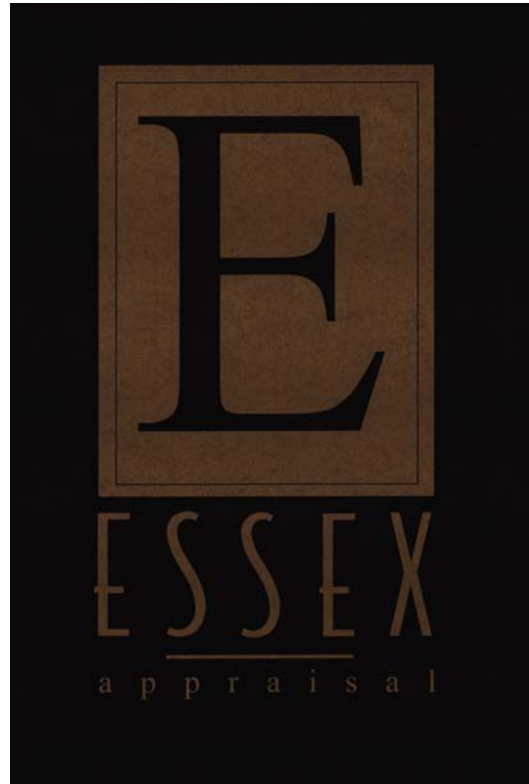


EDMONTON CONDOMINIUM MARKET SURVEY 2001



In response to the wishes of our clients and as part of our ongoing commitment to the Edmonton real estate market, **ESSEX APPRAISAL GROUP LTD.** is pleased to present the 11th edition of the **EDMONTON CONDOMINIUM MARKET SURVEY.**



Our intention with this survey is to measure the size of the new condominium unit inventory, and to estimate the pace of sales. With this information we can measure trends in the market, predict over and under supply points, assess the impact of new projects, and forecast changes. The criteria we used for inclusion of a project in the survey is as follows:

"New condominium projects being offered for sale by the original developer to individual end users, whether or not the project has actually been constructed. Minimum size is four units."

For those who are unfamiliar with our survey, this is a compilation of all **new** condominium projects currently being marketed in Edmonton, Sherwood Park, or St. Albert. When a project sells out completely, we remove it from the survey, as it no longer forms part of the new inventory. This survey does not include any units in conversion projects or re-sale units that are available for sale from private owners. The survey also excludes any projects that may have achieved a complete sell-out in between last year's survey and this year's.

In response to the active new rental market, we profile some of the activity that has taken place in this sector. Look for our new rental sector summary towards the back of this publication.

For clarification, our inventory chart features several columns of information. The "*Con*" column indicates whether or not the project is actually under construction. For bareland townhouse projects, this means that if any of the units in the project are under construction, we consider all units under construction. We realize that this presents a slightly overstatement of the under construction supply, however, to refine the count to include specific units goes beyond the scope of our investigation. The "*Restricted*" column makes reference to whether or not there are any "adult only" restrictions. The "*Size*" category has changed slightly this year. In past years we included a unit count that featured only one phase at a time for multi-phase projects. This year we are counting all the phases in which units are actually being marketed. "*Location*" covers



some rather broad parameters. For example, South accounts for any non-University, non-Mill Woods project. North is similarly broad accounting for any project that is east of 142 Street and north of Downtown. "*Price Range*" is a rather subjective observation on our part based on the location of the project. What would be a high price project in one area may be only a mid-priced project in another locale. Furthermore, there are price ranges within the project to take into account. The following is a list of projects that fit our criteria.

