



Greater Edmonton

INDUSTRIAL | SECOND QUARTER | 2008

MARKET INDICATORS

	Q1	Q2
VACANCY	↓	↑
NET ABSORPTION	↑	↑
CONSTRUCTION	↑	↑
RENTAL RATE	↑	↑
OPERATING COSTS	↑	↑

EDMONTON INDICATORS (Edmonton CMA) June 2008

Population (Edmonton CMA)

2005	1,016,007
2006	1,034,945
2007	1,041,940
2008f	1,102,401

Crude Oil (\$/bbl)

2007 (Average)	\$72.00
2008 (June 26)	\$138.08

Labour Force

2006	571,000
2007 (May)	610,000
2008 (May)	638,800

Unemployment Rate

2007 (June)	3.8%
2008 (June)	3.7%

**Average Residential Selling Price
(Single Family Dwelling)**

2006	\$322,077
2007	\$399,555
2008 (Feb.)	\$381,965
2008 (June)	\$381,384

Source: Conference Board of Canada
Statistics Canada
Edmonton Real Estate Board

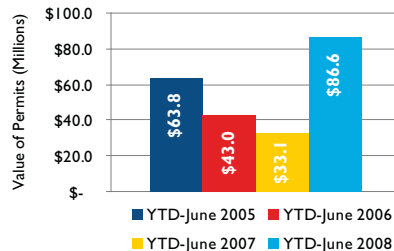
Edmonton's Industrial Market

ECONOMIC HIGHLIGHTS

- In the first two quarters of 2008, the total value of all classes of building permits for the City of Edmonton was \$1.39 billion, representing a 17.5 per cent increase over the same period last year. Institutional and Industrial building permits were the key to the 17.5 per cent increase as both increased 422 per cent and 162 per cent respectively. Following strong growth over the last couple of years, we have seen a slow down in residential development, which decreased 32 per cent compared to the same time last year.

- As the gateway to the north, Edmonton is strategically placed to benefit from over \$150 billion worth of oil and gas projects and remains as one of the key driving forces of Alberta's energy sector. The energy sector has attracted billions of dollars of investment in the last few years and is poised to draw further investment due to high oil prices and world demand for energy.

INDUSTRIAL BUILDING PERMITS
ISSUED IN EDMONTON



NEW CONSTRUCTION FORECAST 2008

	NORTHWEST (SQ.FT.)	SOUTHEAST (SQ.FT.)	TOTAL (SQ.FT.)
Completed Q1	175,450	321,548	496,998
Completed Q2	625,635	246,400	872,035
Projected Completion Q3	919,200	730,829	1,650,029
Projected Completion Q4	208,992	308,285	517,277
Total for 2008	1,929,277	1,607,062	3,536,339

During the first half of 2008, Edmonton's Industrial market saw decreased activity compared to the robust growth over the last few years. Part of this slowdown was due to the status of the U.S. economy, the restrictive capital markets and the limited activity in Alberta's conventional oil and gas drilling. The second half of 2008 will see an increase in the drilling sector due to a higher than anticipated forecast from the Canadian Association of Drilling Contractors where they expect 18,000 wells to be drilled compared to their original estimate of 13,700.

The construction of the Greater Edmonton bitumen upgraders will help Edmonton propel itself to become one of Canada's major manufacturing centres. An anticipated \$30 billion worth of manufacturing projects are expected to take place in the next 20 years to support the oil sands development. The strongest growth in manufacturing will come from metal fabrication and the machinery industry, which are both key sectors in the development of the oil sands and downstream processing. Petrochemicals will continue to be one of the largest manufacturing segments in the Edmonton area and with growing opportunities expected to come from the bitumen upgrading process, we can expect this sector to grow exponentially as well.

The trucking industry has been negatively affected by rising fuel costs, government limits on driver's hours and a shortage of truck drivers. The Alberta trucking industry has an annual average driver turnover rate of 36 per cent. With the average cost to find, hire and train a new driver being \$12,500, it is important for trucking companies to focus on retaining employees.



