

CBRE Global In-Sights: The Canadian Outlook

Presentation by:

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All Global In-Sight presentations are
recorded and available at

www.cbre.com/research



John O'Bryan

John is the Vice Chairman of CB Richard Ellis, where he has primary responsibility for the marketing initiatives of the company. John is a Chartered Surveyor, a Past President of NAIOP and has undertaken a wide range of speaking assignment.



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Peter D. Senst

With 20 years of Investment Sales experience Peter has completed more than \$15 billion in sales of high profile real estate transactions across Canada and the US. He is the leader of the National Investment Team - Toronto. The team runs a balanced book of business between office, industrial, retail and land. Peter has raised equity for numerous clients, monetized entire companies and is able to help implement growth and strategic initiatives for all real estate situations. For the past 7 years, Peter has consistently been CB Richard Ellis' top producing professional in Canada.



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Michael J. Turner

Michael has been with CB Richard Ellis since 1998, when he started as a financial analyst specializing in the valuation of property portfolios. Michael acted as advisor in a number of REIT mergers and public company privatizations prior to moving into Investment Sales. As a senior member of the National Investment Team - Toronto, Michael specializes in the disposition of industrial and office properties and portfolios. In the past two years he has led the dispositions, recapitalization and joint venture structuring, for some of the most high profile transactions in Canada. Michael is consistently ranked in the top 10 at CB Richard Ellis Nationally.



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Ray Wong

Ray Wong, as Director, Americas Research Operations, is responsible for the strategic development and day-to-day operations of the company's local market research organization across the Americas.

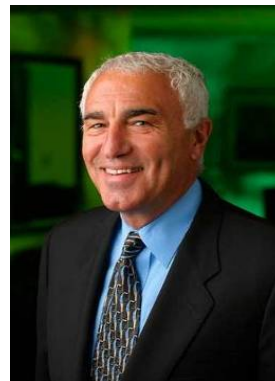


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Raymond Torto, PhD, CRE

Ray Torto is CBRE's Global Chief Economist. He directs CBRE's worldwide team of commercial real estate market analysts and serves as the firm's primary spokesperson on macro economic issues and the global commercial real estate market.



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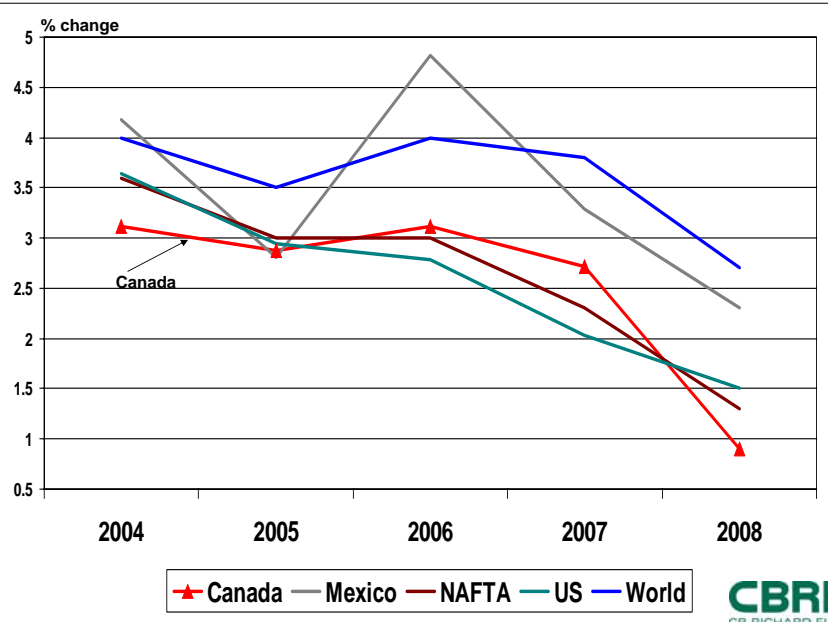


Agenda

- Economic Overview
- Market Fundamentals
- Investment Market Overview
- Recent Transactions



GDP Growth Y/Y



Global Exposure Provide Diversification

Correlation of GDP Change*

	Developed Europe	North America	Developed Asia Pacific	Emerging Asia	Latin America	Emerging Europe**
Developed Europe	1.00					
North America	0.32	1.00				
Developed Asia Pacific	0.52	0.10	1.00			
Emerging Asia	-0.41	-0.27	0.13	1.00		
Latin America	-0.22	0.51	-0.19	0.42	1.00	
Emerging Europe**	-0.04	-0.33	-0.08	-0.26	0.09	1.00

* Five-year moving average from 1985 through 2007.

