



**BOURGEOIS & COMPANY LTD.**  
REAL ESTATE  
CONSULTANTS & APPRAISERS

**July 2008 Industrial Market Report**

**General Economic Indicators**

<b>Current Bank Rate</b>	<b>Inflation – May 2008</b>	<b>Unemployment Rate – July 2008</b>	<b>June 30<sup>th</sup> Closing Crude Oil Price</b>
<b>3.25%</b>	<b>Canada – 2.2%</b> <b>Alberta – 3.7%</b> <b>Edmonton 4.1%</b>	<b>Canada – 6.0</b> <b>Alberta – 3.4</b>	<b>\$140.00 USD</b>

*Information obtained from Statistics Canada, Bank of Canada, the NYME and Yahoo Finance.*

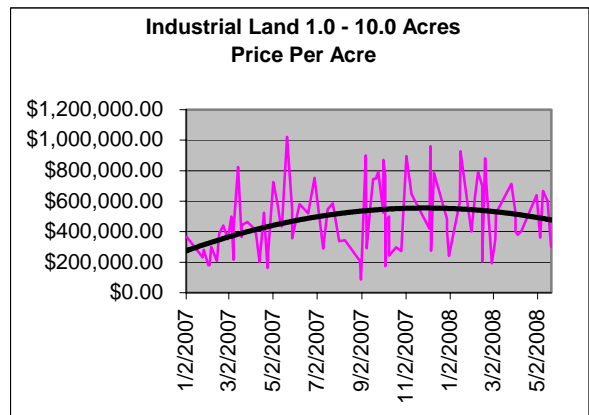
**Market Indicators**

**Market Sales Activity**

	<b>2008</b>		<b>2007</b>	
	Volume	Value (CDN)	Volume	Value (CDN)
May	16	\$8,303,025	21	\$26,422,425
April	18	\$16,045,695	14	\$24,502,803
March	22	\$29,117,400	14	\$26,028,000
February	20	\$38,469,582	20	\$52,290,019
January	20	***\$77,218,333	32	\$42,387,819
Total	96	\$169,154,035	101	\$171,631,066

**Industrial Land**

Industrial land sales prices per acre declined in 2008 from their height at the end of 2007. As inventories changed and inner city land supply reduced, Purchasers are forced to look to outlying areas to meet their land needs. The lowest priced industrial land sale during 2008 occurred in the Winterburn Industrial Area East subdivision at \$85,000CD per acre for an unserviced parcel, while the highest price paid for land was in Parsons Industrial Area at \$1,021,897CD per acre for a fully serviced lot.

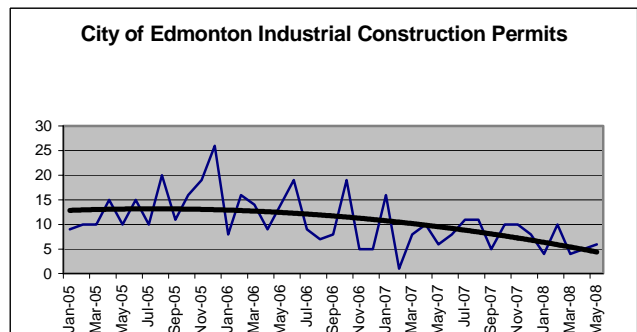


**Current Asking Prices for Serviced Industrial Land Per Acre**

Edmonton SE	Edmonton NW	Acheson	Sherwood Park	Fort Saskatchewan	Leduc
\$555,000 – \$1,100,000	\$550,000 – \$825,000	\$350,000	\$450,000	\$325,000	\$425,000

**Construction Trends**

Construction permits issued by the City of Edmonton have shown a gradual decline since their peak at the end of 2005. Higher prices for building materials including steel and concrete, as well as increases in labor costs, have resulted in rising costs for industrial construction, which, with the increase of oil prices, is expected to continue into 2008.

