



# Bourgeois & Company

## Edmonton IC&I Real Estate Market Report Spring 2009

### Current Economic Conditions

#### Un-Emp. Rate (Prev Month)

Edmonton – (5.4%)

Alberta – (6.0%)

Canada – (8.0%)

#### Inflation Rate Apr. 09

Canada – 0.7%

Alberta – -0.4%

#### Canadian Dollar

\$0.91 USD  
(May 29<sup>th</sup> Close)

#### IC&I Real Estate Sales

Jan. - Apr. 2009 / (2008 Total)

Edmonton: 98 (600)

Sh. Park: 13 (83)

St. Albert: 9 (34)

Fort Sask: 3 (24)

Nisku: 2 (21)

Leduc: 11 (37)

Acheson: 2 (11)

Sp. Grove: 2 (25)

St. Plain: 8 (32)

Total: 148 (867)

#### Bourgeois & Company

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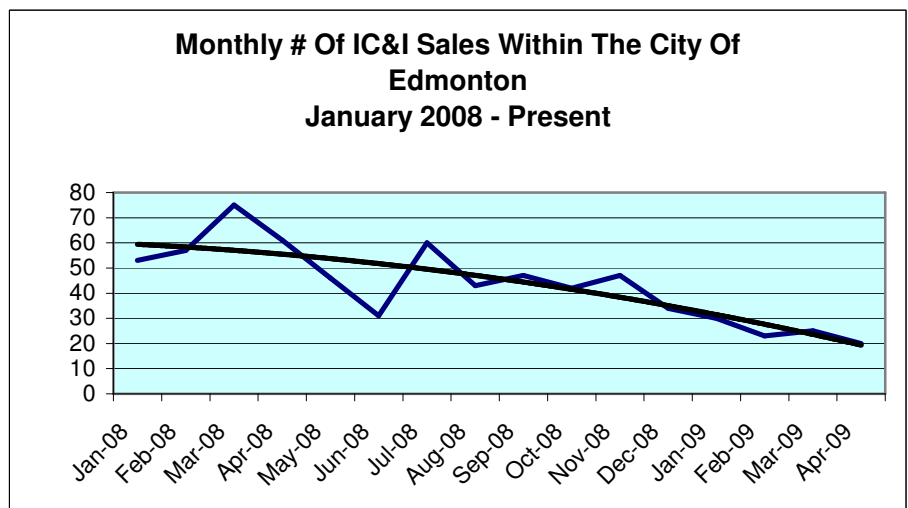
[www.bourgeois.ab.ca](http://www.bourgeois.ab.ca)

### Overview

The first 4 months of 2009 have showcased the end of the business cycle within the Edmonton Metropolitan Area. Layoffs that were unthinkable only 6 months earlier have become a reality for a large number of businesses, and the uncertainty surrounding future growth has put the Real Estate market in Edmonton on hold. Arms length sales of IC&I property within the Capital Region have fallen from 243 sales within the first 4 months of 2008 to 98 sales within the first 4 months of 2009.

While the quantity of properties transferred has dropped consistently, the price paid for most property types has not moderated over the last six months. The most prominent exception to this is apartment sales, whose average price per unit has withdrawn over 20%. As the inventory of available property increases, it is unclear if Vendors will be able to maintain current price expectations for their offerings.

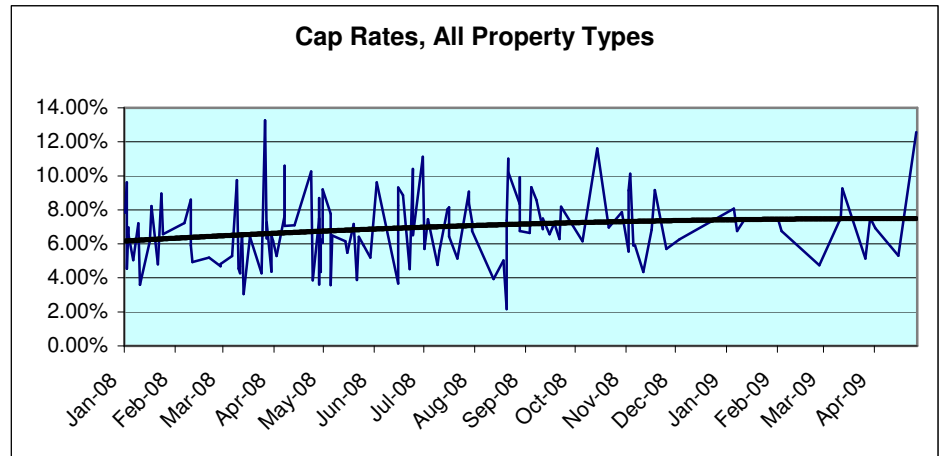
The following overview encompasses the predominant market trends within the City of Edmonton. Please contact us for further information on sub-markets and specific properties.





## Capitalization Rates

In the first 4 months of 2008, the average capitalization rate was 6.46%. This rose steadily through 2008 before equalizing in 2009 with an average of 7.34%. These fluctuations conform to an average capitalization rate for the last three years of 6.77%.



*Providing Real Estate Appraisal and Advisory Services To Western Canada Since 1979.*

**Bourgeois & Company Commercial Division,** specializes in providing:

- ∞ Appraisals
- ∞ Feasibility Studies
- ∞ Lease Studies
- ∞ Arbitration Services
- ∞ ‘Due Diligence’ Assistance
- ∞ Current, Prospective and Retrospective Market Valuations
- ∞ Portfolio Analysis
- ∞ Replacement Cost Valuations for Fire Insurance
- ∞ Valuations for Tax Purposes, Foreclosures, Bankruptcies or Partnership Disputes
- ∞ Absorption Studies
- ∞ Litigation Support & “Qualified Expert” Witness Testimony
- ∞ Appraisal Review Services

## Industrial Property

The majority of industrial property transactions in the City of Edmonton, within the last year, have been intended for owner-occupancy. The price range presented is a reflection of the most common building types and represents the most likely range where transactions for industrial property are occurring.