** Correlations with Emerging Europe based on 1995-2007 data.

Source: Economist Intelligence Unit; CBRE Investors

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Canadian Economy

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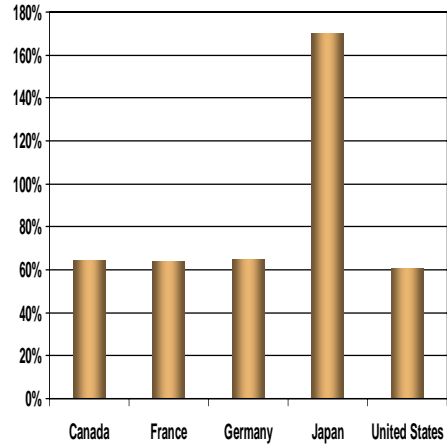
Canada is Financially Stable

Soundest Banking Systems

- Canada (1)
- Sweden (2)
- Luxembourg (3)
- Australia (4)
- Denmark (5)
- France (19)
- Germany (39)
- Japan (93)
- United States (40)

Source: The World Economic Forum's Global Competitiveness Report

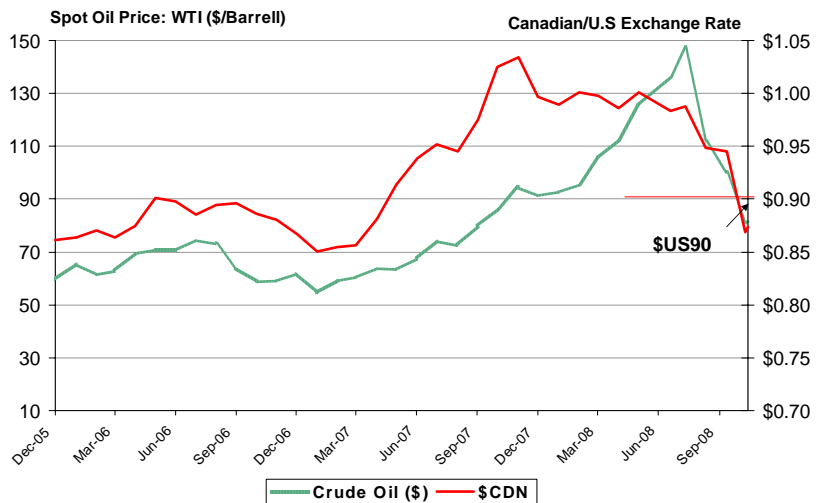
Government Debt to GDP Ratio



Source: CIA

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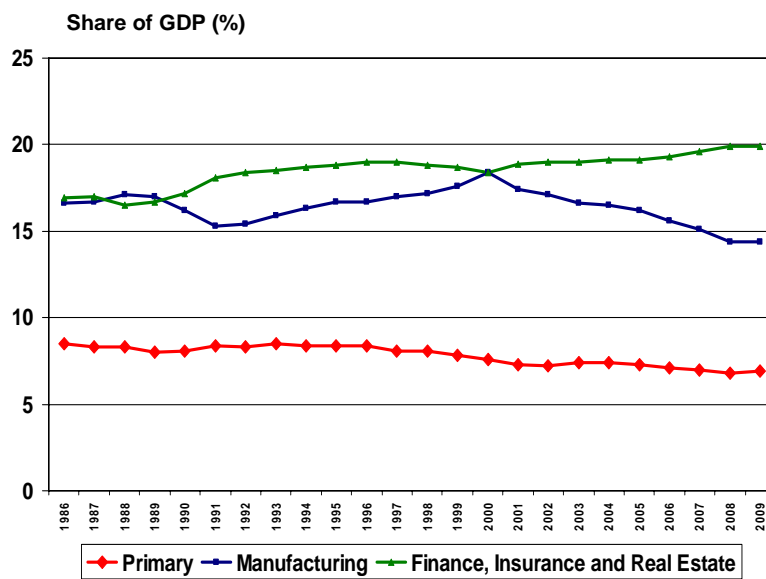
Oil Has Changed the Landscape



