

Calgary Industrial Market Overview

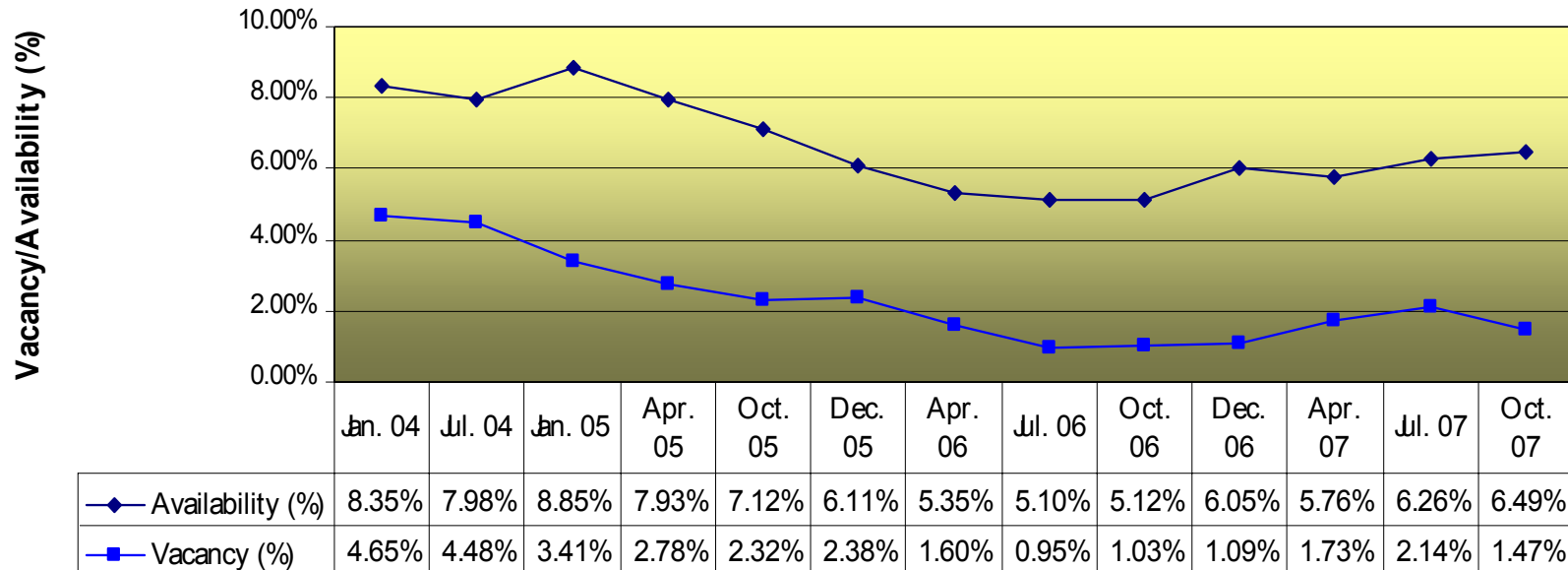


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2007 Calgary Industrial Market Highlights

- ▶ Overall Industrial Inventory as of today – 112,789,278 square feet
- ▶ Total Vacant – 1.47%
- ▶ Total Available – 6.49 %
- ▶ New Speculative Development Completed in 2007 – 2,283,946 square feet
- ▶ New Speculative Development Absorbed in 2007 – 1,513,171 square feet
- ▶ Absorption of New Product for 2007 – 63.18% to date
- ▶ New Speculative Development Planned for 2008 – 3,579,527 square feet

2007 Historical Vacancy & Availability



2007 Vacancy & Availability – raw data

VACANCY

Region	July 2007	October 2007	July 2007	October 2007
	(Sq. Ft.)	(Sq. Ft.)	(%)	(%)
Central	252,835	115,447	0.90	0.41
Northeast	878,237	470,068	2.73	1.45
Southeast	1,087,585	851,571	2.39	1.85
Total	2,291,105	1,594,282	2.14	1.47

AVAILABILITY

Region	July 2007	October 2007	July 2007	October 2007
	(Sq. Ft.)	(Sq. Ft.)	(%)	(%)
Central	479,073	361,630	1.71	1.27
Northeast	2,800,965	2,522,860	8.25	7.39
Southeast	3,342,875	3,902,362	7.04	8.07
Total	6,949,584	7,323,520	6.26	6.49

Net Rental Rate & Operating Costs

Small to Mid Bay Market

AVERAGE ASKING NET RENTAL RATE AND OPERATING COSTS PER BAY SIZE

Range Sq. Ft.	Central Average		NE Average		SE Average	
	Net Rent	Op. Cost	Net Rent	Op. Cost	Net Rent	Op. Cost
0-3,000	\$13.00	\$3.54	\$12.41	\$4.22	\$8.88	\$3.65
3,001-8,000	\$8.25	\$2.50	\$10.50	\$3.41	\$11.42	\$3.09
8,001-20,000	\$11.60	\$2.47	\$11.69	\$3.02	\$9.29	\$2.64
20,001 & up	\$11.00	\$2.35	\$8.44	\$3.13	\$9.21	\$2.36

