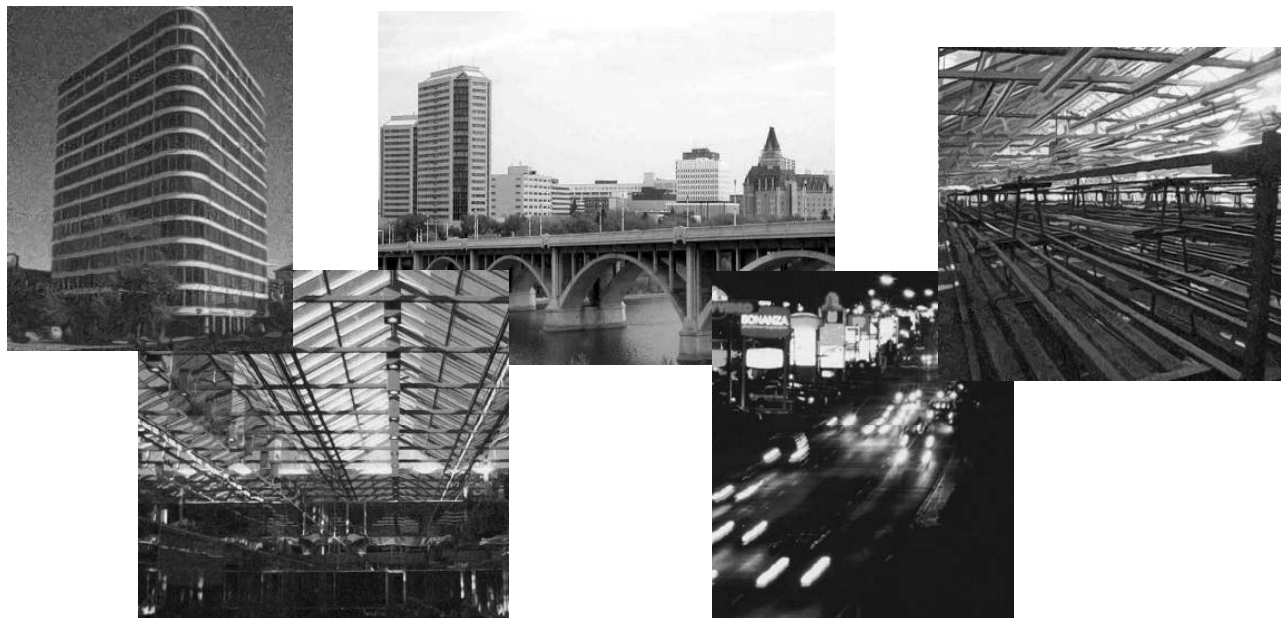


# Colliers McClocklin 2010 Canadian Real Estate Review & Forecast



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# Colliers McClocklin Celebrates 100 Years



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# ECONOMIC OVERVIEW

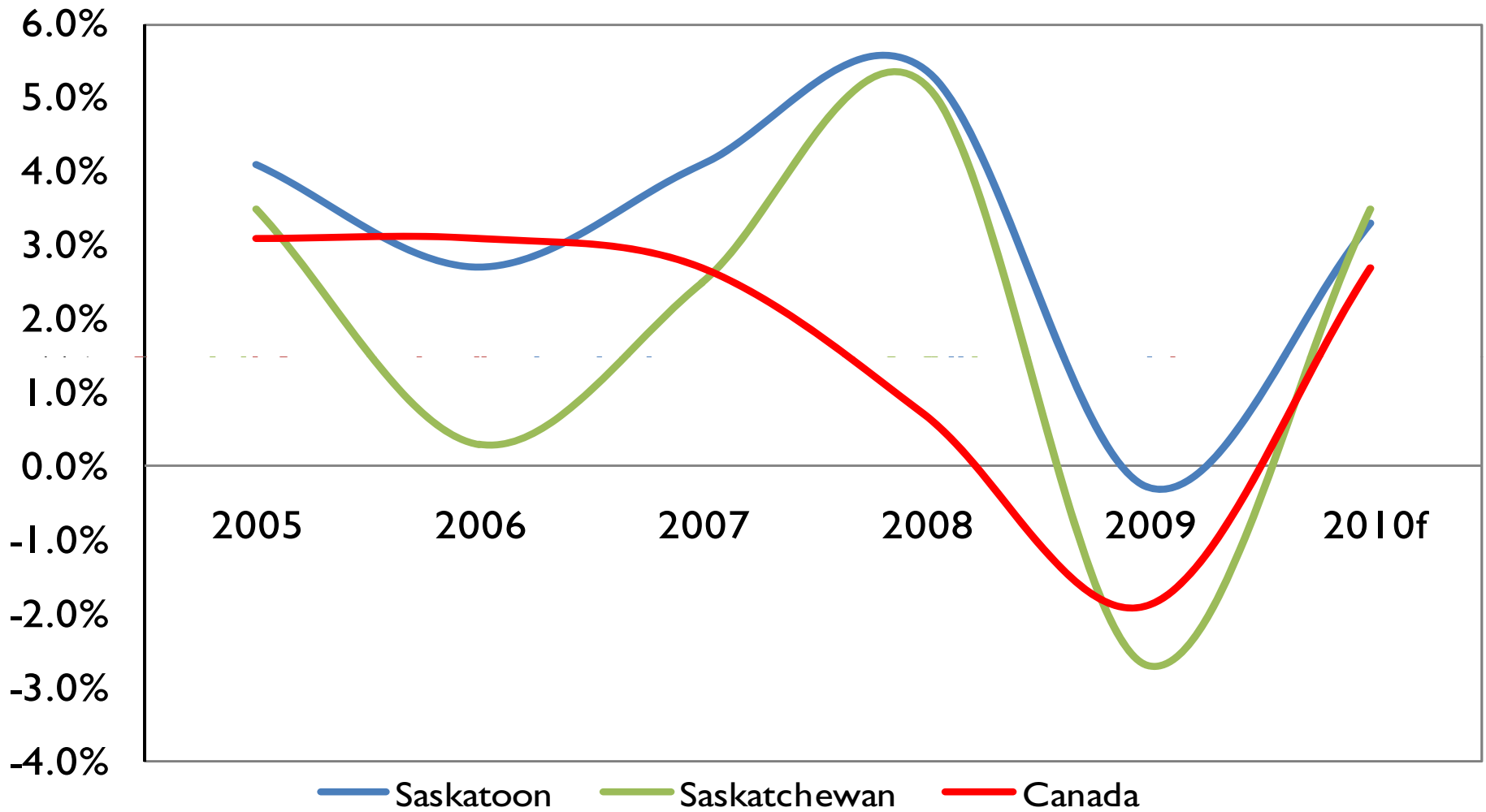
The logo for Colliers McClocklin, featuring the company name in white serif font on a dark blue square background. Below the square are three horizontal stripes in yellow, blue, and red.

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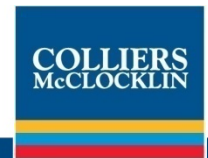
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# Economic Overview