LAND SALES

After three years of sharp rises in activity caused by high demand and very little supply, Edmonton's industrial land market saw a reduction in activity in the first half of 2008. Many purchasers are resistant to increased pricing and the end cost of leasing or constructing a new facility (as compared to staying where they are). Due to the scarcity of available serviced land within Edmonton, land is currently being listed in the range of \$700,000 to \$900,000 per acre. Land prices have levelled off, but we expect to see increased levels of sales activity in the latter half of 2008.

VACANCY

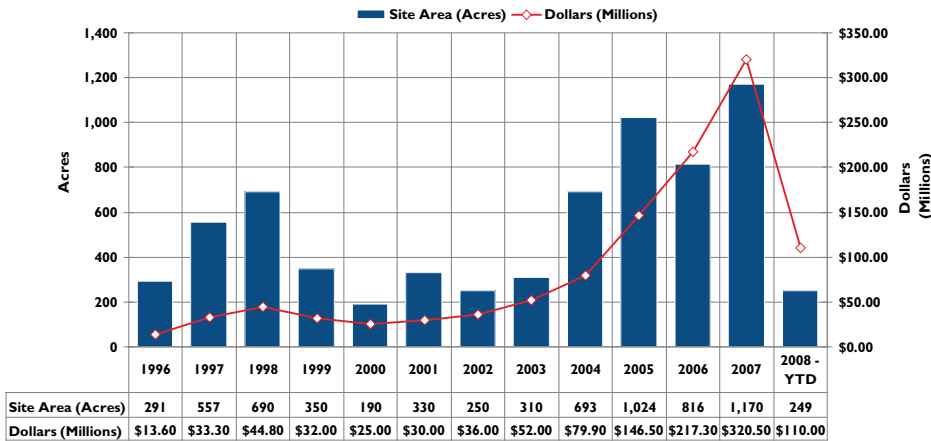
Greater Edmonton posted an overall vacancy rate of 1.45 per cent, up slightly from 1.44 per cent in the first quarter. Northwest Edmonton was the only industrial district to see an increase in vacancy, increasing 0.22 percentage points from 1.59 per cent in the first quarter to 1.81 per cent in the second quarter. The increase in vacancy can be attributed to having over 800,000 square feet of new product added to the Northwest district with 45 per cent of this new space currently vacant. We are projecting a total influx of over 2.2 million square feet will be added to the Edmonton industrial market in the second half of 2008. Based on current vacancy rates and historical absorption, we are forecasting vacancy to only rise marginally by the end this year.

CONSTRUCTION

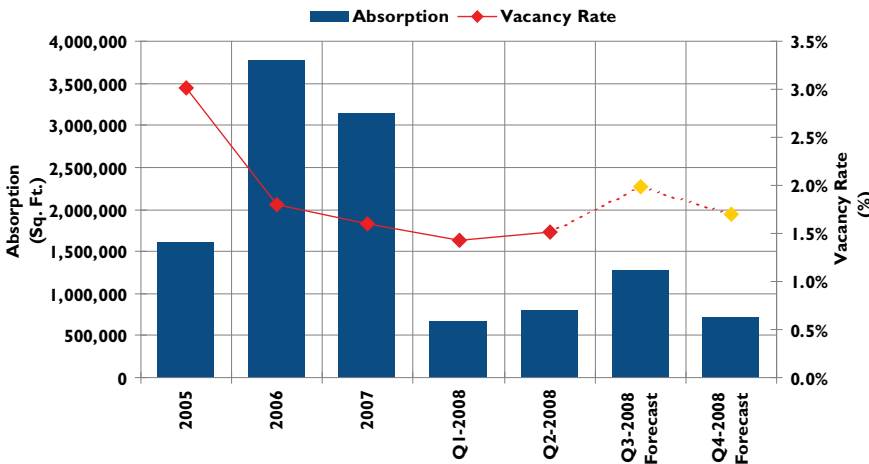
Securing an adequate supply of skilled labour in Edmonton and throughout Alberta will continue to be a challenge in 2008 and beyond. Even though the construction industry employs 9.2 per cent of Alberta's labour force, a shortage of qualified trades people remains an obstacle. The ability to attract out-of-province workers continues to be difficult, but municipal and provincial governments are putting forth programs to assist firms in finding relief, such as loosening the restraints faced by foreign workers in order to immigrate to Canada.