	North/West Edmonton Price/Sq.Ft.		South/East Edmonton Price/Sq.Ft.	
	Range	Average	Range	Average
<b>Condo's</b>				
New	\$130 - \$230	\$198	\$180-\$265	\$225
Re-Sale	\$100 - \$195	\$152	\$135 - \$245	\$178
<b>Warehouse</b>				
0 - 10,000 sq.ft.	\$100 - \$220	\$168	\$125 - \$240	\$183
10,001 – 30,000sq.ft.	\$105 - \$225	\$157	\$105 - \$185	\$155
30,001sq.ft. +	-	-	\$60 - \$120	-



## Commercial

### *Retail*

As construction costs rose in recent years, single-tenant freestanding structures were seldom built with the intent of sale, leaving sales of shell condominium units as the most accurate reflection of changes in new commercial retail construction. The price level of these units over the preceding year has not changed as demand reduced. In addition, construction on commercial condominium units has slowed as developers proactively anticipate excess inventory levels resulting from global and regional events.

#### **New Commercial Retail Condominium Shell Unit Sale Price**

Edmonton	\$288 - \$359/sq.ft.
Sherwood Park	\$210 - \$240/sq.ft.

#### **Re-Sale Commercial Retail Condominium Units In Edmonton**

Average Exposure	\$190 - \$260/sq.ft.
Above Average Exposure	\$300 - \$400/sq.ft.

Freestanding commercial buildings within the City of Edmonton vary widely depending on their characteristics, with low demand properties transferring between \$100/sq.ft. - \$150/sq.ft. and high demand properties transferring between \$300/sq.ft. - \$350/sq.ft.

### *Office*

#### **Office Condominium Units In Edmonton**

New Shell Construction	\$190 - \$310/sq.ft.
Re-Sale	\$160 - \$270/sq.ft.

Freestanding office buildings within the City of Edmonton also vary widely depending on their characteristics, with low demand properties transferring between \$100/sq.ft. - \$190/sq.ft. and high demand properties transferring between \$300/sq.ft. - \$370/sq.ft.

New office condominium shell units within Sherwood Park have a larger trading range than their counterparts in Edmonton, with a range between \$170/sq.ft. and \$320/sq.ft.

## **Bourgeois & Company Research Division**

Provides our experts and on-line subscribers with the most complete, and up to date market information for the Edmonton Region.

The online database is conveniently accessed through our company website, and provides information for commercial properties including:

- ∞ Full Legal & Title Information
- ∞ Picture
- ∞ Description Of Land & Improvements
- ∞ Size of Land & Improvements
- ∞ Income Information
- ∞ Tenant Information
- ∞ Recent Transaction History



## Apartment

### Bourgeois & Company Residential Division

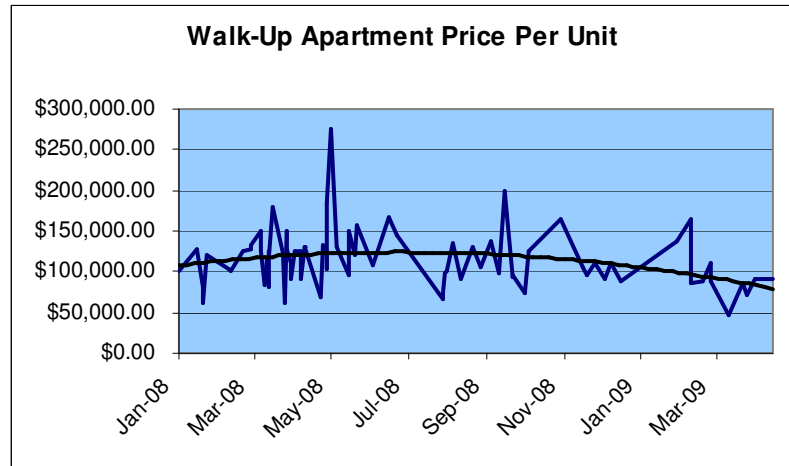
Specializing in all areas  
of residential Real Estate  
including:

- ∞ 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

Current unit prices for apartment buildings have been steadily declining since the summer of 2008. Current price per door range for typical properties is between \$85,000 - \$115,000. For detailed information on current market conditions for apartment properties, please see our Apartment Market Report at [www.bourgeois.ab.ca](http://www.bourgeois.ab.ca).



## Land

The price range for land within the City of Edmonton has stabilized over the last year as speculative buyers are playing a less influential role in determining market value. The number of land transactions occurring within the City of Edmonton in 2009 is averaging less than half that of 2008, with a monthly average of 5 sales in 2009 compared to a monthly average of 12 in 2008.

Median Price Range	
<b>North East Edmonton,</b> Industrial Zoning, Under 10 Acres	\$400,000 – \$1,300,000/Acre
<b>Winterburn Area,</b> Under 5 Acres	\$150,000 - \$625,000/Acre
<b>Mistatim Industrial,</b> Under 10 Acres	\$350,000 - \$680,000/Acre
<b>Ellerslie,</b> Commercial Zoning, Under 10 Acres	\$650,000 - \$1,600,000/Acre
<b>Established South East Edmonton,</b> Industrial Zoning, Under 5 Acres	\$300,000 – 1,200,000/Acre
<b>South West Edmonton,</b> Agricultural Zoning, 10 –50 Acres	\$30,000 - \$225,000/Acre