# Real GDP Growth



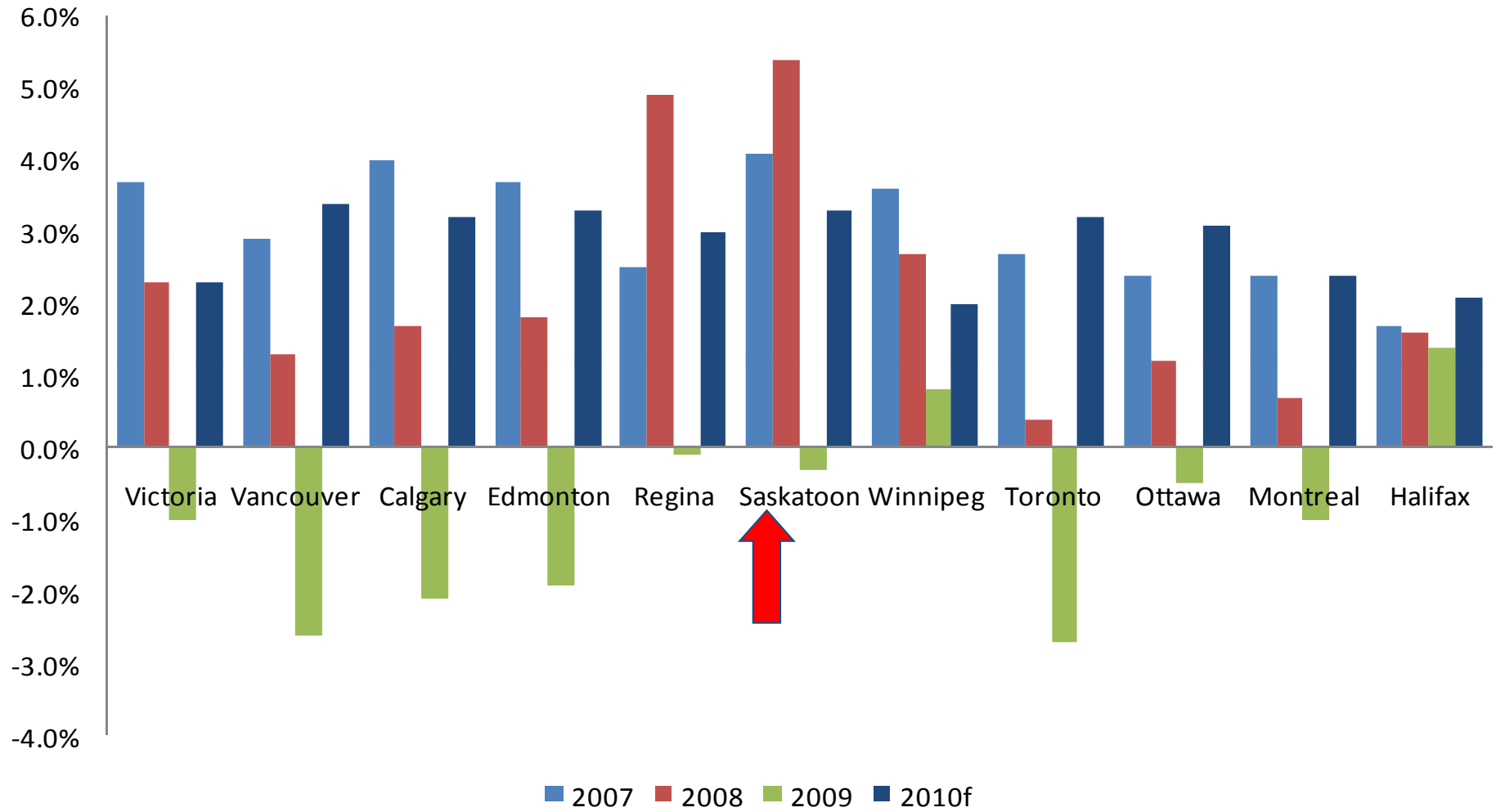
Source: Bank of Canada



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# Economic Overview

# Real GDP Growth



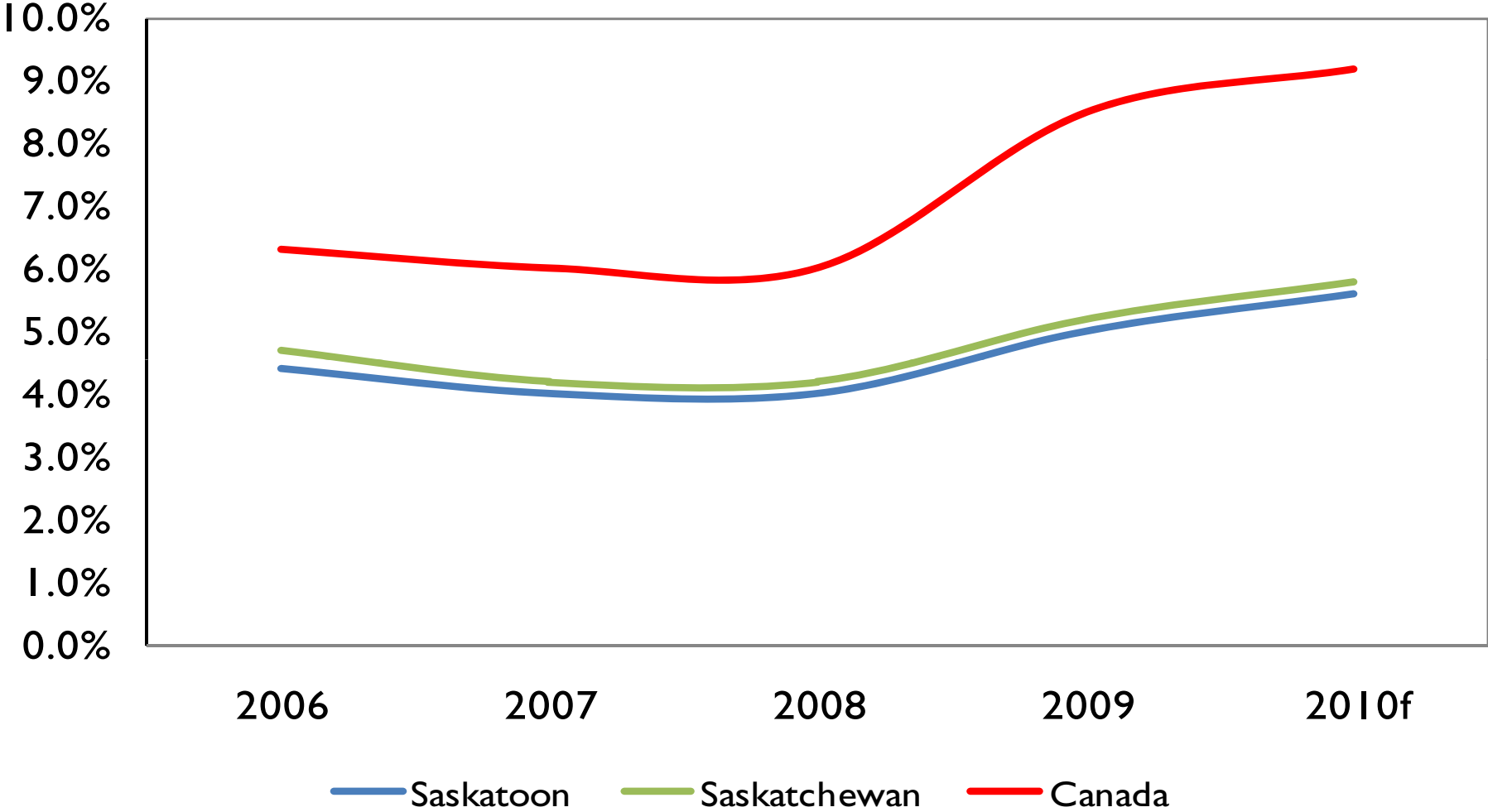
Source: Conference Board of Canada



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# Economic Overview

# Unemployment Rate



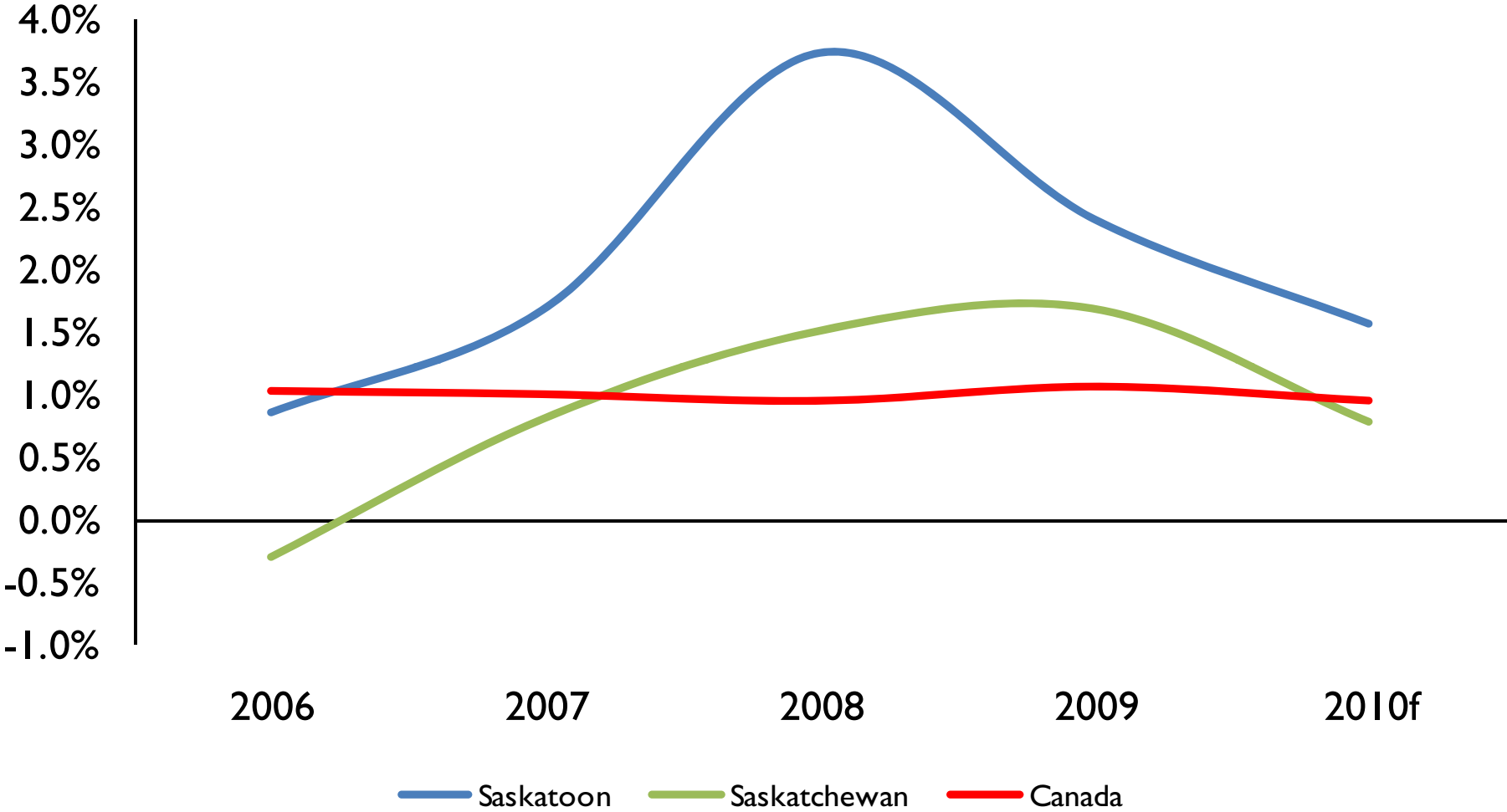
Source: Conference Board of Canada



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# Economic Overview

# Population Growth



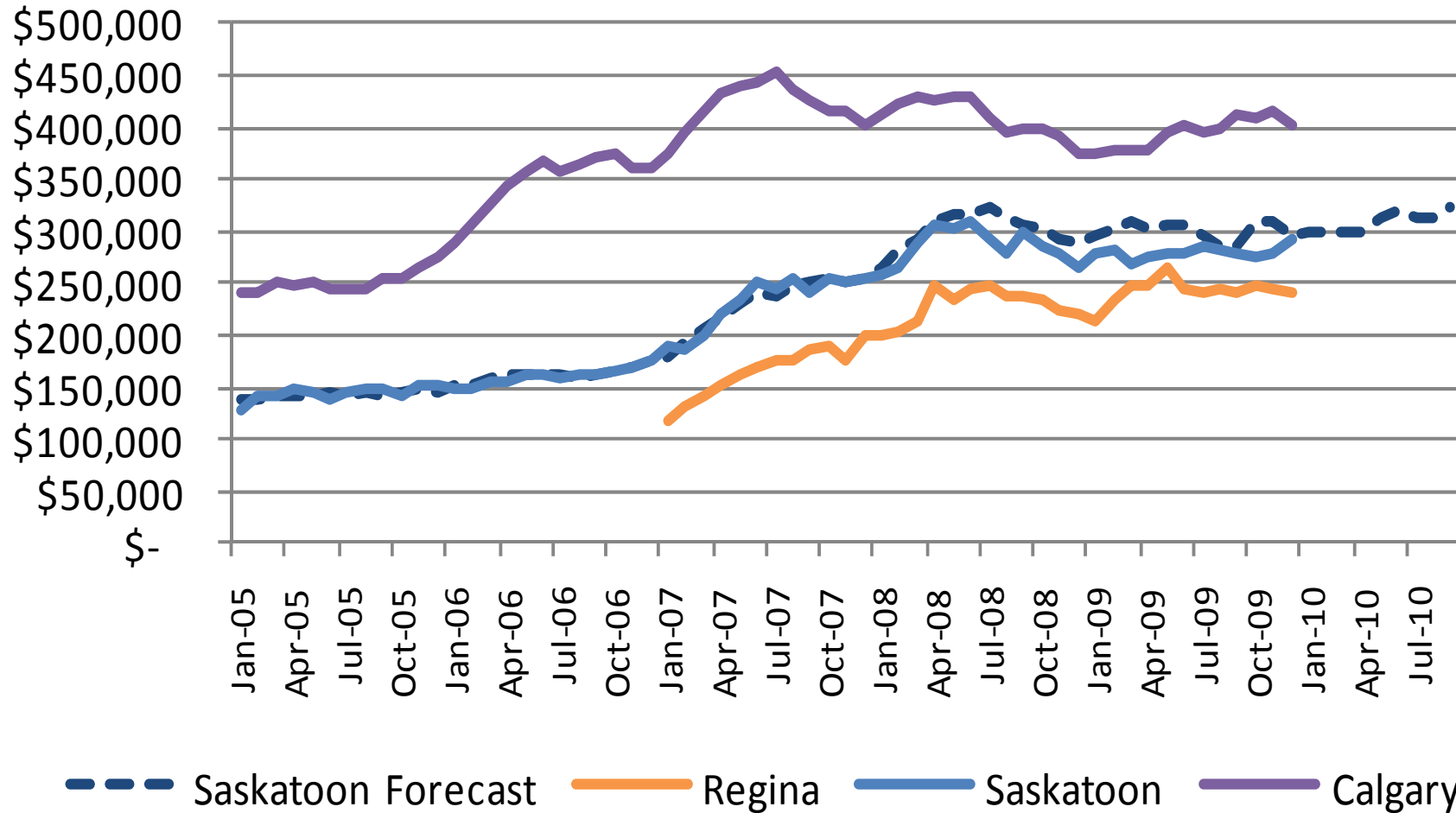
Source: Conference Board of Canada



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# Economic Overview

# Residential Sales Prices



Source: Colliers McClocklin Real Estate Corp. & SRAR

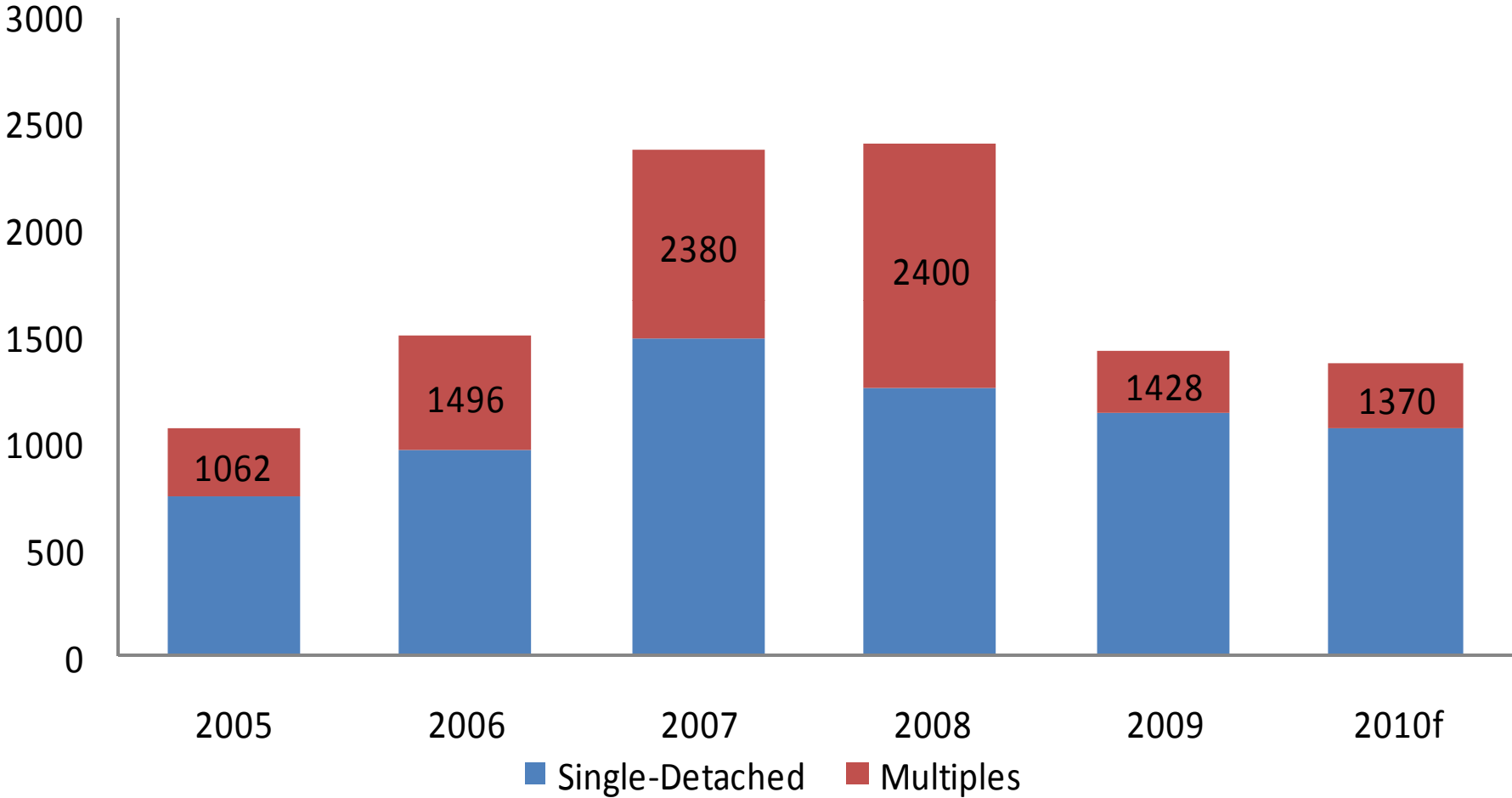


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# Economic Overview

# Saskatoon Housing Starts



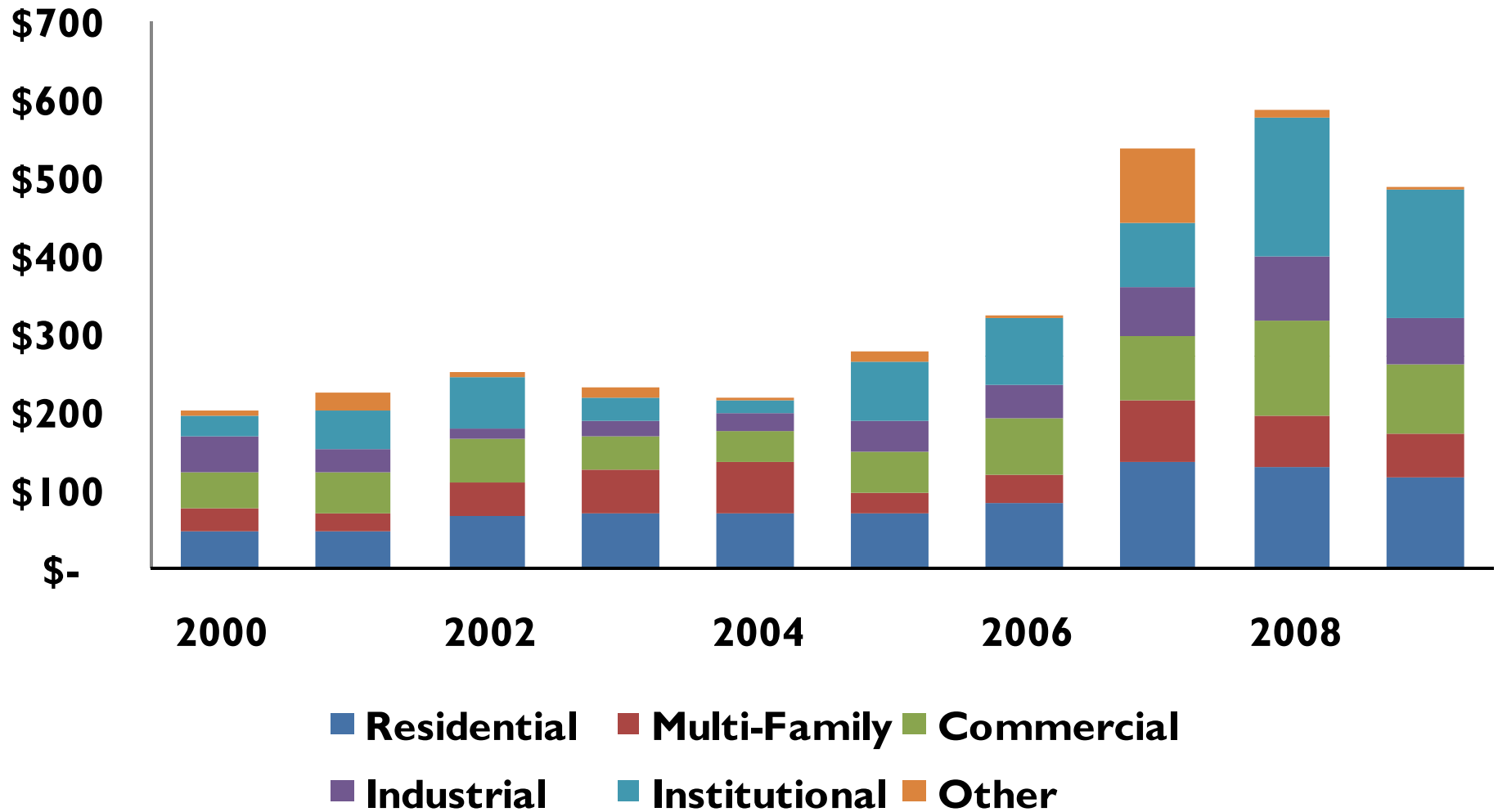
Source: CMHC



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# Economic Overview

# Saskatoon Building Permits



Source: City of Saskatoon



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## Economic Overview

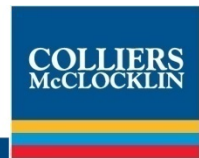
## New Construction

### **University/Healthcare**

Academic Health Science Building	\$165 M
International Vaccine Centre	\$140 M
Humboldt Hospital	\$40 M
Student Housing project	\$45 M
Veterinary Medicine Building	\$57 M
Children's Hospital	\$200 M

### **Development**

Loblaws Distribution Centre (Regina)	\$350 M