Planned / Under Construction Developments

As of October 2007

NORTHEAST

New Developments	Developer	Asking Rate	Square Feet	Absorption	Remaining Area	Status	Delivery
999 - 57th Avenue NE	Bentall	\$6.95	219,000	0.00%	219,000	Planned	To Be Determined
10707 - 25th Street NE - Bld 1	Hopewell	\$8.85	122,493	74.36%	31,413	Existing	Immediate
10707 - 25th Street NE - Bld 2/3	Hopewell	\$8.85	186,256	0.00%	186,256	Planned	Phase II - Q3 2008
85 & 89 Freeport Blvd NE	Panattoni	\$8.95	206,818	100.00%	0	Existing	Immediate
46, 52, 58 Aero Drive	Trammell Crow	\$7.50	413,500	48.40%	213,350	Existing	Sep-07
19 & 21 Aero Drive NE	Verus	\$7.50	352,000	51.14%	172,000	Existing	Nov-07
11820 - 15th Street NE	WAM	\$6.65	1,126,600	0.00%	1,126,600	Under Construction	Jun-08
Northeast Developments		\$8.20	2,407,667	61.93%	1,729,619		
		<i>Rate Based on 2007</i>		<i>% based on 2007 ONLY</i>			

Planned / Under Construction Developments As of October 2007 - continue

SOUTHEAST

New Developments	Developer	Asking Rate	Square Feet	Absorption	Remaining Area	Status	Delivery
10820 - 68th Street SE	Bentall	\$6.25	622,411	0.00%	622,411	In for DP	Phase I - June 2008
4141 - 110th Avenue SE	Giffels	\$6.95	141,197	47.24%	74,494	Existing	Immediate
11195 - 40th Street SE	Giffels	\$6.96	158,322	49.89%	79,333	Existing	Immediate
6969 - 55th Street SE	Hopewell	\$7.95	74,984	100.00%	0	Existing	Sep-07
5669 - 69th Avenue SE	Hopewell	\$6.45	169,175	100.00%	0	Existing	Sep-07
7007 - 54th Street SE Bld C & D	Hopewell	\$9.25	178,003	0.00%	178,003	Under Construction	Jul-08
68th Avenue & 57th Street SE	Hopewell	\$6.75	454,977	0.00%	454,977	In for DP	Nov-08
3201 Ogden Road SE	Mancal	\$6.25	195,791	75.09%	48,775	Existing	Immediate
5823 A - 72nd Avenue SE	Opus / ING	\$6.50	657,800	0.00%	657,800	Under Construction	Phase I -Q2 2008
10905 - 48th Street SE	Panattoni	\$9.35	146,530	0.00%	146,530	Under Construction	Jun-08
5350 - 86th Avenue SE	Sunlife	\$6.50	345,000	41.94%	200,310	Enclosed	Nov-07
2331 - 50th Avenue SE	Sunlife	\$8.75	104,666	72.35%	28,940	Existing	Immediate
7115 - 48th Street SE	Verus	\$8.25	111,000	70.13%	33,160	Enclosed	Nov-07
11200 - 48th Street SE	WAM	\$9.25	95,950	0.00%	95,950	In for DP	Aug-08
Southeast Developments		\$7.26	3,455,806	64.23%	2,620,683		
Total New Developments	Rate Based on 2007 ONLY		5,863,473	63.18%	4,350,302		
<i>*Average Rate</i>			<i>% based on 2007 ONLY</i>				

2007 Industrial Significant Lease Transactions

Significant Lease Transactions - Industrial

<u>Tenant / Landlord</u>	<u>Area Leased (Sq. Ft.)</u>	<u>Building</u>
Ecco Heating Products Ltd. / WAM Development Group	296,500	11150 - 38th Street SE
Canadian Tire / Bentall Real Estate Service LP.	245,420	8801 - 60th Street SE
Supply Chain Management / Verus Partners	180,000	21 Aero Drive NE
Rona / Hopewell Development Corp.	169,175	5667 - 69th Avenue SE
Calgary Health Region / WAM Development Group	153,089	3961 - 106th Avenue SE
Iron Mountain / Sun Life Financial Company of Canada	144,890	5350 - 86th Avenue SE

Trends / Profiles for Tenants

- ▶ Costs for Tenant Fit-Out for the **small to mid-bay market** are making deals more difficult; success rate has decreased based on this one factor alone. Part of this is that a standard 10% office build out is no longer the standard; often 15-20%.
- ▶ Most Developers won't complete Tenant Fit-Out or provide a percentage of build out in rental rate; an allowance is provided and the Tenant then has to deal with their interior on their own.
- ▶ Yard continues to be a requirement for more tenants for both material storage as well as trailer parking.
- ▶ Parking requirements are more significant than in the past.
- ▶ Many tenants are not moving as the costs to move are too high and the number of viable options are too low.

Implications for Leasing Activity in 2008 and Beyond

- ▶ Sale values and rental rates have peaked; expect stability over the next 12-24 months.
- ▶ Owner user product is moving more slowly; greater spreads between asking prices and sold prices; less pressure in the market.
- ▶ City of Calgary still the largest land holder of serviceable industrial land – continuing to slow the pace of development.
- ▶ Expect new development to slow in late 2008/2009 as vacancy will come up to healthier levels in late 2008 with construction costs expected to stay high.
- ▶ The need for rail access is re-emerging.



Thank you