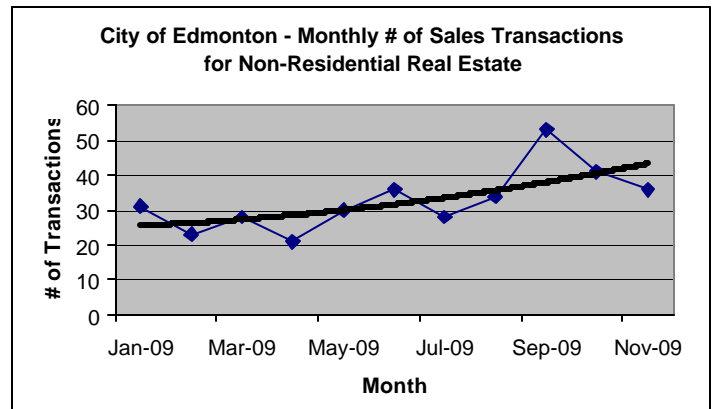
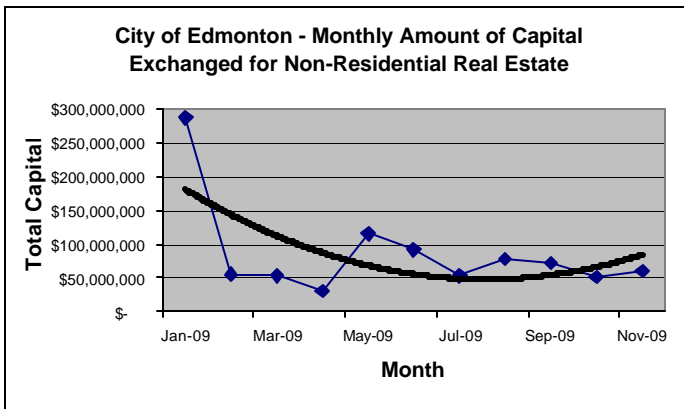
Newer neighborhoods, such as Ambleside, on the periphery of Edmonton's core experienced increased sales prices at the peak and substantial decreases in prices as the market slowed. High inventory levels hindered new housing starts, however, as continued sales of existing inventory increased, housing starts began to grow again. Stable growth of new home sales and increased resale will likely continue through 2010.

Windermere is considered to be an executive neighborhood and is known for estate living and prestigious home ownership. Although this segment of the market is also affected by typical market activity, there tends to be a limited buyer pool for estate properties; therefore impacting market values to a lesser degree. Executive customized home ownership will continue to be desirable and growing in the niche neighborhoods.

The availability of growing amenities and commercial/ retail properties will enhance the appeal of the neighborhood.



2009 Capital Region Market Overview ~ Commercial Real Estate ~



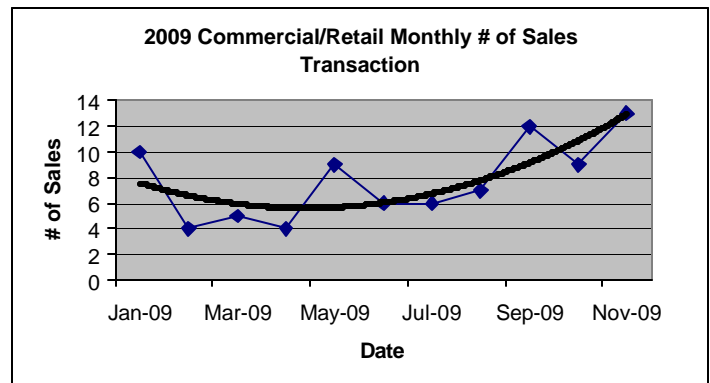
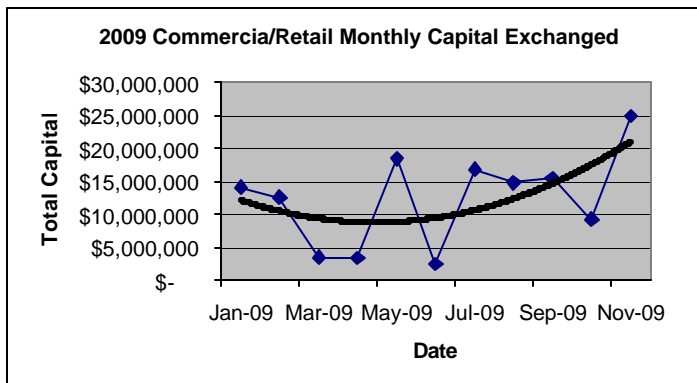
***Note: January 2009 features two large sales of office properties with a total sale price of \$22,230,000.*

Statistical Averages						
	# of Transactions/Month			Total Capital Exchanged/Month		
	2009	2008	2007	2009	2008	2007
Edmonton	33	50	94	\$86,317,303	\$122,834,921	\$312,070,862

Year in Review

The Capital Region, in 2009, continues to see a drop in both real estate transaction volumes and total capital exchanged, although a rise is noted towards the end of 2009. Generally speaking, vacancy rates for all types of investment properties have increased in 2009, with rents ‘softening’ or decreased. Construction costs have also stabilized, thus allowing the market to “catch up” to current levels. The benefits of this slowdown over the past year or so may not be immediately apparent, although they are present, as evidenced by the wider selection of properties and longer negotiation time, allowing for greater levels of due diligence and market research.