Grasslands Commercial Dev't (Regina)	\$200 M



## Economic Overview

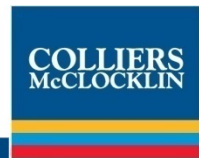
## New Construction

### **Mining/Manufacturing**

Potash Corp. expansion	\$4.8 B
Proposed “Clean Coal” pilot project	\$1.4 B
Federated Co-op refinery expansion	\$1.9 B
BHP Billington new mine	\$8-10 B

### **Infrastructure**

Provincial Gov’t infrastructure budget	\$1.5 B
South Bridge (2012 completion)	\$300 M
Art Gallery of Saskatchewan	\$55 M
New Dome Stadium	\$350 M



# OFFICE

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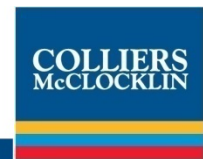
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# Office

# National Snapshot

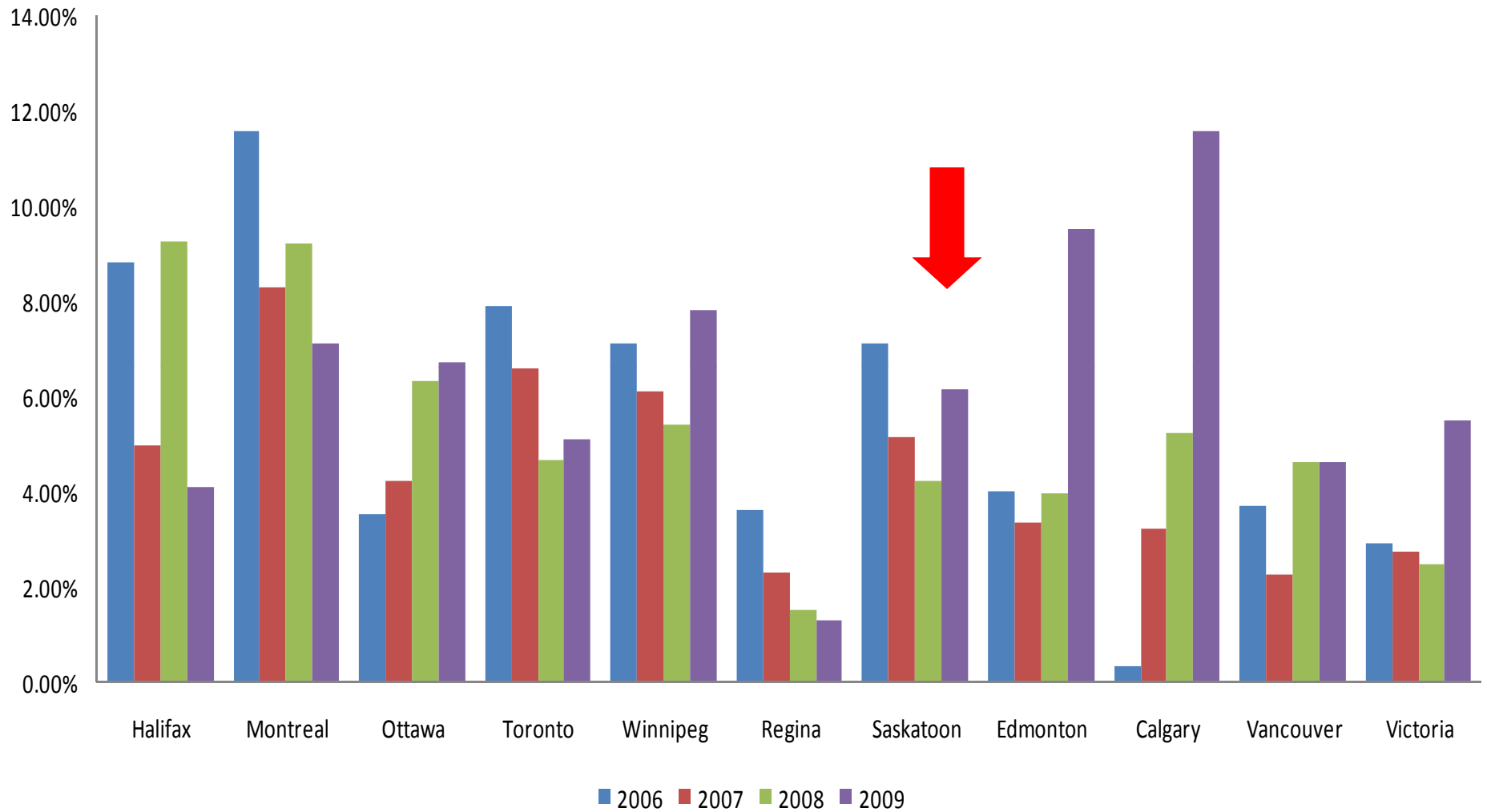
	<b>2008</b>	<b>2009</b>
<b>Inventory (SF)</b>	239.7 M	260 M
<b>Vacant Space (SF)</b>	9.3 M	17.2 M
<b>Vacancy Rate</b>	3.9%	6.6%
<b>Net Absorption (SF)</b>	2.1 M	2.54M
<b>Under Construction (SF)</b>	11 M	6.9 M



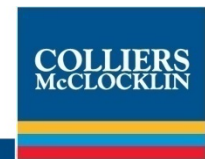
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# Office

# Canadian Vacancy

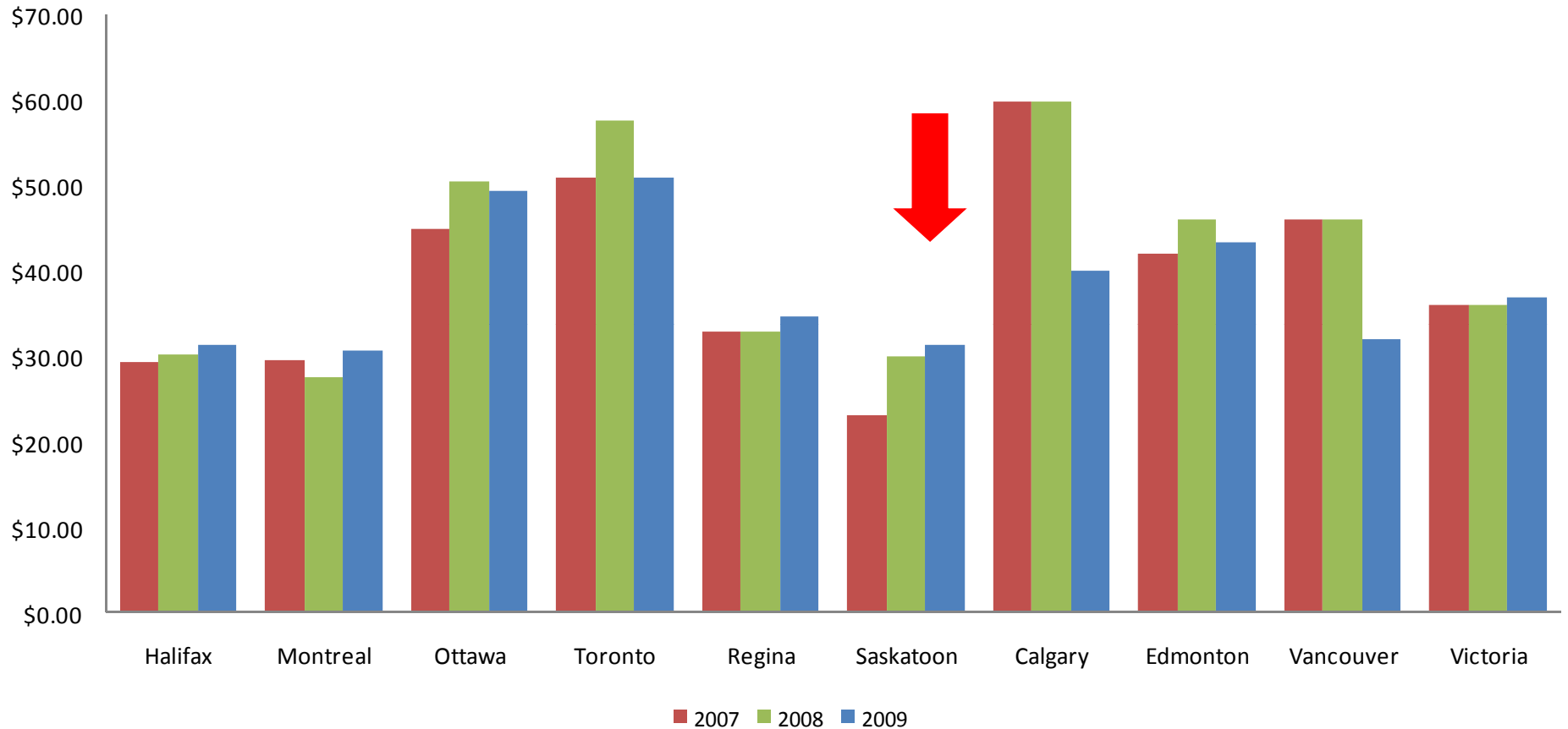


Source: Colliers McClocklin Real Estate Corp.

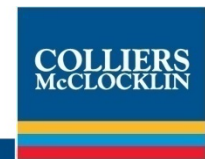


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# Office Canadian Downtown Class A Rental Rates



Source: Colliers McClocklin Real Estate Corp.

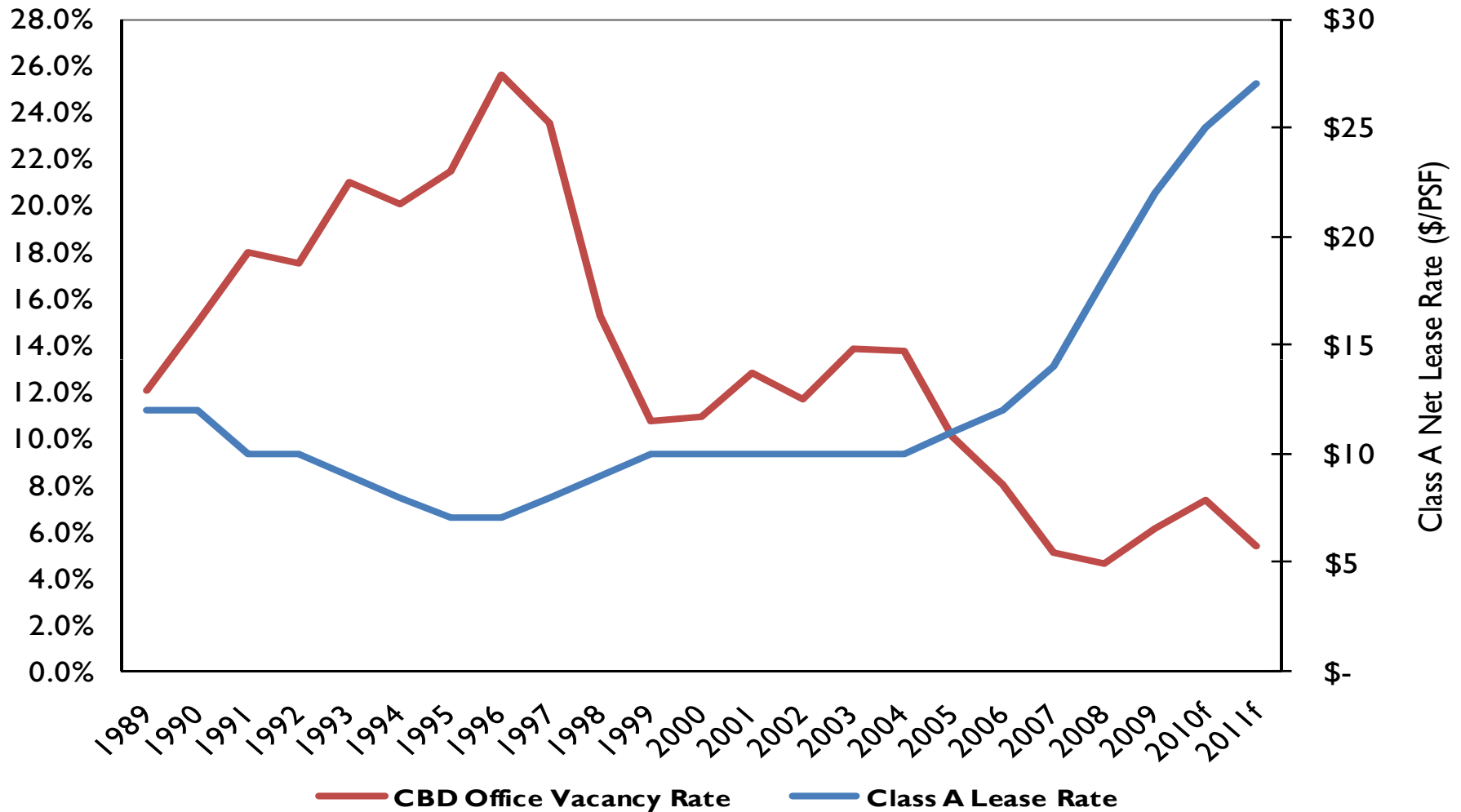


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# Office

# Saskatoon – Rental & Vacancy

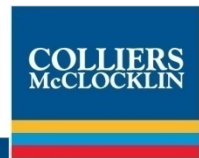


Source: Colliers McClocklin Real Estate Corp.