Source: Wall Street Journal

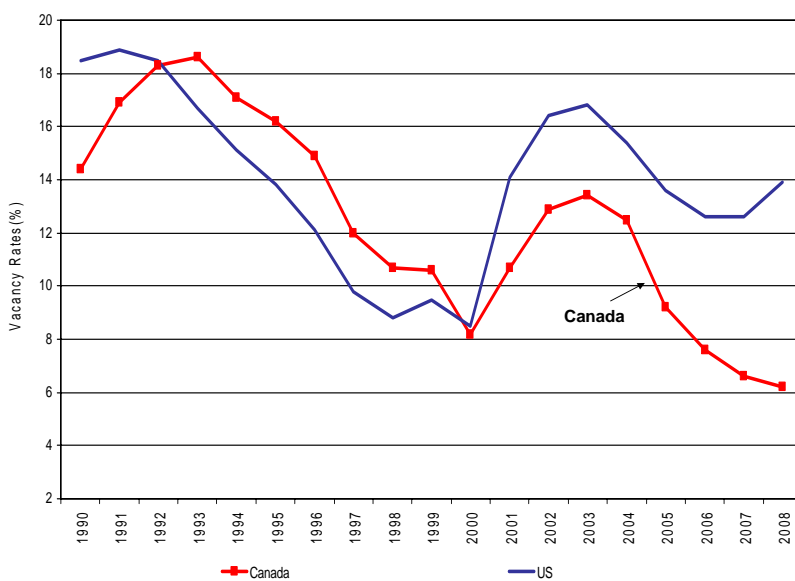
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Manufacturing and Office-Related Economies Dominate



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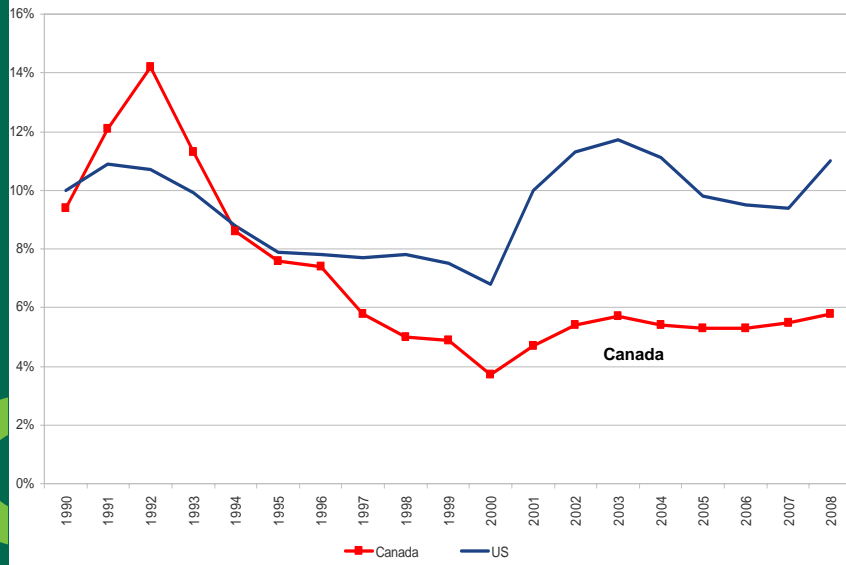
Unlike Previous Office Slowdowns: Lower Vacancy



Source: TWR Office Outlook XL, Fall 2008

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Canadian Industrial Availability Rate to Remain In Narrower Range



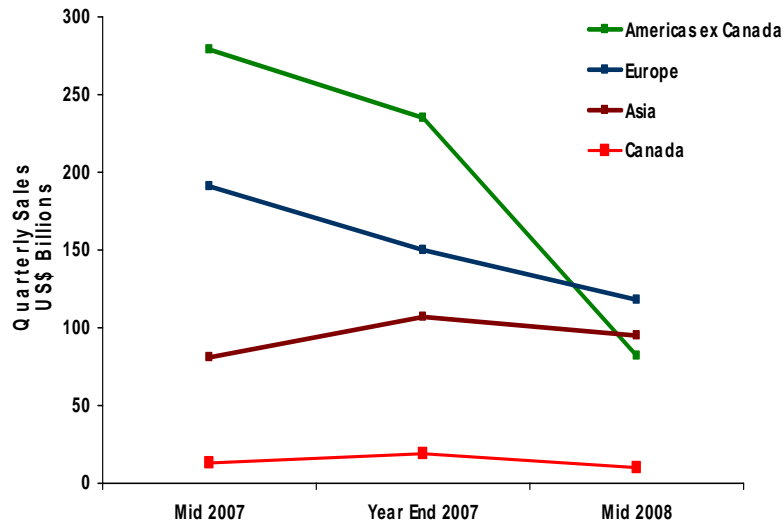
Source: TWR Industrial Outlook XL, Fall 2008