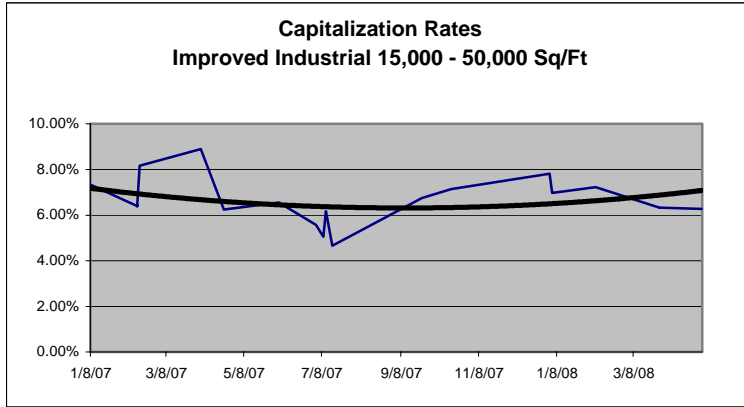


*\*All data has been formatted to exclude non-arms-length sales and sales exceeding 2-standard deviations.*

*\*\*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.*

*\*\*\*Includes the sale of the Celanese manufacturing plant at \$35,000,000CD.*

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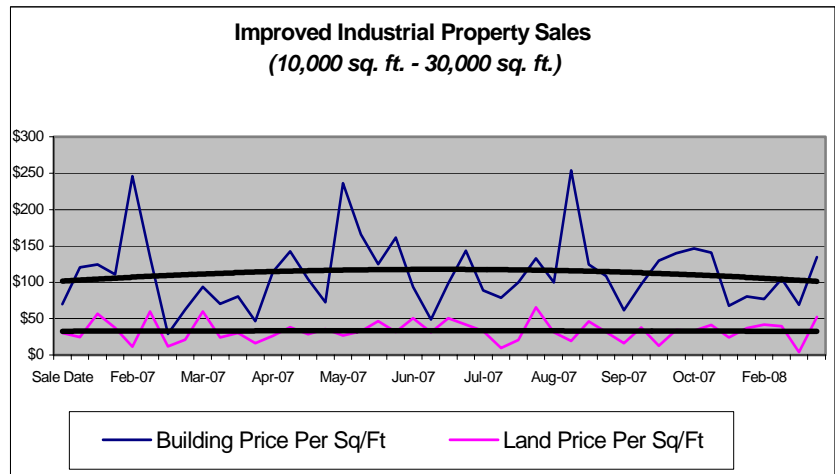
**Capitalization Rates**

Overall, capitalization rates have decreased for most of 2007 but have increased since the beginning of 2008. A major underlying factor for this increase can be attributed to the higher lease rates that the properties are now generating, as opposed to earlier in 2007, where rents for most properties were below market levels. As older leases are renewed to market levels,

there will be fewer properties with potential for immediate rental increases and as such, it is expected that cap rates will stabilize for the remainder of 2008.

**Improved Industrial**

A review of the sale price based on the building area for industrial properties that have sold over the past year or so revealed a slight “peak” in July 2007. However, when analyzing the sale price based on the land area of the respective properties, a more level trend line is derived. This tends to suggest that prices for improved properties have more or less remained stable over the past year.



Considering the current economic and market conditions, it is expected that property values will remain stable for the balance of 2008.

**Outlook for the Next Quarter**

Alberta’s oil and natural gas dependant economy has been on a ride, as future spot prices for Crude topped \$145.00/bbl earlier this year. Higher oil and gas prices should bode well for Alberta’s economy and consequently, property values. However, as the Bank of Canada raises interest rates to balance these recessionary pressures in the east and as Alberta’s inflation rate continues to rise above the national rate, stagflation becomes a concern for organizations planning long-term developments in Alberta; the result of which may be to place these developments on hold for the short term until a clearer picture develops.

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