

Leasing Rate & Commercial Sales Summary

Currently we are currently seeing average lease rates per square foot per annum as follows:

- Industrial bays: \$10.00 to \$12.00 per sq. ft.
- Second level industrial: \$7.00 to \$10 per sq. ft.
- Offices: \$14.00 to \$18.00 per sq. ft.
- Main Street retail: \$25.00 to \$32.00 per sq. ft.
- Secondary downtown and Bow Valley Trail retail: \$20 to \$23 per sq. ft.
- Local commercial: \$18.00 to \$25.00 per sq. ft.

The above noted rates will vary by property depending on amenities and location.

The lease rates noted above are down about 20% from the peak levels experience in 2007 and 2008, and are now comparable to rates last seen in 2005.

Bow Valley Trail lease rates have therefore decreased since 2008 from levels around the \$25 to \$28-\$29 per sq. ft. mark to the current levels.

Sales prices for commercial properties fallen comparably. In 2007 properties were selling for capitalized rates as low as 6%, compared to "cap" rates between 7% and 9% now required by lenders. This indicates that buyers are now prepared to pay significantly less and are far more cautious.

One office condominium unit sold after 8 months on the market for 15% below appraised value in 2008. An unfinished downtown building sold in July 2009 for almost half of the asking price. A building that sold for \$2.5M in late 2007 was resold in the fall of 2009 for only \$1.6M.

The entire commercial real estate market remains unstable in Canmore. The housing sector is experiencing similar lack of activity and reduced values. There is essentially no new construction. That being said, 2011 has already seen more deals begun in January than were completed in the last half of 2010. Rates will not likely increase until more of the supply is absorbed to healthier levels.