Office and Retail Market Activity

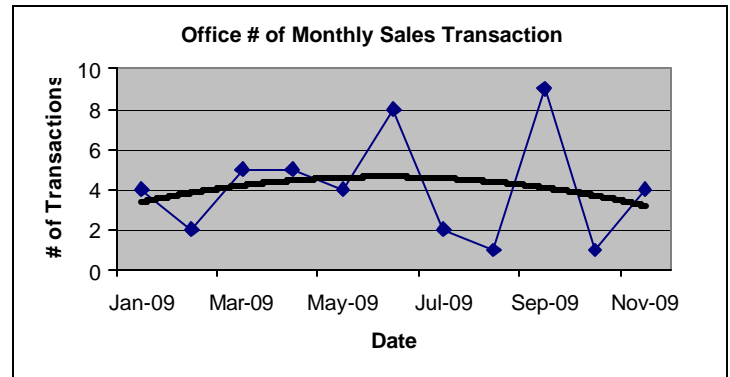
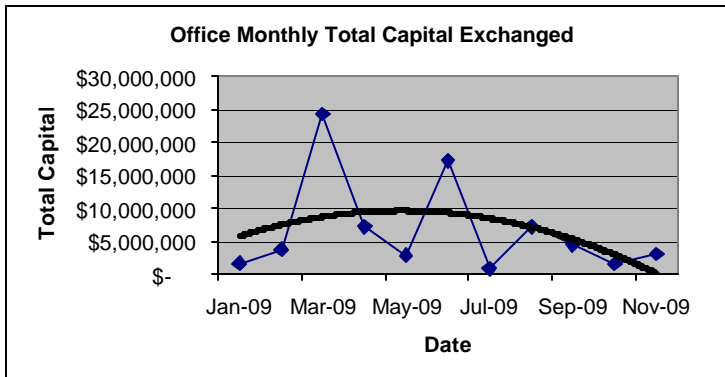


The information contained herein was obtained from sources deemed to be reliable and is believed to be true; it has not been verified and as such, cannot be warranted nor form any part of any future contract.

Report prepared by Jaclyn Bourgeois Senio (jaclynb@bourgeois.ab.ca) and Simon Chin (simonc@bourgeois.ab.ca)



~ 2009 Commercial Real Estate ~

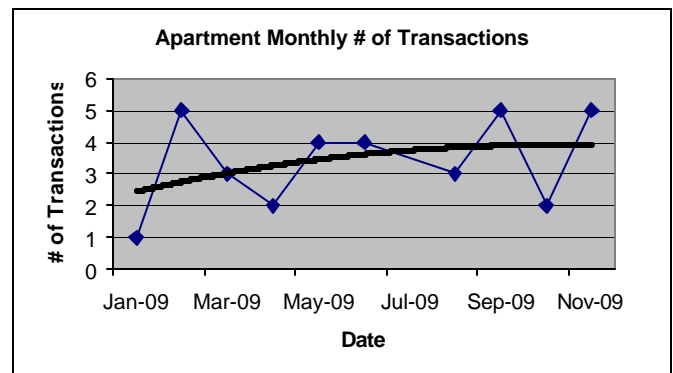
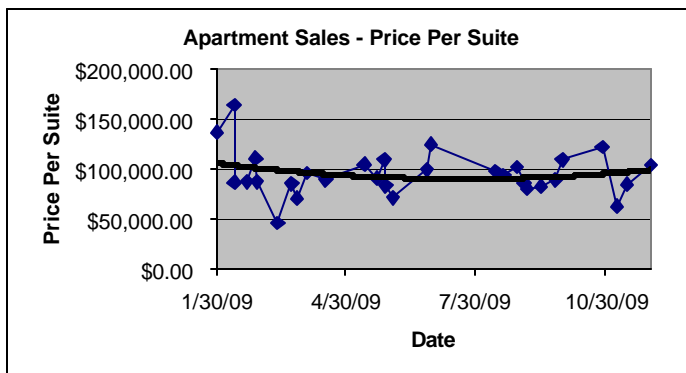


***Note: The two large office sales at a total figure of \$23,230,000 have been excluded from the "Office Monthly Total Capital Exchanged" chart.*

Market Review:

- Retail – Slight upward trend towards the end of the year, while the office market experienced minimal activity.
- Significant quantity of new developments of commercial retail/office space in neighbourhoods such as Ellerslie/Summerside and Downtown Edmonton.
- Businesses/Owners/Government are still being cautious – Minimal plans for expansion.
- Higher Vacancies and "Softening" of Rental Rates.
- Greater Selections and Tenant Incentives.
- Inventory projected to remain relatively stable, as there is no major project under construction.

Apartment Market Activity



Market Review:

- Vacancy: 2009 – 4.5%; 2008 – 2.4%.
- Converted condominium units are entering or re-entering the rental pool.
- Rents have stabilized with greater incentives being offered. Average 2-BR Rent for 2009 at \$1,015; 2008 - \$1,034
- Apartment investment properties remain minimal and 'less desirable' due to current market conditions.

Overall Future Outlook:

- Popular Investment Type Properties: Industrial and Commercial/Retail
- Market will remain stable and the "softening" of rent should benefit the market in the long-term.
- Overall, no anticipation of another "boom" but that the market has "hit the bottom" and should remain stable with a gradual increase over time.

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