



Market Overview

Q1 2008 in Metro Vancouver's Industrial Market saw overall vacancy drop from 2.08% to 1.74% and net absorption rise to more than three million square feet (sq ft) as a result of several large transactions, as well as buildings built on speculative lease basis becoming occupied. New construction completions were up this quarter and brought 2,527,332 sq ft to overall industrial inventory, while total dollar value of sales transactions was estimated to be well over \$100,000,000.

The number of development sites continues to shrink around the Metro Vancouver area, demand has remained high, and so have building material and labour costs. As a result, both lease and sale rates have consistently risen across the board, forcing many tenants to renegotiate at higher rates or relocate into the outlying suburban markets. The effects of the US recession continue to be felt, making it increasingly difficult to arrange financing for sales transactions as underwriting processes become more stringent.

Economic Overview

Over the past year, BC's current GDP has consistently increased to reach 6.4%, and while the BC CPI increased 1.1% over the past year, Metro Vancouver's CPI was slightly higher at 1.3%.

The Canadian Prime Business Rate dropped over the past 12 months from 6% down to 5.25%, while one-year residential mortgages grew from 6.4% to 7.25%, and five-year mortgages from 6.49% to 7.20%. Commercial loans presently range from 5.25% to 6.25%.

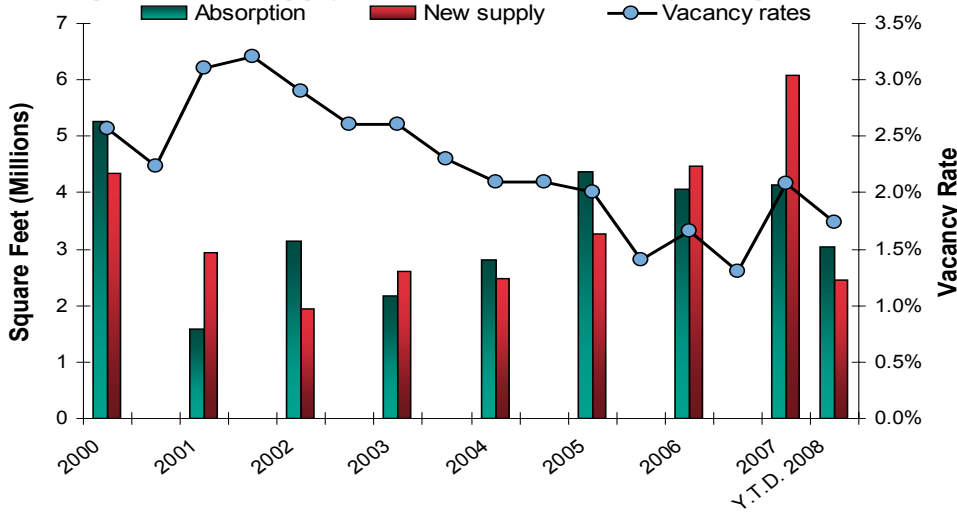
BC's population grew to 4,414,000 this quarter and is expected to continue to grow at 1.5% annually, while nationally growth is expected at 1.1%. As BC created 15,000 jobs in March, unemployment declined slightly to 4.1%, staying well below the national average of 5.8%.

Overall, the Canadian economy is projected to expand by 1.6% this year, down from the 2.7% expansion of 2007. B.C.'s Economy is projected to grow 2.3% in 2008, and 2.9% in 2009.

Metro Vancouver Industrial Report

First Quarter Highlights 2008

Absorption, new supply, and historical vacancy comparison



South of the border which will be felt in Canada, but despite the size and diversity of our country it is safe to say it will indeed be felt, but where and to what extent remains educated guesswork. Eastern Canada could potentially be hit harder than the West, given the reliance on the narrow scope of industry, primarily being U.S. bound manufactured goods. Western Canada's main trading partners (U.S. still topping the list) are only marginally more global, but the industries are substantially more diverse, including not only manufacturing, but also many resource-based industries such as forestry and mining. We are unable to declare this an insulating factor for Western Canada as some claim it to be, and as trade with the U.S. slows it will ultimately be a question of

Credit Crunch

Currently the largest challenge facing the global economy continues to be the slowdown of the US economy, a multi-faceted issue primarily stemming from the total collapse of the US subprime mortgage market and the sharp correction currently underway.

It is arguable that after more than five years of unprecedented growth in the global economy, with levels of activity around the world beginning to pressure inflation upwards and capacity strained, a slowdown of the market was in fact necessary. Overall, it is now less likely that the high costs of energy and food will carry over excessively into more general costs. Central banks will continue to focus on achieving inflation targets.

Nationally, Canada may conduct further interest rate cuts in order to provide a buffer from the impact of the US recession. The Bank of Canada's next decision on interest rates will be made during its April 22nd meeting, where up to a 25 basis point reduction on the prime business rate has been rumored.