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- ▶ Office Market breaks 2,000,000 SF with Discovery Plaza completion
- ▶ 3<sup>rd</sup> consecutive year of positive absorption
- ▶ 2010 will see a further increase to the vacancy rate as the Capitol Centre enters the market



# INDUSTRIAL

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# Industrial

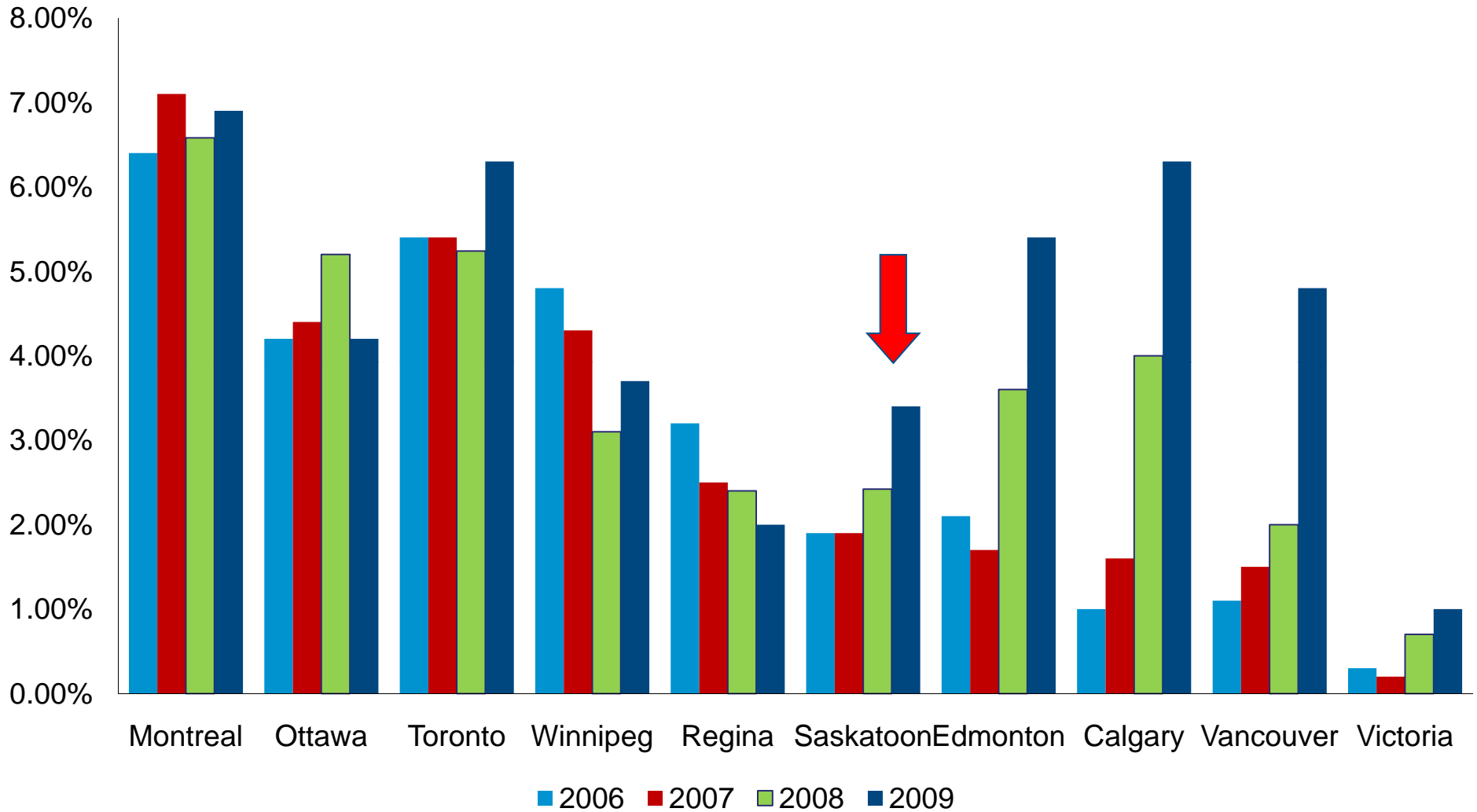
# National Snapshot

	<b>2008</b>	<b>2009</b>
<b>Inventory (SF)</b>	1.48 B	1.56 B
<b>Vacant Space (SF)</b>	76 M	96.7 M
<b>Vacancy Rate</b>	5.14%	6.2%
<b>Net Absorption (SF)</b>	17.4 M	2.25 M
<b>Under Construction (SF)</b>	13.8 M	6.5 M

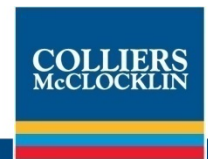


# Industrial

# Canadian Vacancy Rates



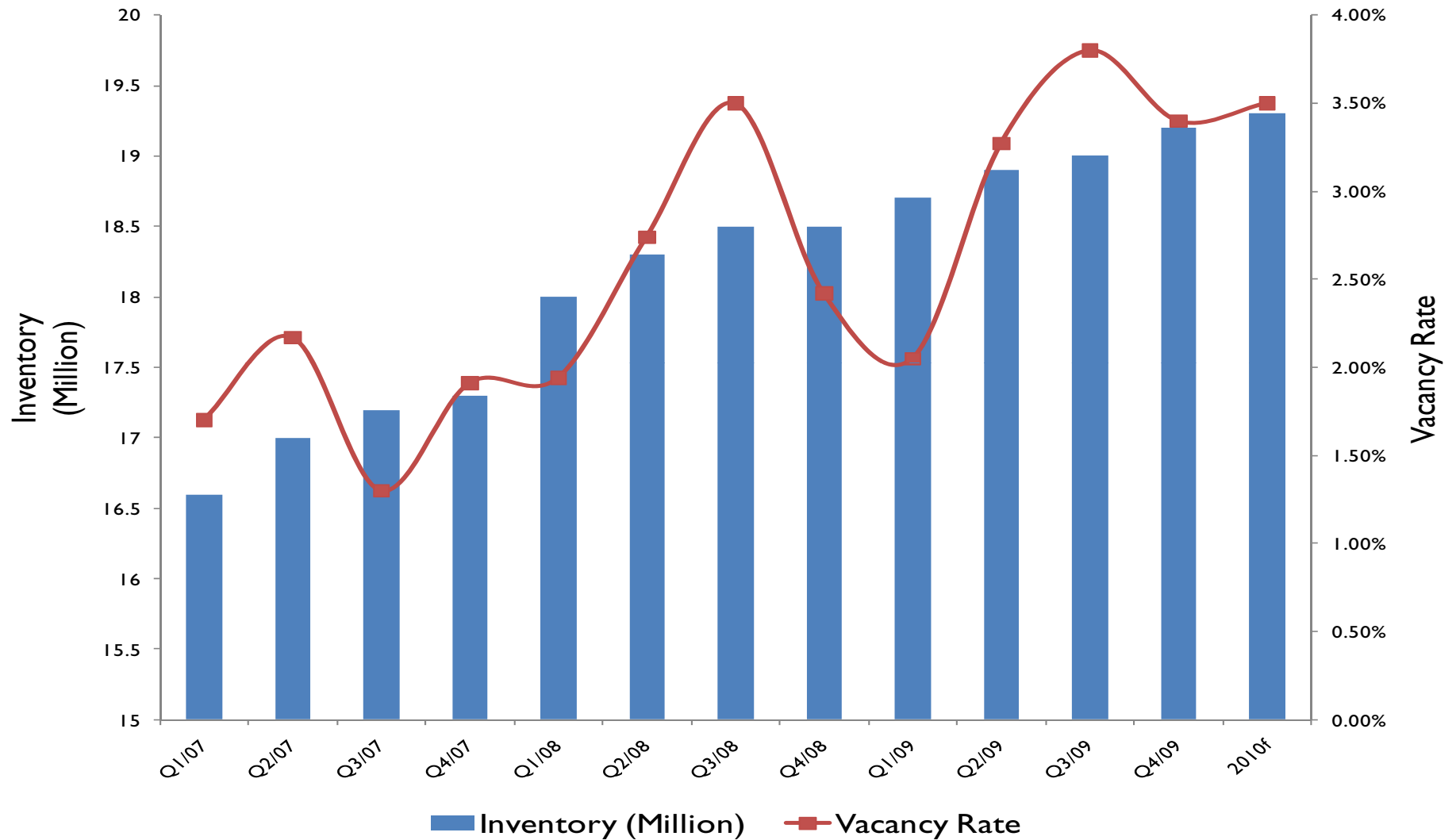
Source: Colliers McClocklin Real Estate Corp.



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# Industrial

# Saskatoon – Inventory & Vacancy



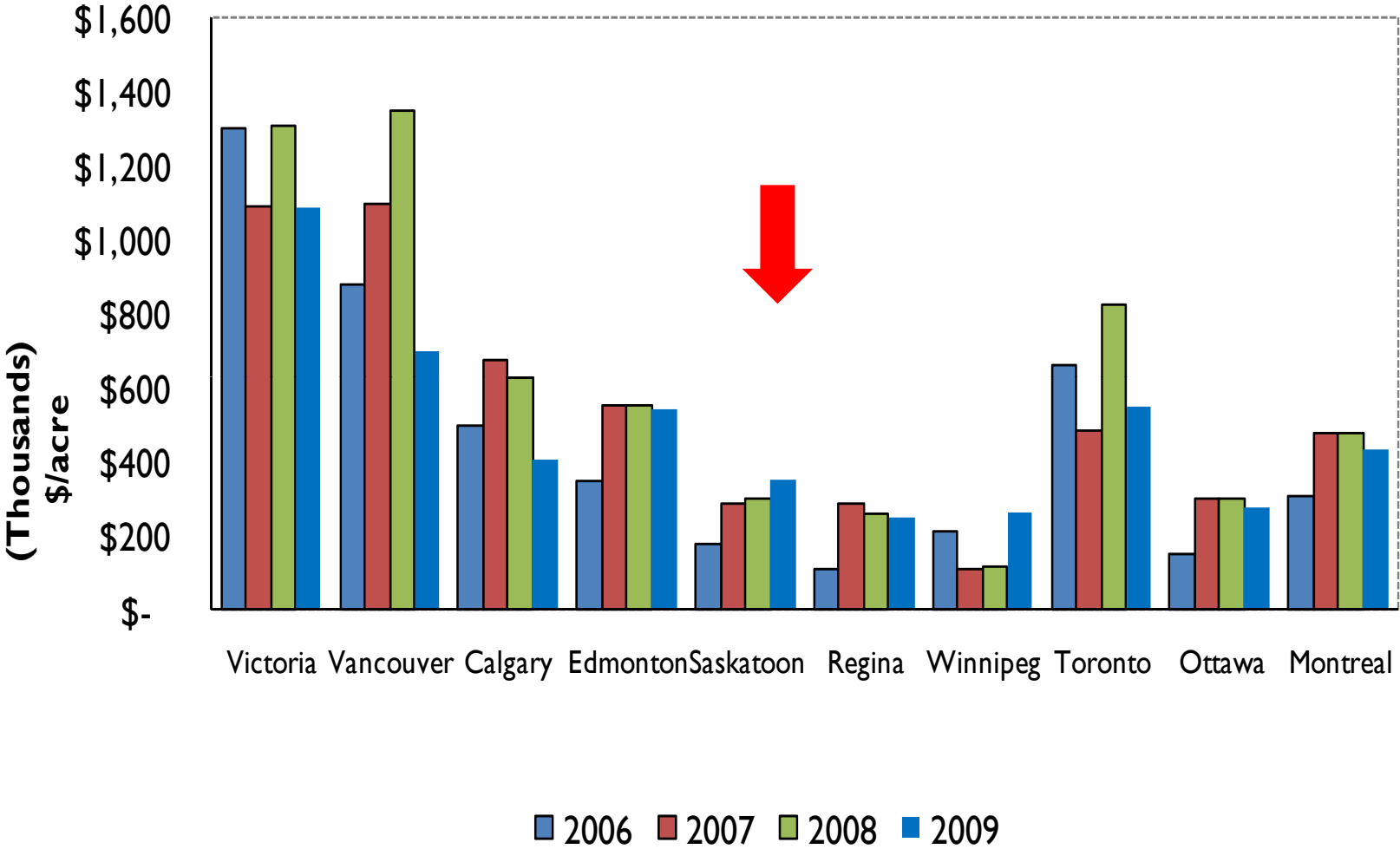
Source: Colliers McClocklin Real Estate Corp.



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# Industrial

# Avg. Canadian Land Prices



Source: Colliers McClocklin Real Estate Corp.