<u>Project Name</u>	<u>Start-Up</u>	<u>Size</u>	<u>Type</u>	<u>Restricted</u>	<u>Price Range</u>	<u>Location</u>	<u>Con</u>
Californian Casa	2001	74	Apt	Yes	Mid	South	Y
Castlebrook Village	2001	33	T/H	Yes	Upper	North	Y
Cherry Grove Lane	1998	51	T/H	No	Mid	North	Y
Clarkdale Shores	2001	30	T/H	Yes	Mid	Sherwood Park	Y
Commonwealth Court	2001	63	Apt	No	Lower	Central	N
Country Club Ponte	2001	57	T/H	No	Upper	West	N
Coventry Court	2001	29	T/H	No	Mid	North	Y
Creekside Apt III	1999	48	Apt	Yes	Upper	South	Y
Devonshire Mews	2001	121	T/H	Yes	Mid	South	Y
Erin Ridge	1997	63	T/H	No	Upper	St. Albert	Y
Faculty Court	2000	14	Apt	No	Mid	University	Y
Fieldstone Estates	2000	28	T/H	Yes	Upper	West	Y
Grandin Manor	2000	116	Apt	No	Mid	Downtown	Y
Hawkstone Villas	2001	25	T/H	Yes	Upper	West	Y
Henday Village III	2001	55	Apt	Yes	Mid	West	Y
Heritage Crystal Manor	2000	58	Apt	Yes	Mid	Sherwood Park	Y
Hunters Cove	2001	16	T/H	Yes	Upper	South	Y
Jackson Villas	2001	29	T/H	No	Upper	Mill Woods	Y
Kingswood Village	2001	36	T/H	Yes	Upper	St. Albert	Y
Knightsbridge	1998	34	T/H	Yes	Mid	St. Albert	Y
Lakeview Gardens	2001	101	T/H	No	Mid	North	Y
Lions Village II Railtown	2000	60	Apt	Yes	Mid	Downtown	Y
Lions Village Riverside	2001	34	T/H	Yes	Mid	South	Y
Manhattan Lofts	1997	29	Apt	Yes	Upper	University	Y
McDougall Landing	2001	153	T/H	No	Lower	North	Y
Melrose Manor	2001	80	Apt	Yes	Mid	Downtown	Y
Mission Hill Village	1998	110	Apt	Yes	Mid	St. Albert	Y
Monaco	1999	40	Apt	No	Mid	Downtown	N

<u>Project Name</u>	<u>Start-Up</u>	<u>Size</u>	<u>Type</u>	<u>Restricted</u>	<u>Price Range</u>	<u>Location</u>	<u>Con</u>
Oliver on the Park	2001	48	Apt	Yes	Mid	Downtown	Y
Potters House	2000	8	Apt	No	Upper	St. Albert	Y
Queen Mary Gardens	2000	28	Apt	No	Mid	North	Y
Railtown Apartments	1999	57	Apt	Yes	Mid	Downtown	Y
Railtown on the Park	2001	77	Apt	Yes	Mid	Downtown	Y
Railtown Townhouse	2000	38	T/H	No	Upper	Downtown	Y
Ravine Point @ Brookview	1998	32	T/H	No	Upper	South	Y
Renaissance @ Meadowlark	1999	244	Apt	Yes	Mid	West	Y
River Grande Phase I	2001	76	Apt	Yes	Upper	Downtown	N
Rivers Edge	2001	11	T/H	No	Mid	South	N
Riverside Apts II & III	1998	63	Apt	Yes	Upper	South	Y
Riverside Common IV	2000	18	T/H	Yes	Upper	South	Y
Rosssdale Court	2001	70	Apt	No	Mid	Downtown	Y
Royal Gardens Place	2000	10	T/H	No	Mid	South	Y
Sienna Ridge Apartments Phase I & II	1999	119	Apt	Yes	Mid	Mill Woods	Y
Sierras of Sherwood Park	1998	142	Apt	Yes	Mid	Sherwood Park	Y
Sierras on the Lake	2001	120	Apt	Yes	Mid	North	Y
St. Lawrence Court	1998	37	Apt	Yes	Mid	North	Y
St. Thomas Manor	2000	32	Apt	No	Mid	St. Albert	Y
Strathcona Court	2000	10	Apt	No	Mid	University	Y
Summerhill Heights	2001	38	T/H	No	Mid	North	N
Summerhill Meadows	2001	48	T/H	No	Mid	Mill Woods	Y
Sunrise Park - Sherwood Park	1998	52	T/H	Yes	Mid	Sherwood Park	Y
Sunrise Village - Mill Woods	1999	22	T/H	Yes	Mid	Mill Woods	Y
Terwillegar Towne III	2001	18	T/H	No	Mid	South	Y
The Churchill	2001	48	Apt	No	Mid	St. Albert	Y
The Edge @ Blackburne Creek	2001	30	T/H	Yes	Mid	South	Y

