



North Shore Forecast - 2009

- Office vacancy will increase slightly as a result of current construction and the economic slowdown
- Industrial vacancy will increase with rates anticipated to feel some downward pressure
- Retail market will experience an increase in vacancy while rates will remain the same
- Sub-lease opportunities will increase substantially across all sectors
- Sale/Leaseback of properties to free up cash will be employed by an increasing number of owner/users
- Capitalization rates will continue to increase to approximately 7% to 8%

2009 Estimate	Vacancy Rate	Net Rental Rate
Office	↑	↓
Industrial	↑	↘
Retail	↑	↔
Cap Rates		↑

Please refer also to DTZ Barnicke's **2009 CANADIAN PERSPECTIVES**, available online now at:
www.DTZBarnicke.com/CanadianPerspectives2009

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Market In Review - 2008

The major financial news story of 2008 has been chronicled in every possible media release and is global in reach. The full implications of the credit meltdown are unknown but will affect all classes of real estate well into 2009 and beyond. Suffice it to say that our crystal ball is no less cloudy than all the experts, so we will leave the heavy lifting to the professional economists. What we present herein is a summary of the salient items which affected commercial real estate on the North Shore this past year, together with our own forecast of expected trends for 2009. Of note over the past year:

- Commercial sales were fewer for the year but included Capilano Village at the corner of Fell Avenue and Marine Drive; the old BC Rail Station site on West 1st Street; the Imperial Oil site at 1801 Capilano Road; 119 West 3rd Avenue; and the service commercial site at 1328/50 Marine Drive.
- Major developments that were under way in 2008 included Intracorp's Vista Place at 13th and Chesterfield (now sold out); Pinnacle's The Pier Hotel Residences (construction currently halted); Millennium Development's 176-unit Evelyn Drive project (construction currently halted); Concert Properties' 52,000 sq. ft. offices at 850 Harbourside; and Harbourview Projects' Strata Warehouse project at 2411 Dollarton Highway.
- West Vancouver passed an amendment to its OCP for Ambleside Village to encourage higher density mixed-use development while creating a more compact and convenient commercial area between 14th and 18th Streets.
- District of North Van staff recommended the Cross Roads option in Lower Lynn to Council for its endorsement to create a complete and sustainable community, defined as walkable, safe, transit-focused, socially diverse and energy efficient. Over the next several months staff will develop a detailed implementation program based on the Cross Roads concept, which may be ready for Council review in the fall of 2009.
- Developers are using the economic slowdown in an attempt to pressure City Hall into higher densities than permissible under zoning regulations.

Investment

Similar to the rest of Canada, the North Shore experienced a healthy investment market early in 2008, but began to show signs of slowing in early Q3. Demand for product exceeded supply which made finding good quality investments difficult.

Simultaneously, a decline in the availability of credit made it difficult to raise the capital for those who were able to identify an investment which made economic sense to pursue.

Income producing assets and owner user properties were the most sought after product in the last half of 2008. In 2009 expect capitalization rates to rise to 7% - 8% due to a decline in the number of qualified buyers and tighter credit markets making it advisable for some owners to sell, especially in the sale/leaseback market. This will create a buying opportunity for those who have unemployed cash waiting on the sidelines to purchase product at a discount from recent years. In turn, expect the majority of investment activity in 2009 to come from local private groups with sufficient cash reserves to offset the anticipated requirements for larger non-refundable deposits and lower ratio mortgages.

Industrial Market

From January to approximately June industrial leasing activity remained strong. The average lease rate was the highest seen in Metro Vancouver at \$12.50 per sq ft. Towards October the leasing market began slowing down resulting in the transition from a Landlord's market to Tenant's market. In 2009, expect more large warehouse space (5,000 sq ft or greater) to come on the market, while smaller space will remain in demand.

Office/Retail Market

Currently there are a number of new office buildings under construction on the North Shore including the old North Shore News building at 1133 Lonsdale and the Harbourside Corporate Centre at 850 Harbourside Drive. Office vacancy rates are expected to climb due to an increase in supply and the economic downturn.