# Industrial

# 2009 Notable Leases



3630 Thatcher Ave  
Consolidated Gypsum  
109,000 SF



3542 Millar  
Vicwest  
28,800 SF



1502 Quebec Ave  
TDG Furniture Inc  
21,030 SF



3533 Idywyld Dr  
Busy Bee Tools  
10,000 SF

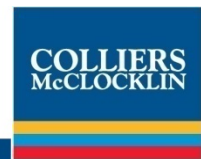


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## Industrial      Saskatoon Lessons Learned/Forecast

- ▶ Rental rates to stabilize at \$12.00/SF for new construction and \$7.50-\$9.00/SF for existing
- ▶ Construction costs should stabilize allowing for new construction
- ▶ 430,000 SF of industrial space added in 2009
- ▶ Industrial land prices: \$295,000-\$335,000 per fully serviced acre
- ▶ 2010 vacancy rates will not change significantly



# RETAIL

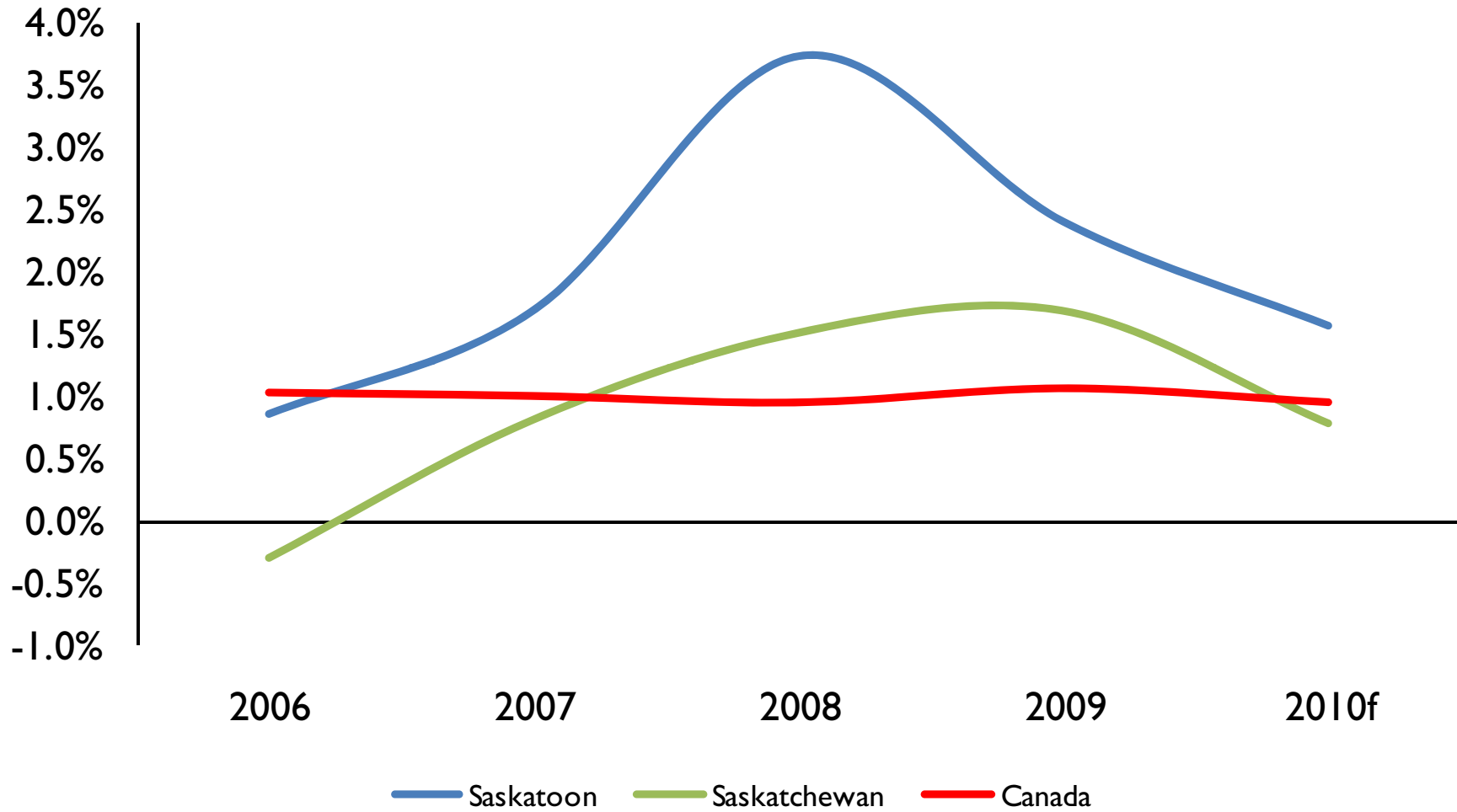
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# Retail