<u>Project Name</u>	<u>Start-Up</u>	<u>Size</u>	<u>Type</u>	<u>Restricted</u>	<u>Price Range</u>	<u>Location</u>	<u>Con</u>
The Grande - Sherwood Park	2000	90	Apt	No	Mid	Sherwood Park	Y
The Grande - Whitemud Oaks	2001	137	Apt	No	Mid	South	Y
The Landing	2001	120	Apt	No	Mid	South	N
The Place @ Lakeside	2000	265	Apt	Yes	Mid	Mill Woods	Y
The Promenade @ Eaux Claires	2001	105	Apt	No	Mid	North	Y
The Properties on High Street	2001	70	Apt	No	Upper	Downtown	Y
The Ravines	2001	143	Apt	Yes	Mid	North	N
The Tuscany	2001	29	Apt	No	Mid	Downtown	Y
The Uptown	2001	29	Apt	No	Mid	Downtown	N
The View	2001	94	Apt	No	Mid	Downtown	N
The Wesley	2001	38	Apt	Yes	Upper	Downtown	Y
The Whistler	2000	30	Apt	Yes	Mid	South	N
The Willows II @ Heritage Lakes	2001	17	T/H	Yes	Mid	St. Albert	Y
Tory Pointe	2001	22	T/H	No	Upper	South	Y
Tory View	2000	26	T/H	No	Upper	South	Y
Victoria Village - Millwoods	1998	20	T/H	No	Mid	Mill Woods	Y
Victorian Village	2001	70	T/H	No	Mid	West	Y
Villas @ Riverbend	1999	23	T/H	Yes	Upper	South	Y
Westcreek II & III & IV	2000	38	T/H	Yes	Upper	South	Y
Whitemud Oaks	1999	39	T/H	No	Mid	South	Y
Willow Walk	1999	43	T/H	Yes	Mid	West	Y
Windsor Estates	2001	42	T/H	Yes	Mid	South	Y

GENERAL ANALYSIS

To summarize the above chart in general terms, we have the following totals. Last year's statistics are shown for a comparative.

	<u>2001</u>	<u>2000</u>
Number of projects	77	82
Total number of units	4,573	3,920
Total units sold	2,177	1,913
Total units available for sale	2,396	2,007
Average project size	59 units	48 units

The first and most obvious observation that we can make from the above summary is that supply is on the increase. We see more projects, more total units, and thankfully more sales. The good part about these numbers is that available inventory has not experienced a substantial increase. Something that is notable is that the size of the average project has risen by 11 units. As a result we have more units but fewer projects. It is too early to tell what impact this will have on the operation of the market in general.

The primary emphasis of this survey is to ascertain supply and demand levels, and demonstrate areas of consumer demand. In past years we have measured the activity in the market by means of an absorption figure. In other words, we would calculate the total number of units sold in a given month and compare that with the total number of units on the market to arrive at a percentage of units sold each month (otherwise known as the absorption rate). This



measurement of the market pace is useful and fairly accurate in a stable market. At the present time, we appear to have a stable market in Edmonton.

The total market inventory has an average marketing period of roughly 16.75 months. This is virtually the same as last year. Based on that, the average project is selling at a rate of **2.31** units per month. This rate is up substantially from last year's pace of 1.80 units per month, and 1.44 units per month in 1999. Please use this observation with caution as this is based merely on loose averages and is not scientific.



In terms of an absorption rate expressed as a percentage, this translates to 3.90% per project per month. Last year, the absorption rate was 3.80% with lower sales volumes. To get a measurement of the more current projects, we isolated the projects introduced in 2001 and performed the same analysis. The average sales per month per project for these newer projects calculate to **3.10** units per month. The absorption rate for these newer projects calculates to approximately **5.10%** per month.

As a footnote to the sales and absorption numbers, we have experienced a wrinkle in our data collection previously not encountered. There were a handful of projects this year that actually achieved a complete sell-out between our surveys. As a result, their performance is not factored into the above calculations. If we calculated the impact of these projects, the absorption rate would improve to 4.0%.

To summarize the overall market, the demand side appears to be adequate but not aggressive. In short, the market is predictable and consistent. This is basically the same conclusion we reached last year at this time. Overall the market seems to be absorbing more units in keeping with the strength of the real estate market in general.



We have studied the numbers from the standpoint of total months supply. Based on the current rate of sales and the total unsold inventory, we can report that there is still a 13.5-month supply of unsold units on the market. This number is unchanged from last year. It would appear that the developers are quite sensitive in responding to the level of demand. This is a sign of an experienced and well-informed builder group. It is also indicative of a pace of sales that can be profitable, yet still not attractive to new participations. In Edmonton, we still have ten primary builders that control over half the units on the market.