The current concerns of the construction industry include the skyrocketing cost of paving, the securing of concrete and concrete related materials, and the cost of and ability to obtain glazing. Worldwide demand for glazing has depleted many suppliers in our North American marketplace, especially the demand coming from developing nations abroad. Scheduling of various trades continues to be an issue resulting in longer timelines for construction completion. The cost for a complete exterior envelope for a pre-engineered building (including overhead doors) continues to be around \$75 per square foot and does not include a mechanical/electrical allowance of \$25 per square foot. The budget for office space build-out in industrial buildings has increased in cost to a range of \$65 to \$75 per square foot and is mainly attributed to building material mark-ups.

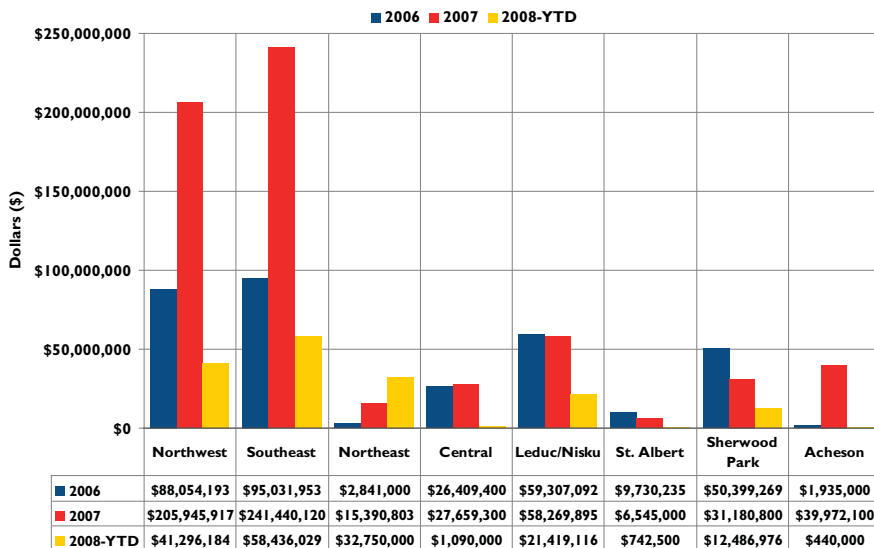
GREATER EDMONTON INDUSTRIAL LAND SALES



EDMONTON VACANCY RATES & ABSORPTION



GREATER EDMONTON INDUSTRIAL BUILDING SALES



Q2 - 2008 NOTABLE LEASE TRANSACTIONS

BUILDING LEASE ACTIVITY

PROPERTY ADDRESS	PROPERTY NAME	SUBMARKET	TENANT	SIZE (SQ.FT.)	TYPE
9530 - 60 Avenue	50th Street Business Park	Southeast Edmonton	Alberta Oil Tool - Dover Corporation	124,000	New space
9331 - 48 Street	50th Street Business Park	Southeast Edmonton	Maxxam Analytics	40,748	New space
19008 - 111 Avenue	City West South	Northwest Edmonton	ATS Andlauer	22,610	New space
16408 - 121A Avenue	Yellowhead Distribution Centre	Northwest Edmonton	Logistics Company	85,592	Existing space