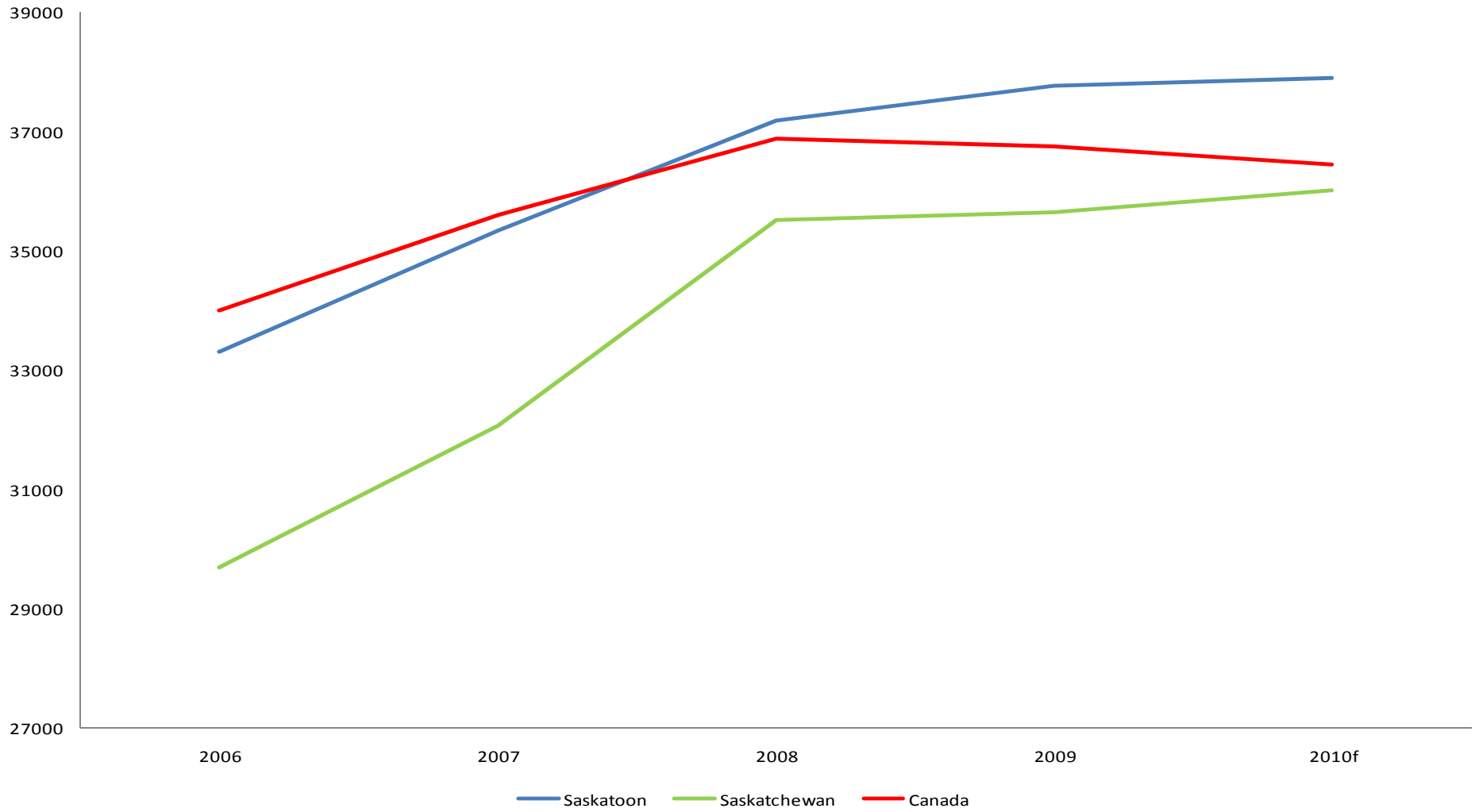
# Population Growth



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# Retail

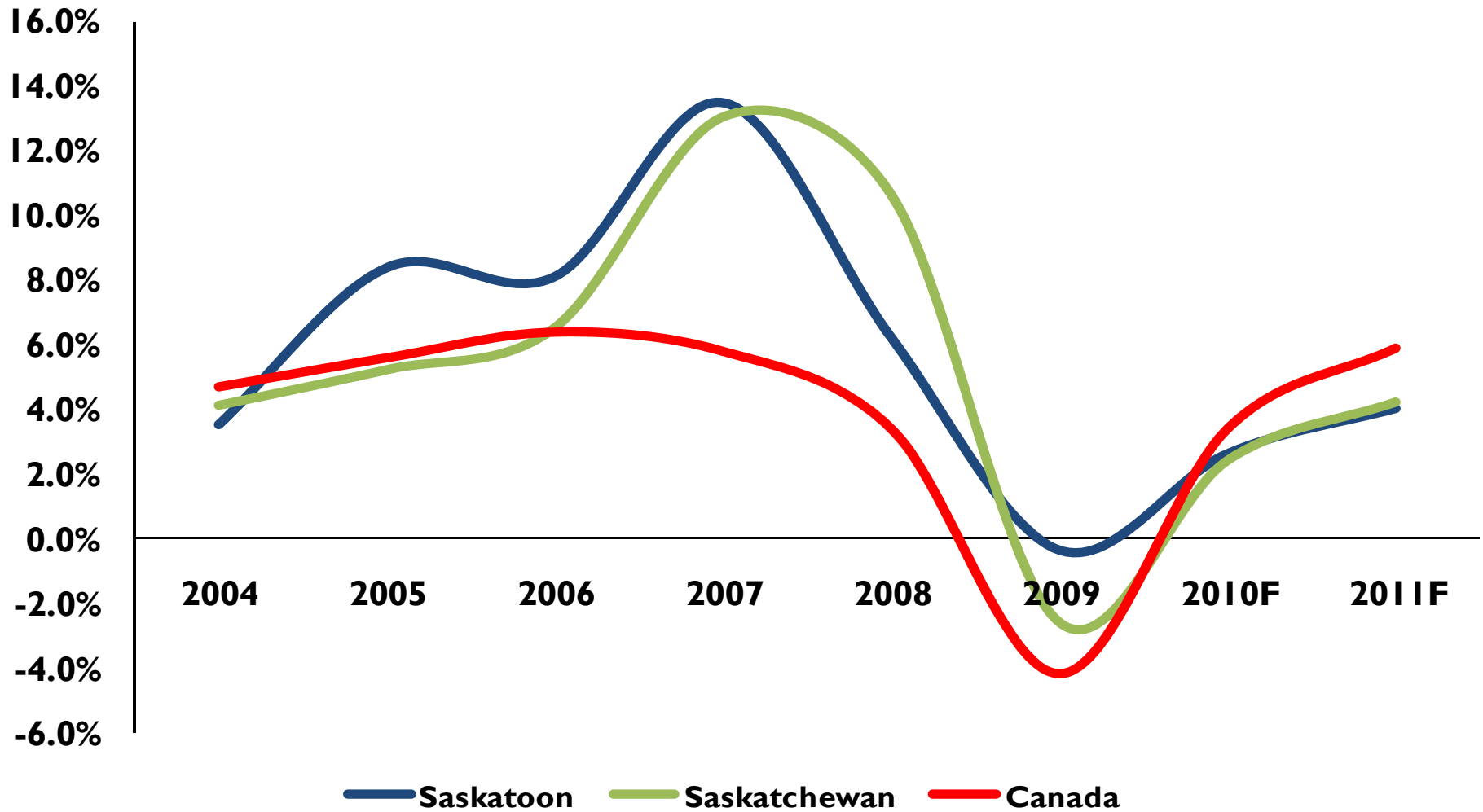
# Average Per Capita Income



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# Retail

# Sales Growth



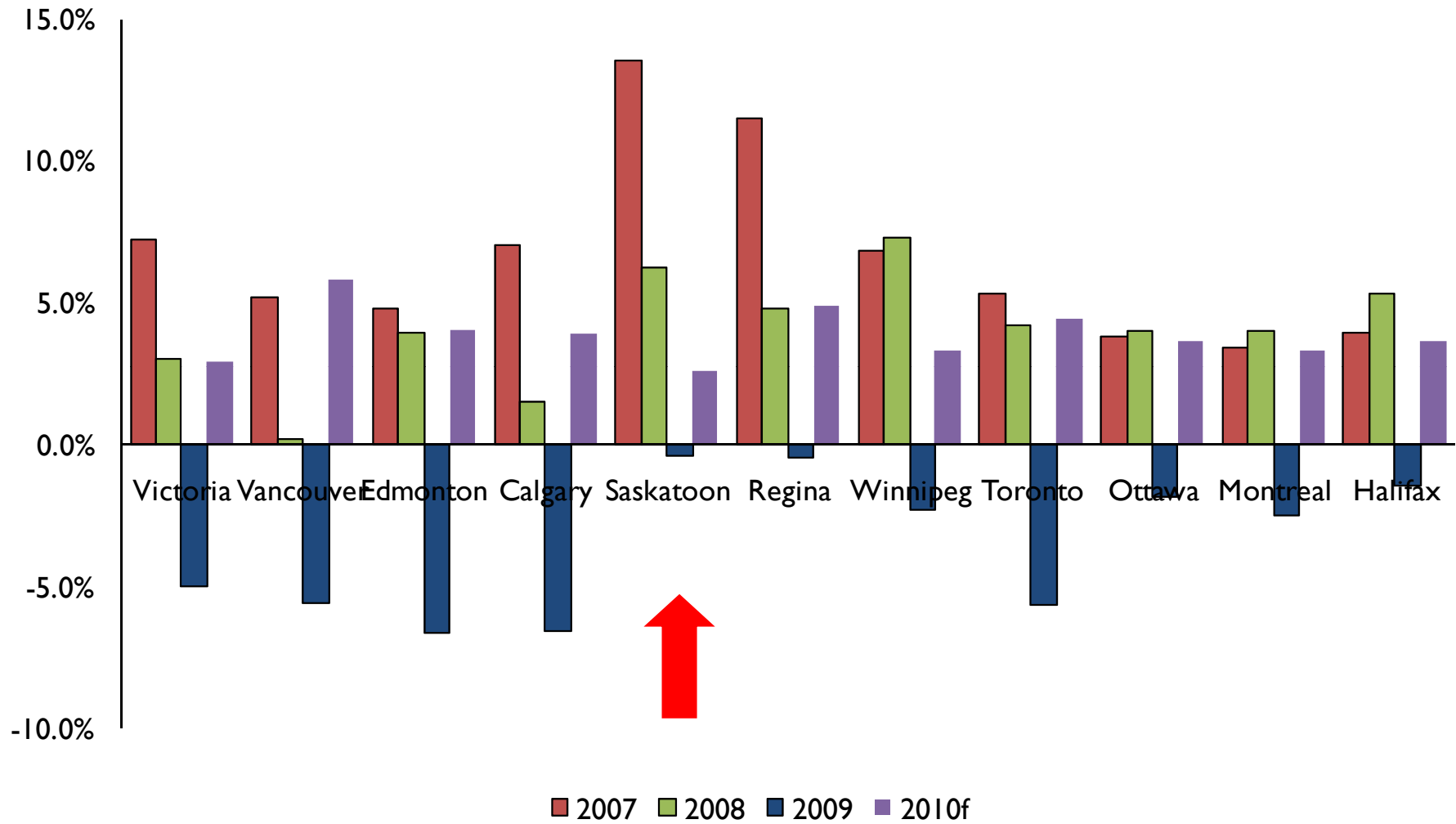
Source: Conference Board of Canada



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# Retail

# Sales Growth



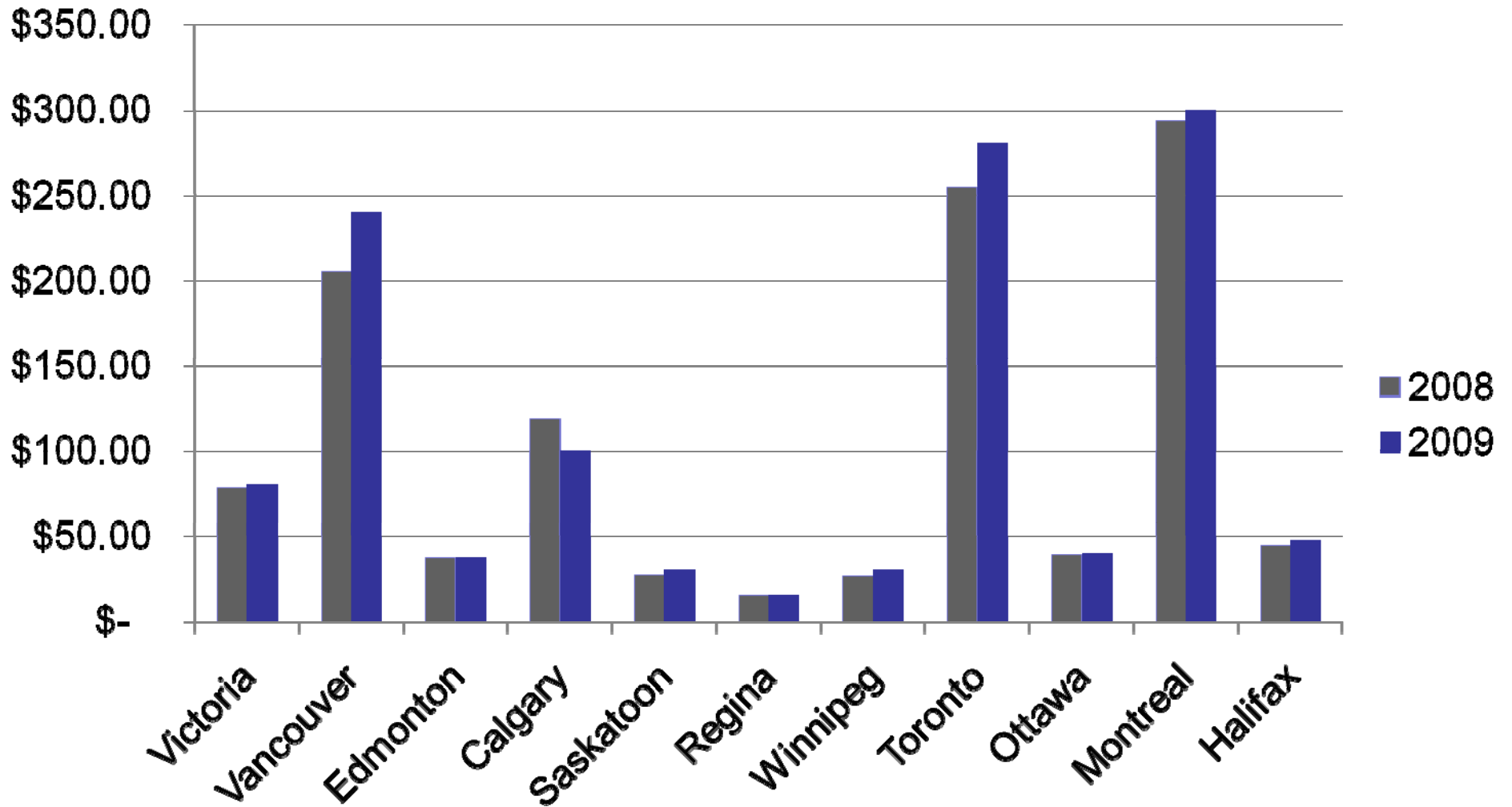
Source: Conference Board of Canada



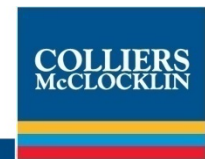
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# Retail

# Top Rates/SF



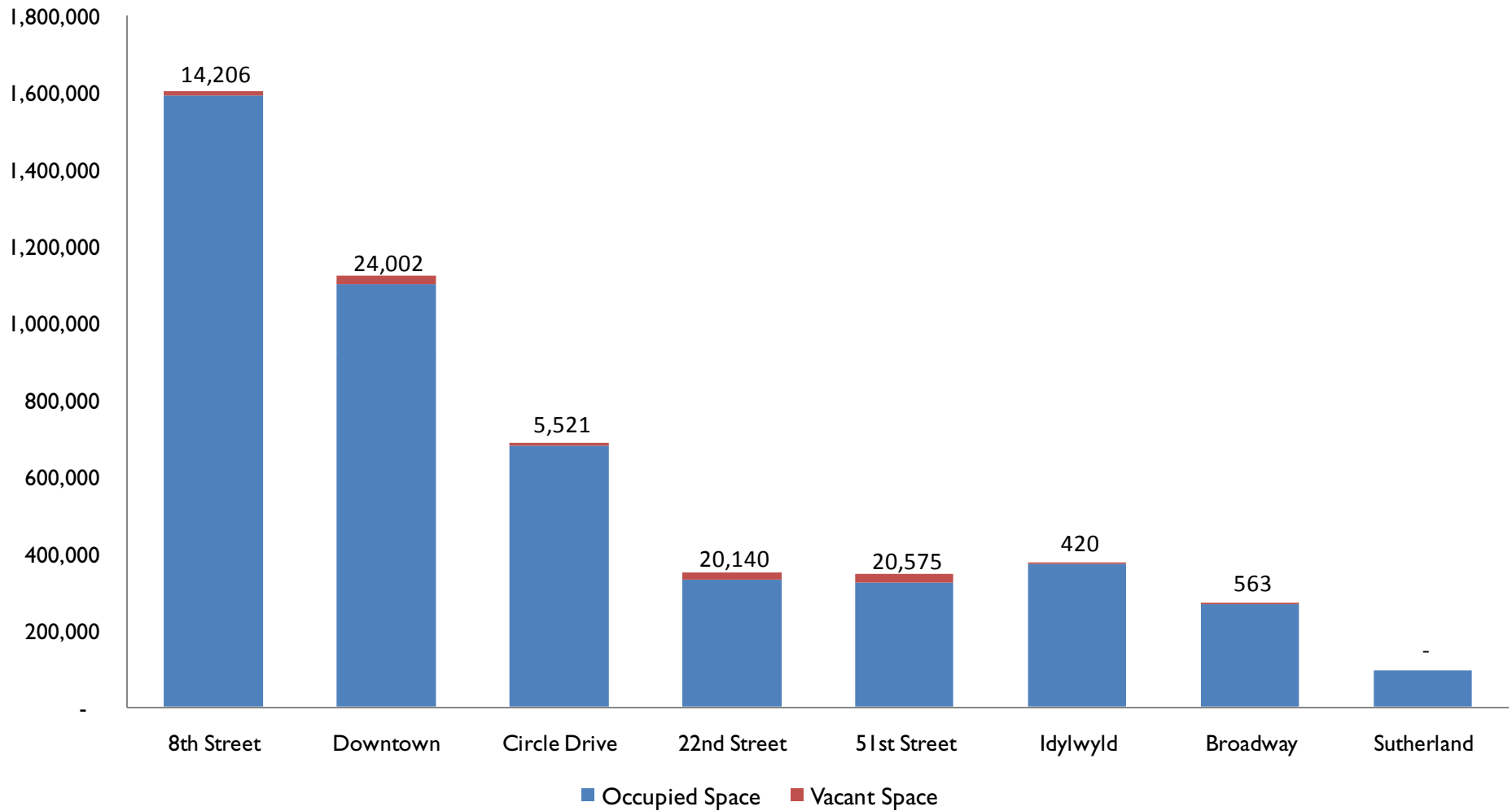
Source: Colliers McClocklin Real Estate Corp.



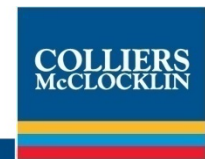
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# Retail

# Inventory & Vacancy - Saskatoon



Source: Colliers McClocklin Real Estate Corp.



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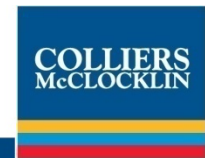
# Retail

# Rental Rates - Saskatoon



■ Lower Net Rental Rate/SF   ■ Upper Net Rental Rate/SF

Source: Colliers McClocklin Real Estate Corp.



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## Retail

## New Developments

**Stonegate / Stonebridge Village** 400,000+ SF

**University Heights**

23 Acres

Development closes March 31

**Preston Crossing**

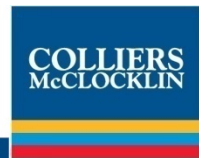
135,000 SF

Rona nears completion

**Blairmore**

38 Acres

Walmart complete 184,459 SF



- ▶ Development activity to remain strong
- ▶ Vacancy to remain low as demand continues
- ▶ Rental rates should stabilize near current levels



# INVESTMENT

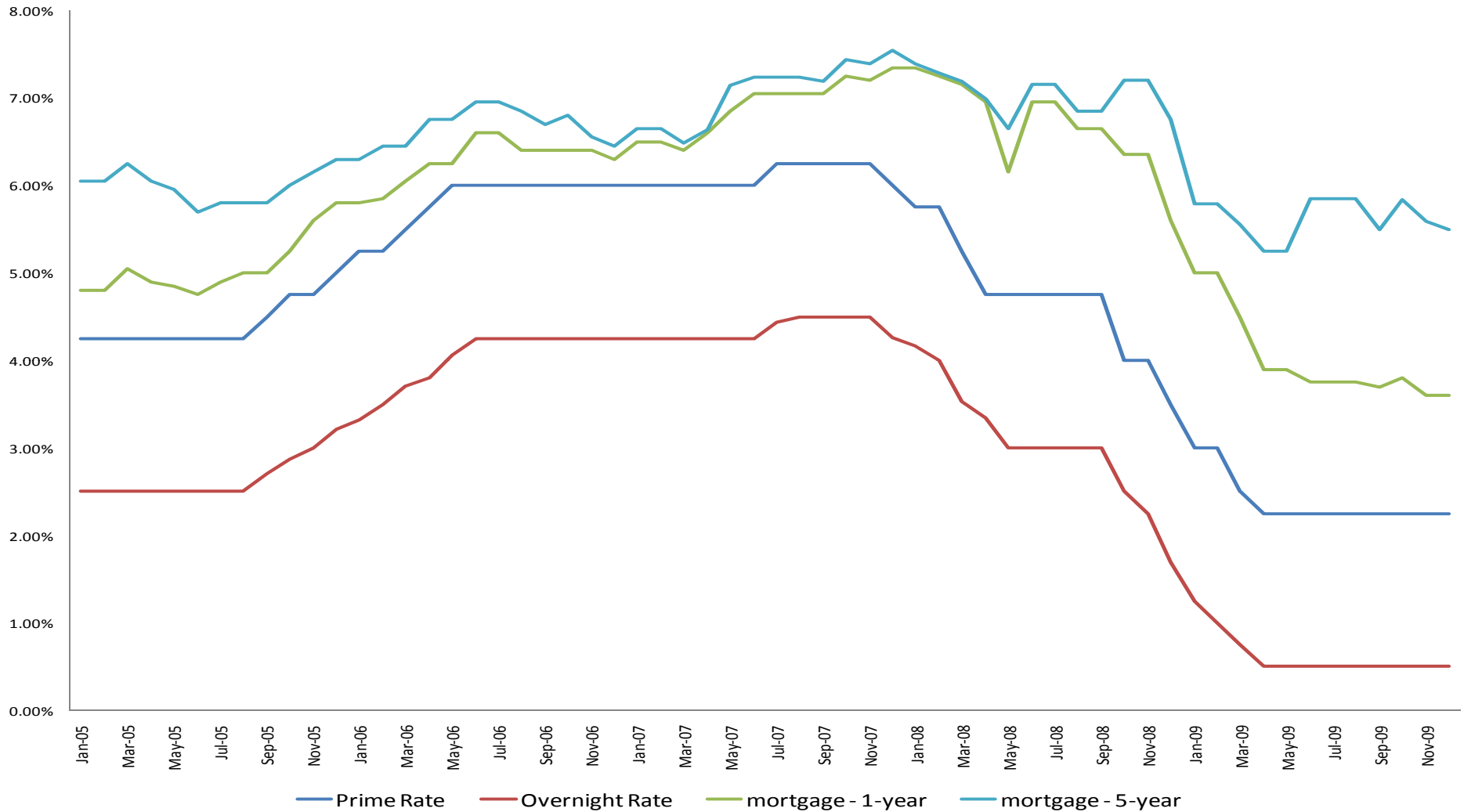
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# Investment