It is difficult to predict the implications of the recession



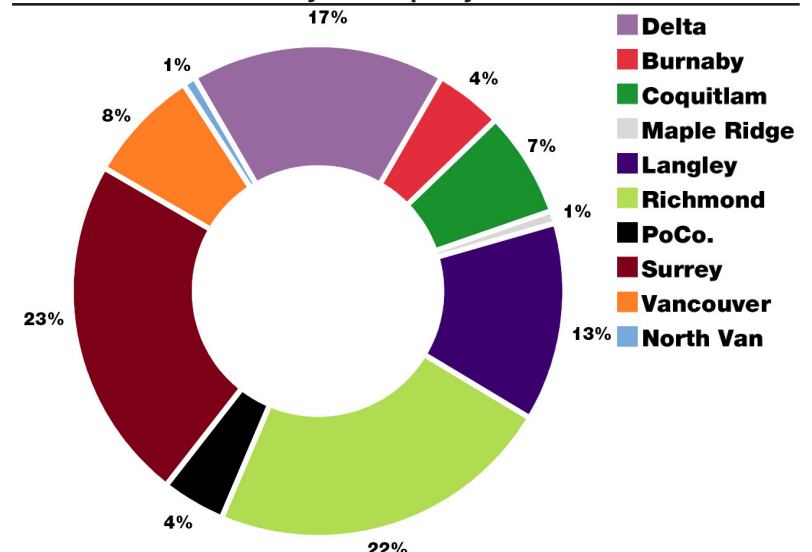
8651 Eastlake Drive, Burnaby - 100,675 sq.ft. LEASED.

any given product's dynamic ability to be sold in Asian and other international markets.

Top industrial leases of Q1 2008

Address	Municipality	Size (sq ft)	Tenant
16000 Portside Road	Richmond	172,500	Axis Integrated Container Hub
12211 Horseshoe Way	Richmond	106,380	Viceroy Homes
8651 Eastlake Drive	Burnaby	100,675	Owen & Company Limited
12757 Vulcan Way	Richmond	93,475	Wild West Organic Harvest
78 Fawcett Road	Coquitlam	39,200	George Third & Son. Ltd.
23220 Fraserwood Way	Richmond	33,868	Data Business Forms
120 - 11231 Dyke Road	Richmond	32,785	Ossur Canada Inc.
3645 Grandview Highway	Vancouver	32,210	Winroc

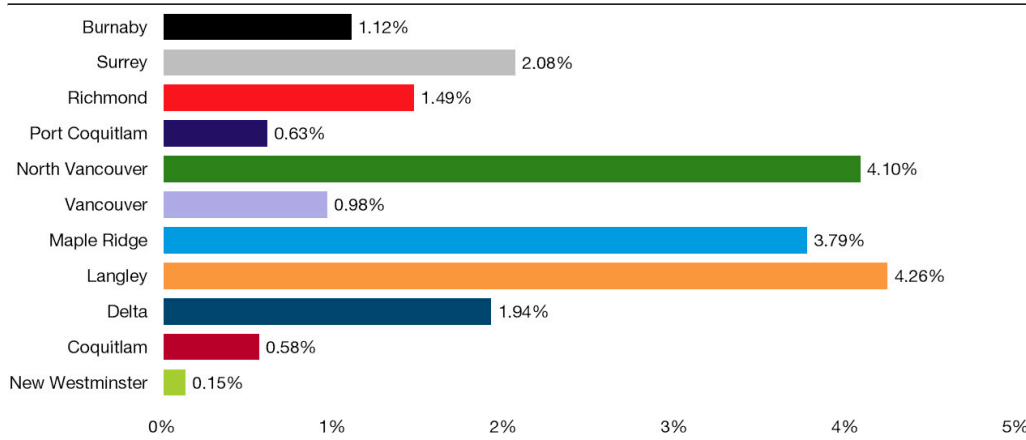
Q1 2008 Sales volume by municipality*



Metro Vancouver Industrial Report

First Quarter Highlights 2008

Municipality vacancy rates



Looking Ahead

Allocation of land with industrial potential continues to be contested. The effects of a minimal industrial land supply are becoming critical in Metro Vancouver. Rezoning of land to industrial use, and exemptions from the Agricultural Land Reserve are occurring less often as overall vacancy rates drop in nearly all areas. This trend has the potential to pave the way to an effective reality of zero industrial land supply, which some predict to occur within the next decade at the current rate.

Industrial capitalization (cap) rates may have bottomed out across Metro Vancouver. We are now accustomed to seeing buildings being sold for cap rate highs of 5%. Investors have to provide more equity to offset the negative cashflow as interest rates approach 6.25%. There will always be financial institutions that willingly trade a low cap rate for future anticipated appreciation; however, investors who do not have excess liquidity are more hesitant to invest in an asset with a negative return.

Over the past 24 months industrial lease rates increased approximately 25% in most municipalities, and as much as 130% in others such as East Vancouver and Surrey. Tenant reloca-

tions are constant as many tenants have, or will soon be priced out of their respective markets while rates continue to climb upwards and no additional significant supply comes to the market. Purchasing property may be an option for some tenants, but for the majority of tenants in Metro Vancouver sale prices will remain out of reach and only attainable to large owner/users and investors. For this reason, small strata units have gained in popularity but their prices are now topping out.

The biggest issues facing the Metro Vancouver industrial market will continue to be an acute lack of supply, for tenant relocations and/or suitable land for industrial development, and in the shorter term tightening of financial markets and continuation of high construction and labour costs.