Q2 - 2008 NOTABLE SALE TRANSACTIONS

LAND SALE ACTIVITY

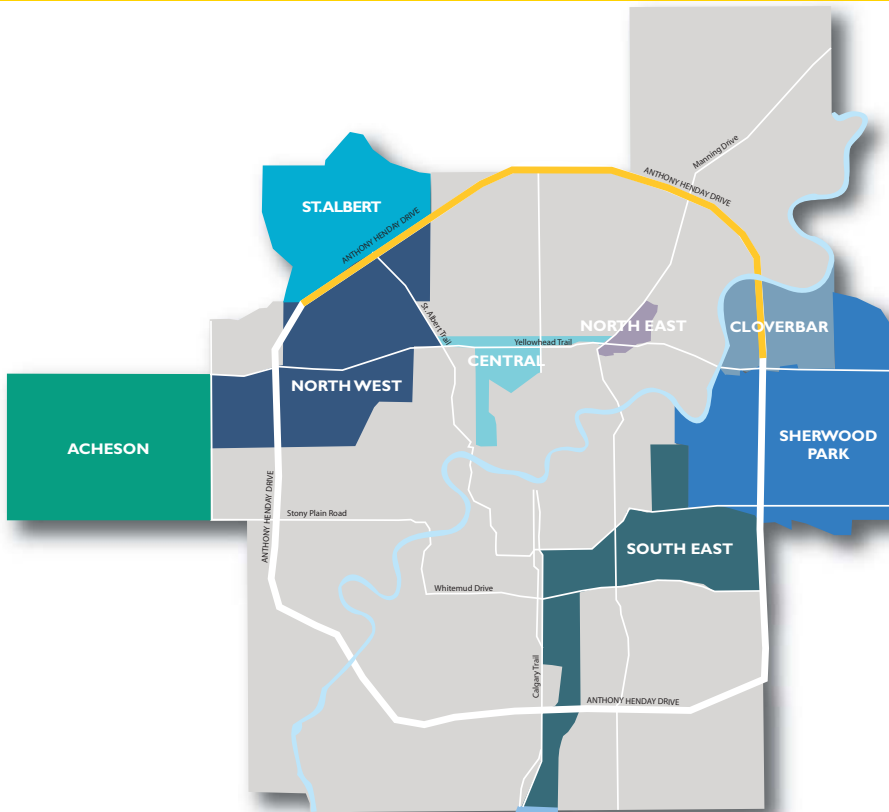
PROPERTY ADDRESS	SUBDIVISION	PURCHASER	LAND USE	SIZE (ACRES)	SALE PRICE	UNIT PRICE (\$/ACRE)
5 Street & Hayter Road	Cloverbar	Alberta Diluent Terminal Ltd.	IM	45.00	\$31,000,000.00	\$688,888.89
RR 223 South of Hwy. 643	Sturgeon County	Suncor Energy Inc.	AG	160.00	\$7,000,000.00	\$43,750.00
24480 - 17 Street	Rural Northeast	1364249 Alberta Ltd.	AG	95.09	\$3,661,000.00	\$38,500.37
Hwy 60 south of Hwy. 16A	Acheson	ING Industrial Fund I Inc.	ICC/IRD	158.49	\$17,380,000.00	\$109,659.92
2040 - 17 Street	Rural Southeast	Carma Ltd.	AG	79.52	\$5,000,000.00	\$62,877.26

BUILDING SALE ACTIVITY

PROPERTY ADDRESS	SUBDIVISION	PURCHASER	SIZE (SQ.FT.)	SIZE (ACRES)	SALE PRICE	UNIT PRICE (\$/SQ.FT.)
602 - 22 Avenue	Nisku	W.F.Welding & Overhead Cranes Ltd.	23,435	8.35	\$4,000,000.00	\$170.68
6603 - 44 Street	Leduc	SIS Holdings Inc.	13,004	4.27	\$3,250,000.00	\$249.92
3203/39 - 97 Street	Parsons Industrial	Capcity Properties Inc.	39,774	2.30	\$3,535,000.00	\$88.88
3703 - 98 Street	Strathcona Industrial	98th Street Investments Ltd.	39,400	3.41	\$3,065,000.00	\$77.79
1203 - 4 Street	Nisku	1151260 Alberta Ltd.	19,080	3.70	\$3,500,000.00	\$183.44
10646 - 178 Street	Wilson Industrial	1363408 Alberta Ltd.	23,750	1.00	\$1,825,000.00	\$76.84