# National Interest & Mortgage Rates



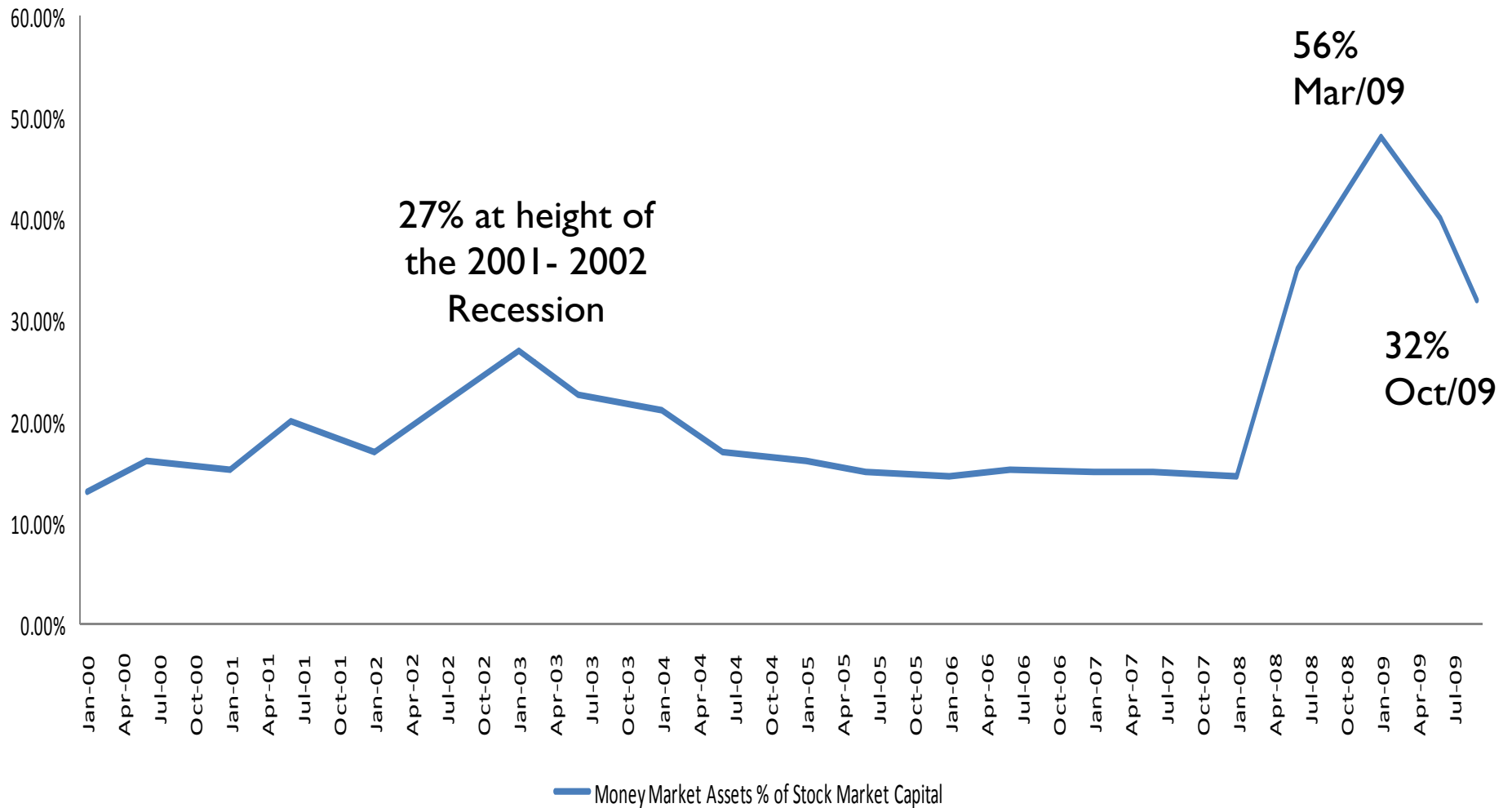
Source: Bank of Canada



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# Investment

## Money Market Funds % of Stock Capital



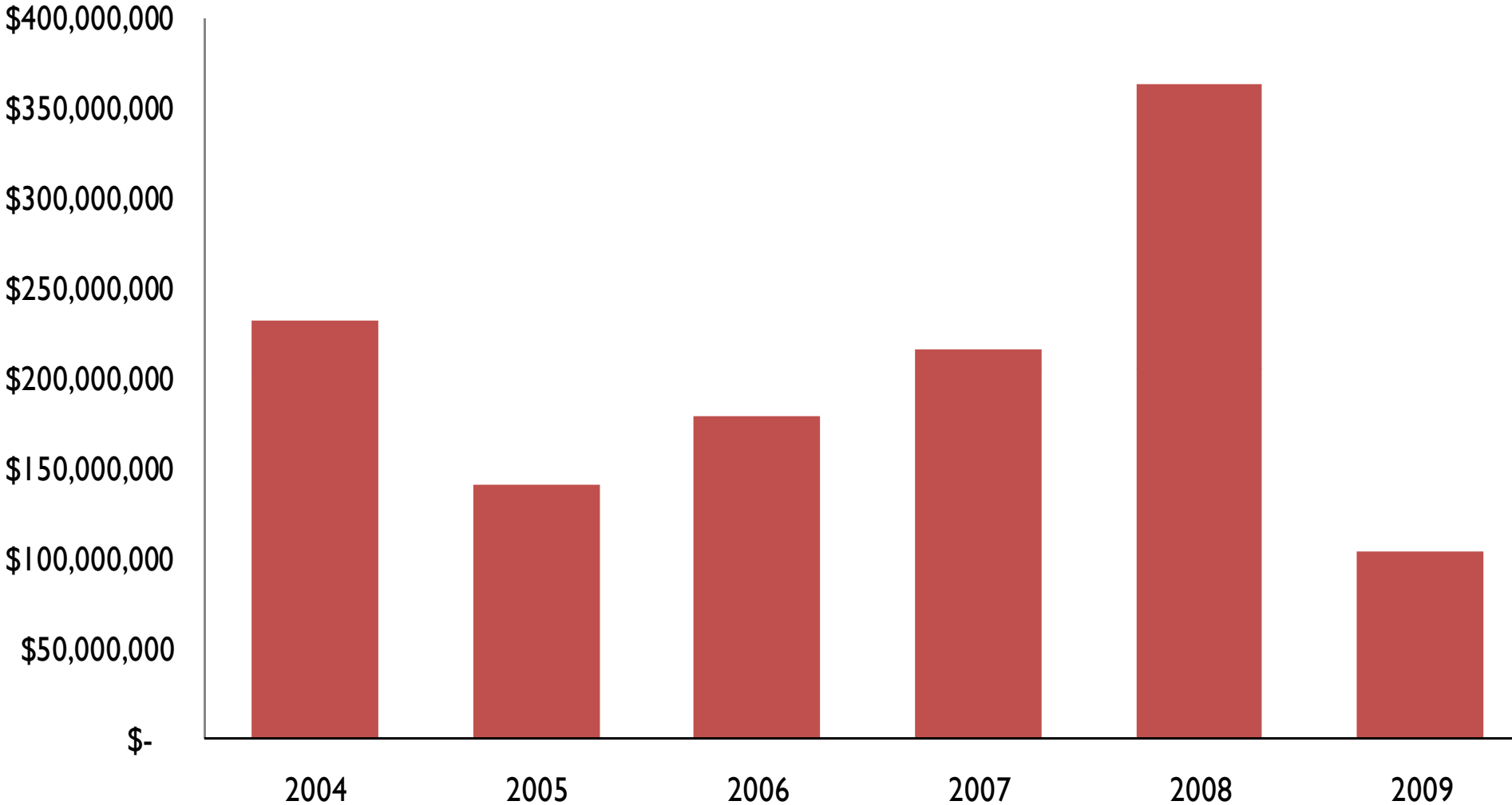
Source: Fidelity Investments



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# Investment

# Saskatoon Transactions >\$1M



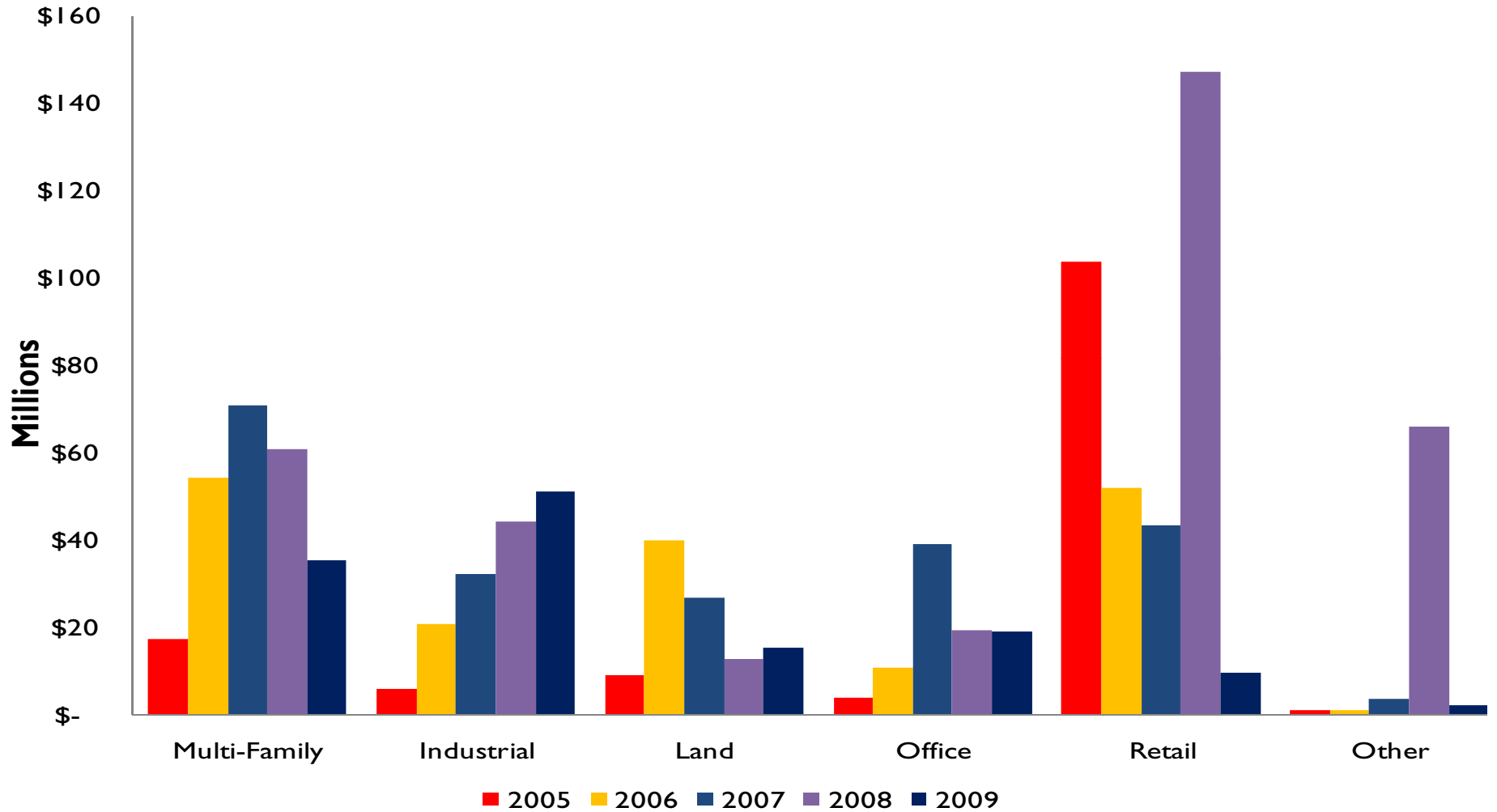
Source: Colliers McClocklin Real Estate Corp.



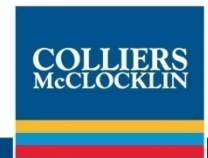
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# Investment

# Saskatoon Transactions by Class



Source: Colliers McClocklin Real Estate Corp.

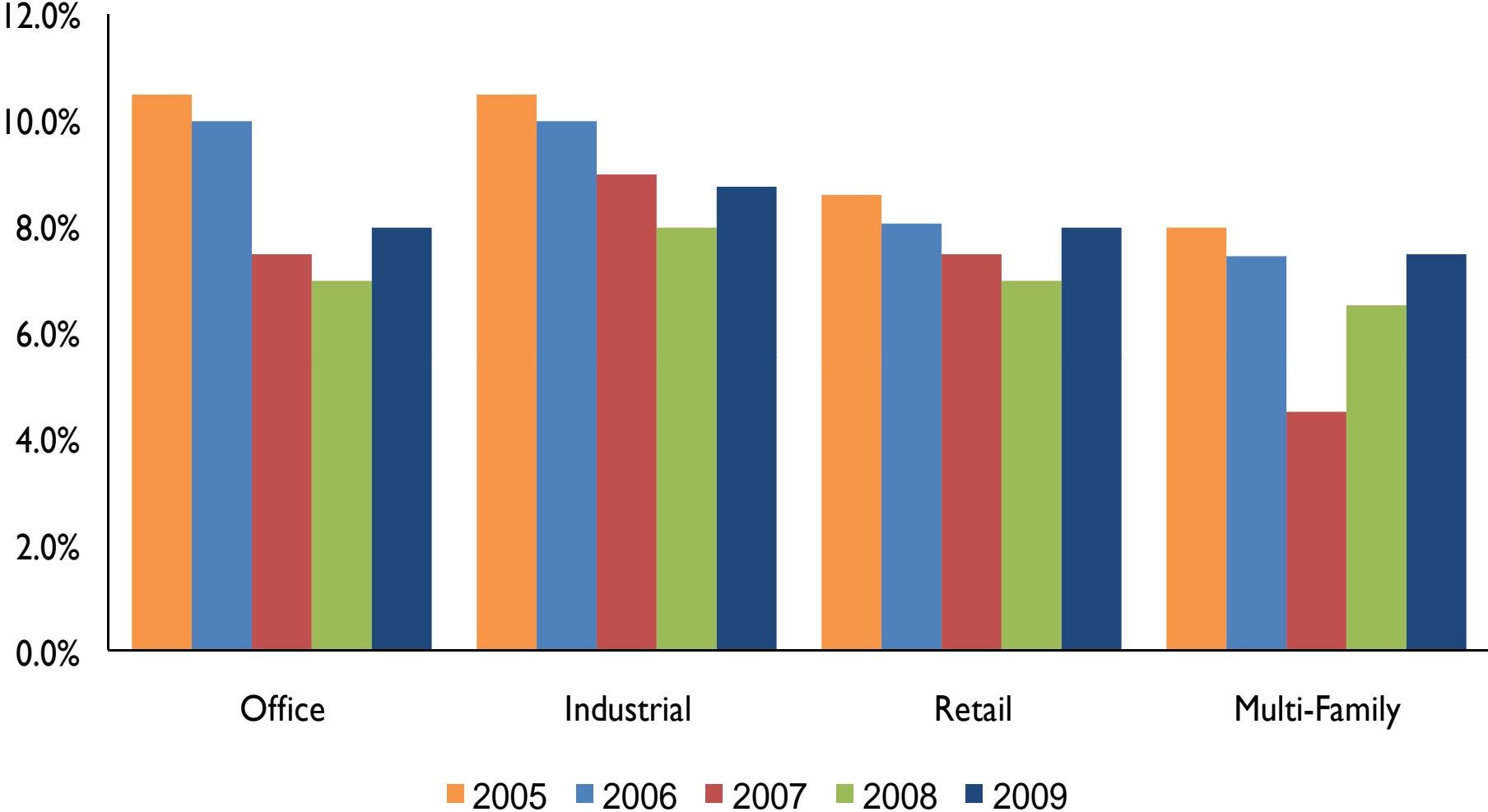


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# Saskatoon Cap Rates by Class