In addition to the broad market conclusions, we have evaluated the market based on certain sub-markets. For each of the sub-categories, we have put the 2000 statistics in brackets for comparative purposes.

BUILDING TYPE

A question most often asked of us is which type of building is selling well. The following chart gives the breakdown between apartments and townhouses, and their respective levels of performance.

Type	# of Projects	# of Units	Unsold Units	Sold Units
Apartment 2001 (2000)	40 (42)	3,076 (2,702)	1,555 (1,320)	1,521 (1,382)
Townhouse 2001 (2000)	37 (40)	1,497 (1,218)	841 (687)	656 (531)

This particular classification always intrigues us with its consistency. From year to year, we usually see the two market sectors in close balance. This is again the case for 2001. There is nothing striking or alarming in these absorption figures as compared to last year's performance and we see good steady growth in response to demand for 2002.



We are often asked which is the better sector in which to build. We can authoritatively say that there is little to be gained in one over the

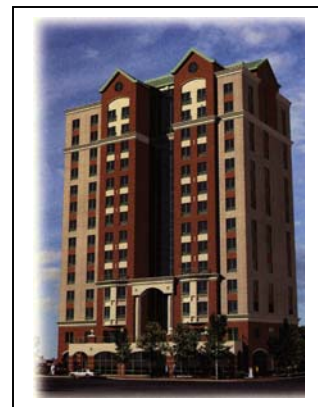
other. The townhouses phase better with bareland formatting, but apartments tend to sell quicker and perform better in pre-sell stages.

OWNERSHIP RESTRICTIONS

This category is broken down into two sections; restricted ("adult only"), and unrestricted projects. The following data results:

Type	# of Projects	# of Units	Unsold Units	Sold Units
Restricted 2001 (2000)	40 (40)	2,615 (2,165)	1,372 (1,082)	1,243 (1,083)
Unrestricted 2001 (2000)	37 (42)	1,958 (1,755)	1,024 (925)	934 (830)

Last year we observed a trend away from restricted ownership. This trend has again reversed and restricted ownership is back in vogue. There is significant growth in the restricted marketplace, and performance levels appear quite strong. Unrestricted projects still hold an edge in terms of overall absorption rates.



PRICE RANGE

Price levels have a very profound impact on the marketing of a project, and demand within a price range may fluctuate from time to time, based on economic conditions. For these reasons, we distinguish between price levels in our analysis of the market. For the purposes of this study, three price levels have been considered; lower, mid, and upper. This is not based on definitive dollar amounts, but rather on "intended markets" to which the projects have been aimed. The reason behind this subjective categorizing, is that what is high priced in one area may be low priced in another.

Price Point	# of Projects	# of Units	Unsold Units	Sold Units
Lower 2001 (2000)	2 (3)	216 (168)	188 (56)	28 (112)
Mid 2001 (2000)	53 (53)	3,541 (3,015)	1,760 (1,603)	1,781 (1,412)
Upper 2001 (2000)	22 (26)	816 (737)	448 (348)	368 (389)

There does not appear to be any indicators signalling an alarm in this distribution. The low priced category is certainly being avoided. The two projects that were on the market in last year's survey have been replaced by two different projects this year. Both projects have just commenced marketing and both should meet with good demand. We may not see any prolific increase in this category now that the economics of the rental market make new construction of rental units feasible. In 2001, rental projects started to compete strongly for the lower end land supply and will likely be more evident in the coming years.

The mid-price sector dominates the market still and shows moderate growth in size and a good balance in performance. The upper priced sector shows a decline in the number of projects, but the number of units increased. Unsold units are slightly high in this category, but not alarmingly so.

GEOGRAPHIC DISTRIBUTION

Next, we considered the various geographic regions of the city. This distribution is again based on an arbitrary placement, and does not fall within any distinctive boundaries. Figures for this category should be used with extreme caution, as some of the regions are too small to provide an adequate indication of any trends.