1658 Foster's Way, Delta. SOLD - \$7,645,000*



11511 & 11611 No. 5 Road, Richmond. SOLD - \$12,000,000*

www.realnet.ca
*Data sourced from RealNet Canada Inc. REALNET

Top industrial sales of Q1 2008*

Address	Municipality	Size (sq ft)	Size (acres)	Price	Price/ sq ft	Purchaser(s)	Type
11511 & 11611 No. 5 Road	Richmond	83,300	5.00	\$12,000,000	\$144	Novena Holdings Limited	Canadian Investor
17472 - 17474 56th Avenue	Surrey	41,800	9.28	\$10,160,000	\$243	Mainroad Properties (Cloverdale) Ltd.	Canadian Investor
1658 Foster's Way	Delta	73,776	2.44	\$7,645,000	\$104	P. & S. Holdings Ltd.	Canadian Investor
5899 & 5923 Production Way	Langley	19,600	4.53	\$6,025,000	\$307	Revo Holdings Ltd.	Canadian Investor
27474 Gloucester Way	Langley	51,450	2.64	\$5,600,000	\$109	Tyam Construction Ltd. (Tyam Property Holdings Ltd.)	User
890 Malkin Avenue	Vancouver	42,000	1.54	\$5,450,000	\$130	890 Malkin Holdings Inc.	Canadian Investor
75 Blue Mountain Street	Coquitlam	20,920	4 Strata Lots	\$5,141,000	\$246	0805553 B.C. Ltd.	Canadian Investor
17288 104A Avenue	Surrey	10,000	1.20	\$3,740,000	\$374	M. Brooks Enterprises Ltd.	Canadian Investor
8035 Alexander Road	Delta	9,343	1.62	\$3,300,000	\$353	Pro Industrial Contractors Ltd.	User
19486 60th Avenue	Surrey	17,900	2.99	\$3,102,500	\$173	Jonker Holdings Ltd.	Canadian Investor

Metro Vancouver industrial statistics Q1 2008

Municipality	Inventory (sq ft) Oct. 2007	New supply		Vacancy rates Mar. 2008		3 month net absorption (sq ft) Jan. - Mar. 2008
		Oct.- Dec. 2007	Jan. - Mar. 2007	sq ft	%	
Burnaby	25,469,143	140,000	140,000	286,361	1.12%	420,602
Coquitlam	8,564,142	0	0	49,778	0.58%	33,564
Delta	20,730,632	21,500	24,000	403,109	1.94%	200,964
Langley	14,710,397	150,050	175,000	626,047	4.26%	292,457
Maple Ridge	2,088,983	89,000	0	79,073	3.79%	-15,418
New Westminster	3,923,000	0	0	5,732	0.15%	-5,732
North Vancouver	4,584,978	81,000	80,000	188,004	4.10%	-71,556
Port Coquitlam	7,700,773	430,000	0	48,150	0.63%	72,241
Richmond	30,264,630	420,960	1,424,455	451,881	1.49%	723,287
Surrey	26,458,389	27,000	598,358	549,421	2.08%	1,048,078
Vancouver	23,625,639	0	20,000	230,455	0.98%	349,753
Total	168,120,706	1,359,510	2,460,207	2,918,011	1.74%	3,048,240

Metro Vancouver industrial statistics Q1 2008

Quarter	Inventory (sq ft)	New supply (sq ft)	Vacancy rates		Absorption (sq ft)	Price of land per acre	Range of rental rates \$/sq ft/yr
			sq ft	%			
Q1 2008	168,120,706	2,460,207	2,918,011	1.74%	3,048,240	\$925 - \$1,407	\$7.60 - \$11.63
Q4 2007	165,603,028	1,359,510	3,448,573	2.08%	274,859	\$912 - \$1,381	\$7.44 - \$11.30
Q3 2007	164,341,644	2,517,678	2,462,048	1.50%	603,438	\$890 - \$1,345	\$7.25 - \$11.00
Q2 2007	163,396,800	1,261,384	2,120,642	1.30%	1,030,505	\$885 - \$1,330	\$7.20 - \$10.65
Q1 2007	162,325,206	944,844	2,079,533	1.28%	2,233,421	\$875 - \$1,325	\$7.00 - \$10.50
Q4 2006	161,110,474	1,071,594	2,676,704	1.66%	421,538	\$854 - \$1,277	\$6.80 - \$10.00
Q3 2006	159,925,742	1,184,732	1,913,510	1.20%	2,163,947	\$800 - \$1,200	\$6.50 - \$9.75

JJ Barnicke Vancouver Ltd. has now become DTZ Barnicke Vancouver Limited. DTZ is one of the 'big four' global real estate advisors operating across Europe, Asia Pacific, Americas, Middle East and Africa.

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DTZ Barnicke offers specialized resources and real estate expertise in dozens of strategic sectors including, but not limited to: logistics and warehousing, manufacturing, data and call centres, lease audit, life sciences, all levels of retail, and hospitality.



17472 - 17474 56th Avenue, Surrey. SOLD - \$10,160,000*

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