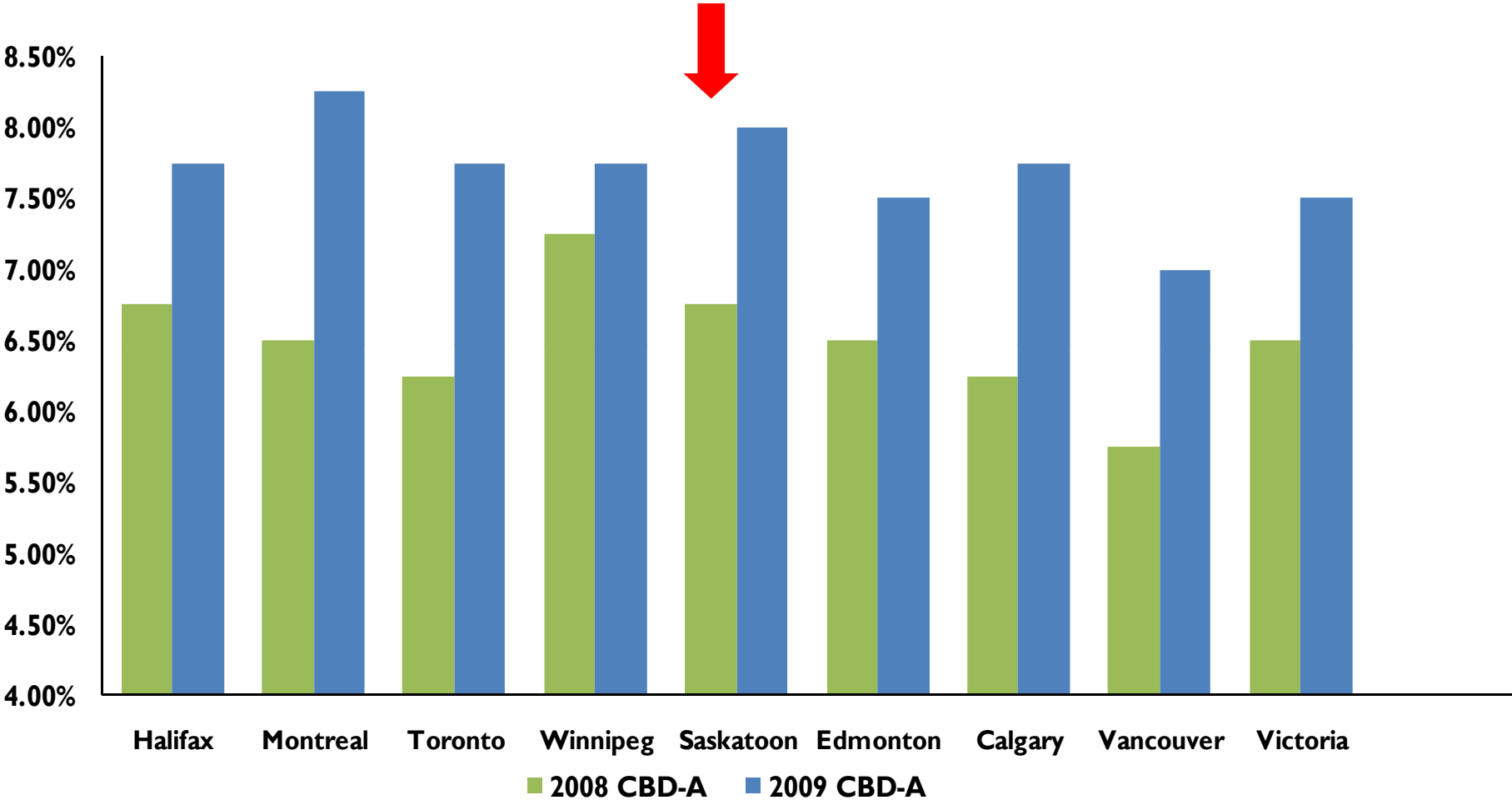
Source: Colliers McClocklin Real Estate Corp.



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# Canadian Cap Rate – Office



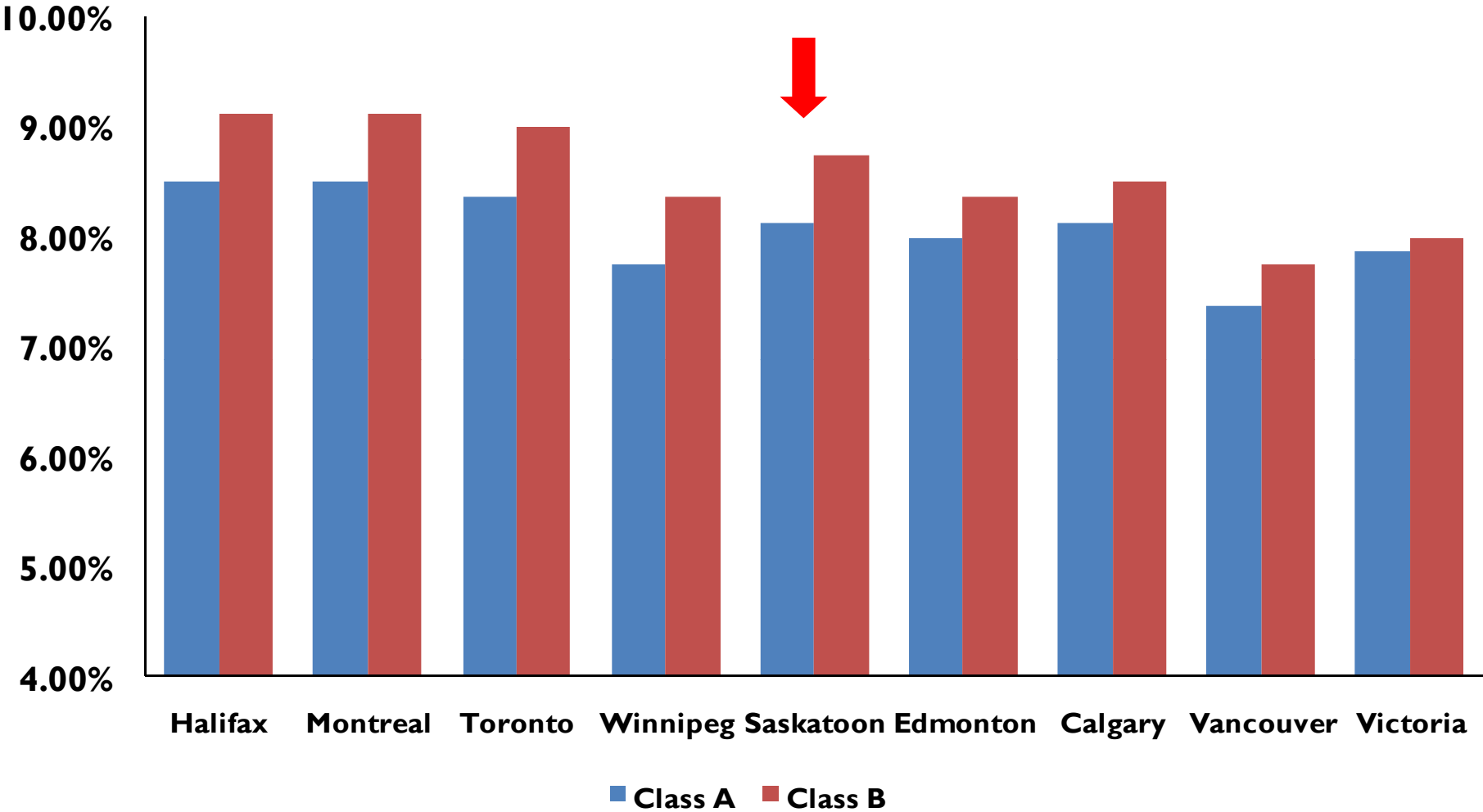
Source: Colliers McClocklin Real Estate Corp.



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# Canadian Cap Rate – Industrial



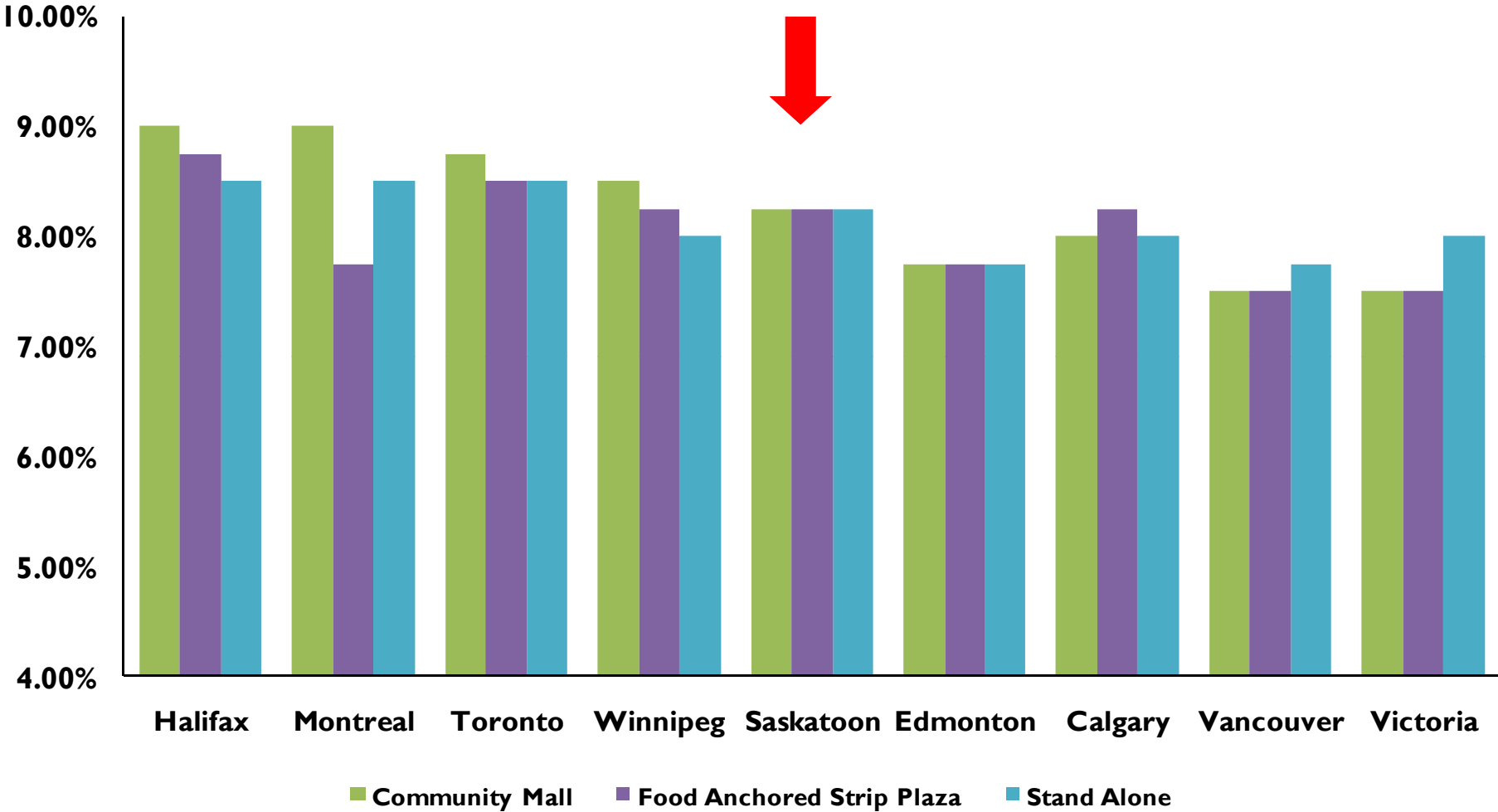
Source: Colliers McClocklin Real Estate Corp.



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# Canadian Cap Rate – Retail



Source: Colliers McClocklin Real Estate Corp.



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## Investment

## 2009 Notable Transactions

### **Multi-family Portfolio**

Nexus Asset Group

Jan \$24.25

### **3850 Fairlight Drive**

Lanesborough REIT

Feb \$7.9M

### **Maple Leaf Food Warehouse**

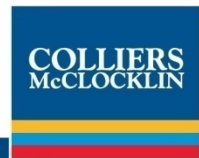
Churchill MI Inc.

June \$21M

### **922 51<sup>st</sup> St.**

Saskatoon Co-operative Assoc LTD.

Aug \$4.9M

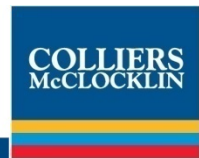


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## Overall

## Saskatoon Lessons Learned/Forecast

- ▶ Our economy performed strong in 2009 and is forecast to lead in 2010
- ▶ Vacancy in all asset classes is low and should remain low through 2010
- ▶ Rental rates in all asset classes should remain stable or rise
- ▶ Development will continue in varying degrees in all sectors



THANK YOU

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