Investment Overview



Global Property Sales Have Plunged



Source: Real Capital Analytics and RealNet Canada

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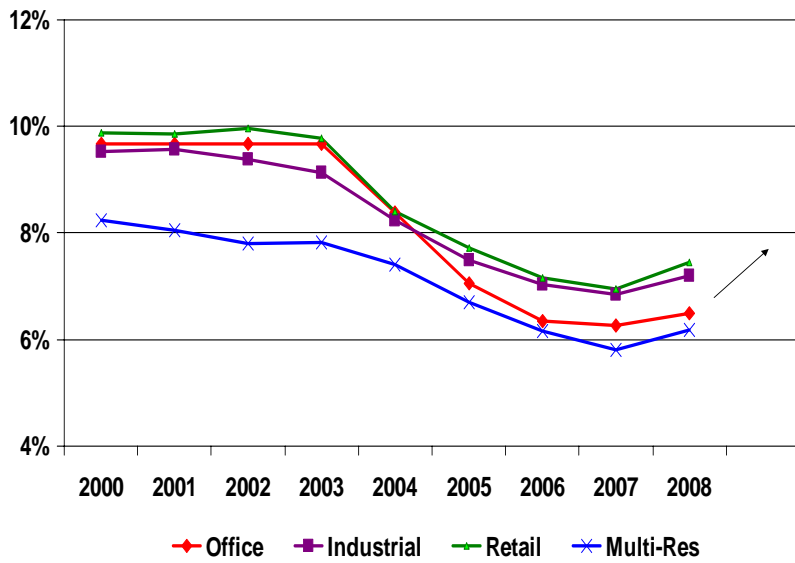
Canadian Investment Transactions (\$B)

Property Type	2004	2005	2006	2007	Mid 2008	2008 %
Office	\$4.1	\$5.4	\$4.4	\$10.3	\$2.4	24.0%
Industrial	\$3.4	\$4.1	\$7.2	\$5.8	\$2.4	23.6%
Retail	\$4.0	\$4.1	\$4.0	\$4.4	\$1.6	16.3%
Multi-Res	\$2.9	\$3.0	\$3.5	\$4.4	\$1.3	12.7%
Land	\$2.5	\$2.4	\$3.9	\$4.6	\$2.0	20.5%
Hotel	\$0.3	\$0.8	\$1.3	\$2.6	\$0.3	2.9%
Total	\$17.3	\$19.8	\$24.2	\$32.2	\$10.0	100%

Source: CB Richard Ellis Limited/RealNet Canada

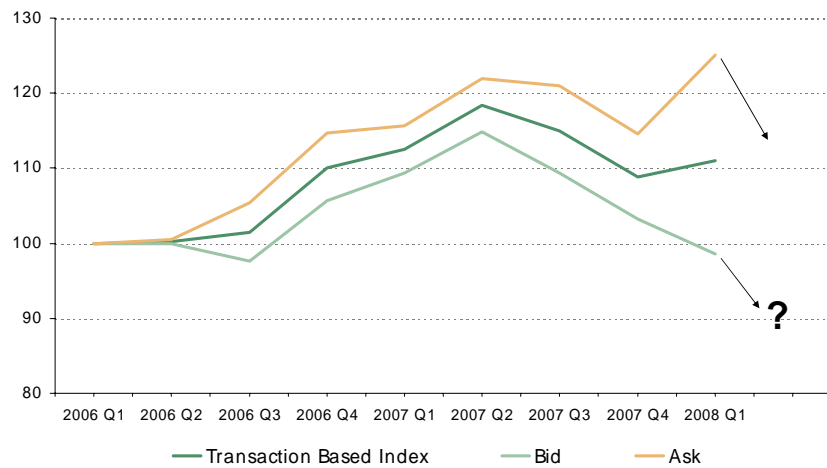
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Canadian Cap Rates Moving Up



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The Bid/Ask Spread



The bid has steadily declined from quarter to quarter, while the sellers' prices ("ask") have held steady.

Source: CBRE Torto Wheaton Research 2008

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Where We're Headed...

- Temporary Buyers strike
- Relative returns have to increase to attract capital
- Sellers adjusting down expectations
- Spread curve for asset quality/location is back
- Forget about 2008 :: Think 2009
- Debt markets sporadic
- Arbitrage opportunities starting to emerge
- Market timing vs. dollar cost averaging



Recent Transactions



Deerfoot Meadows

Retail

Sale Price: \$243 Million
Size: 497,000 SF
\$PSF: \$489
Cap Rate: 5%



IBM Corporate Park

Office

Sale Price: \$181.5 Million
Size: 359,000 SF
\$PSF: \$506
Cap Rate: 6%



2 & 4 Silver Maple Court

Multi-Residential

Two buildings, 416 suites

Sale Price:	\$52 Million
Size:	416 Suites
Price/Suite:	\$125,000
Cap Rate:	6.2%



Milton Crossings

Industrial

Sale Price:	\$56 Million
Size:	352,000
\$PSF:	\$82*
Cap Rate:	6.4%



*adjusted for excess land



Pauls Properties – Courtney Park

Industrial

Sale Price:	\$50 Million
Size:	234,000 SF
\$PSF:	\$214
Cap Rate:	6.9%



Thank You

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