The retail market has remained relatively stable for the past couple of years. With a limited amount of quality retail space, lease rates will hold their own and are expected to stay around \$40 per sq ft for quality space with high exposure.

Construction Slowdown

Several major North Shore developments have come to a halt within the past few months including Pinnacle International's Hotel and Conference Centre development and Millennium Properties Evelyn Drive Development. The reasons for the construction halt has not been confirmed, however construction permit issues and winter weather have been blamed. Density considerations may be the underlying impetus.

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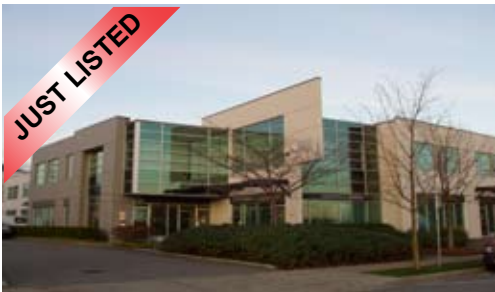
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Available for Sale**195-207 Pemberton Avenue****Features:**

- Exposure to over 10,000 cars per day
- Ample parking
- Several grade loading doors
- Potential to separate into multiple units
- Also available for Lease

Building Size: 16,500 sq ft (approximately)**1518 Columbia Street****Features:**

- Stand alone building demised into 3 units
- 16.5 foot ceiling heights
- Ample parking
- 3 phase electrical power
- 3 grade loading doors

Building Size: 9,207 sq ft (approximately)**Available for Lease****203 - 828 Harbourside Drive****Use:** Office**Space Available:** 2,975 sq ft**375 Lynn Avenue****Use:** Industrial / Office**Space Available:** 3,470 -19,850 sq ft**1801 Lonsdale****Use:** Retail**Space Available:** 750 - 2,200 sq ft (est)**267 Pemberton Avenue****Use:** Industrial**Space Available:** 2,600 sq ft**146 West 16th Street****Use:** Office/Retail**Space Available:** 2,007 sq ft**1602-1618 Pemberton Avenue****Use:** Office / Retail**Space Available:** 3,500 to 7,134 sq ft

Commercial Sales in 2008

INDUSTRIAL

Date	Transaction Name	Price	Size (sq ft)	Price/sq ft
2008-01-09	Lynn Creek Complex	\$ 540,000	2,004	\$264
2008-03-28	Kingswood Landing	\$1,060,000	4,182	\$253
2008-07-18	Kingswood Lading	\$1,440,000	4,571	\$315
2008-09-30	Norgate Business Park	\$1,175,000	4,176	\$281
2008-09-30	819-823 West 15th Street	\$ 835,000	3,000	\$278

OFFICE

Date	Transaction Name	Price	Size (sq ft)	Price/sq ft
2008-09-02	Plaza 15	\$6,200,000	23,000	\$270
2008-07-07	Hume Block & Lonsdale Mall	\$4,463,000	16,201	\$275
2008-01-31	147 West 16th Street	\$3,150,000	6,313	\$499
2008-05-23	The Landing at the Pier	\$1,380,000	2,259	\$611

RETAIL

Date	Transaction Name	Price	Size (sq ft)	Price/sq ft
2008-04-22	Capilano Village	\$14,900,000	32,630	\$457
2008-04-15	Mountain View Village	\$ 2,600,000	3,573	\$737
2008-05-30	238 Fell Avenue	\$ 2,180,000	7,232	\$301
2008-03-03	1320-1350 Marine Drive	\$ 7,100,000	-	-

MULTI-FAMILY

Date	Transaction Name	Price
2008-05-30	Fairfax Manor	\$2,700,000
2008-01-31	347 & 375 West 4th Street	\$3,640,000
2008-03-12	Sumac Place	\$2,435,000
2008-07-15	Sheffield House	\$5,900,000

YOUR NORTH SHORE SPECIALISTS IN:

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