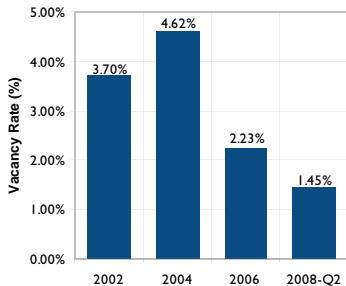
AVERAGE NET RENTAL RATE PER BAY SIZE (LOW vs. HIGH)

	NORTHEAST	NORTHWEST	SOUTHEAST	CENTRAL
RANGE SQ.FT.	Net Rent	Net Rent	Net Rent	Net Rent.
0-5,000	N/A	\$7.50 - \$10.00	\$9.00 - \$18.00	N/A
5,001-10,000	\$6.00 - \$9.00	\$7.00 - \$10.00	\$8.00 - \$18.00	\$10.00 - \$12.00
10,001-20,000	\$7.50 - \$9.00	\$6.50 - \$9.50	\$8.00 - \$18.00	N/A
20,001-50,000	N/A	\$6.00 - \$9.00	\$7.00 - \$12.75	\$7.00 - \$9.00
50,001 & up	N/A	\$5.25 - \$9.00	\$6.50 - \$8.50	\$6.00 - \$8.00
	ST. ALBERT	ACHESON	SHERWOOD PARK	LEDUC / NISKU
RANGE SQ.FT.	Net Rent	Net Rent	Net Rent	Net Rent.
0-5,000	\$12.00 - \$14.00	\$7.50 - \$9.00	\$12.00 - \$15.00	\$9.00 - \$13.00
5,001-10,000	N/A	\$9.50	\$12.00 - \$15.00	\$10.00 - \$14.00
10,001-20,000	\$7.00 - \$9.50	\$9.50	\$12.00 - \$15.00	\$10.00 - \$14.00
20,001-50,000	N/A	N/A	\$9.75 - \$13.00	\$9.00 - \$14.00
50,001 & up	N/A	\$12.75	N/A	\$8.00 - \$13.00



Yellow line = Completion 2011

GREATER EDMONTON INDUSTRIAL VACANCY



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293 OFFICES IN 61 COUNTRIES ON 6 CONTINENTS

- 136 Americas
- 99 United States
- 19 Canada
- 18 Latin America
- 95 Europe, Middle East & Africa
- 62 Asia Pacific

\$2.0 billion in annual revenue

868 million square feet under management

11,000 professionals

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VACANCY

INDUSTRIAL DISTRICT	Universe	Q4 2007		Q2 2008	
		VACANT (SQ.FT.)	VACANCY RATE	VACANCY (SQ.FT.)	VACANCY RATE
Northwest Edmonton	37,539,098	703,911	1.93%	678,102	1.81%
Southeast Edmonton	30,615,320	470,162	1.59%	426,253	1.39%
Northeast Edmonton	1,284,872	2,500	0.19%	0	0.00%
Central Edmonton	5,961,376	38,347	0.65%	17,800	0.30%
Leduc / Nisku	7,900,000	56,100	0.71%	80,561	1.02%
St. Albert	2,503,000	20,274	0.81%	10,900	0.44%
Sherwood Park	4,025,800	7,112	0.18%	20,310	0.50%
Acheson	2,399,103	107,018	4.46%	107,018	4.46%
TOTAL	92,228,569	1,405,424	1.44%	1,340,944	1.45%