Region 2001 (2000)	# of Projects	# of Units	Unsold Units	Sold Units
Mill Woods	6 (4)	503 (387)	341 (294)	162 (93)
South	21 (23)	952 (819)	486 (508)	466 (331)
University	3 (6)	53 (224)	16 (68)	37 (156)
West	7 (11)	522 (705)	230 (226)	292 (479)
Downtown	15 (13)	922 (628)	495 (332)	427 (296)
North	12 (8)	901 (353)	613 (185)	288 (168)
St. Albert	8 (9)	348 (366)	144 (213)	204 (153)
Sherwood Park	5 (8)	372 (438)	71 (181)	301 (257)

The only notable observation we can make out of this assortment is that the University area appears to be undersupplied for the second straight year. This is due to the lack of land supply and the upward pressure on land values in the area. At the other end of the spectrum is the south side region. For the second year, this part of town has seen a growth in units. The impetus behind the growth is available land supply. Growth will likely continue for this region with the expansion of new subdivisions in Riverbend, Twin Brooks, and now south of Ellerslie Road.



The number of units in the downtown sector is up as well. This is very encouraging to see that builders are locating viable in-fill sites in this area.

PROJECT SIZE

The current size distribution of the inventory is as follows:

Size	# of Projects	# of Units	Unsold	Sold
Under 20 units	9 (13)	122 (160)	55 (87)	67 (73)
20 to 39 units	28 (35)	858 (1,014)	398 (568)	460 (428)
40 to 59 units	13 (14)	647 (656)	281 (290)	366 (366)
60 units and over	27 (20)	2,946 (2,090)	1,662 (1,046)	1,284 (1,044)

Over the years, we have tracked the sales pace of projects based on their size. We found in the past that smaller developments have much faster absorption rates than do the larger projects. As mentioned previously, the number of large projects currently being marketed is on the rise. We are cautious on this note, as larger projects tend to be slow performers. Thirteen of the projects currently on the market are over 100 units. This compares with only nine projects over 100 units last year.

CONSTRUCTION STATUS

Status	# of Projects	# of Units	Unsold Units	Sold Units
Complete or Under Construction	66 (71)	3,879 (3,568)	1,811 (1,716)	2,061 (1,852)
Pre-Selling	11 (11)	701 (352)	585 (291)	116 (61)

These statistics reveal a very stable market. The number of unsold committed units sits at 45.06% of total inventory, as compared with last year's number of 43.80%. If the pace of sales remains consistent, it would take 11.5 months to deplete the committed supply. This is exactly the same figure as last year. Normally we would consider the oversupply point to be 1,300 units. We will have to rethink this indicator.

NEW RENTAL CONSTRUCTION

In the past two years, we have seen a significant change in the dynamics of the Edmonton multi-family construction market. Rental development has now become economically feasible due to the rise in rental levels and drop in vacancy rates. As a result, projects appealing to upper- and middle-income tenants have sprung up in almost every area of the city. These projects are very similar in style and



quality to condominium projects and will compete for occupants.

At the present time, we have an inventory of 15 projects that are either under construction or well into the planning stages with a total of 2,193 units. These are in addition to the almost 700 units that have come onto the market in the past two years. To round out the inventory, there are 154 units of rental conversions in one office tower, and several more office towers on the books for conversion.

In our estimation, by the end of 2002, there will be no less than 3,300 units of “new” rental housing operating in Edmonton. Fortunately, this represents only about 5% of the total inventory in the city. With the current shortage of viable rental housing, this will probably help ease the housing crunch.

Unfortunately, all the new units are in the middle to upper portion of the market. Coupled with suite renovations and upgrading of older suites that is now the trend in the rental market, fewer and fewer suites are available to lower income tenants. We can see some easing of the vacancy rates in the higher priced portions of the market, but lower priced housing will become even harder to locate in the next few years. There is going to be a definite need for public sector involvement in addressing this rental market shortage.

We hope this information will be useful to you, and would like to express our appreciation for the assistance we have received from all those involved in the condominium business. Obviously, we assembled this data for a purpose, and that is to provide the highest level of consulting services possible to our clients. Our services to the condominium community include the following:

Pre-planning Consultations
Site Appraisals
Individual Unit End User Appraisals

Feasibility Analysis
Full Project Narrative Appraisals
Absorption Studies

In addition, we are qualified to provide appraisal services in all other sectors of the real estate market. We look forward to being of service to you.

ESSEX APPRAISAL GROUP LTD.

#202, 10110-124 Street
Edmonton, Alberta T5N 1P6
Tel. 488-4116 Fax 488-4477

Randy Wyton
Don Fenske
Paul McCormack
Justin Ring
Graeme Parkes