

Saskatoon 2005 - 2006

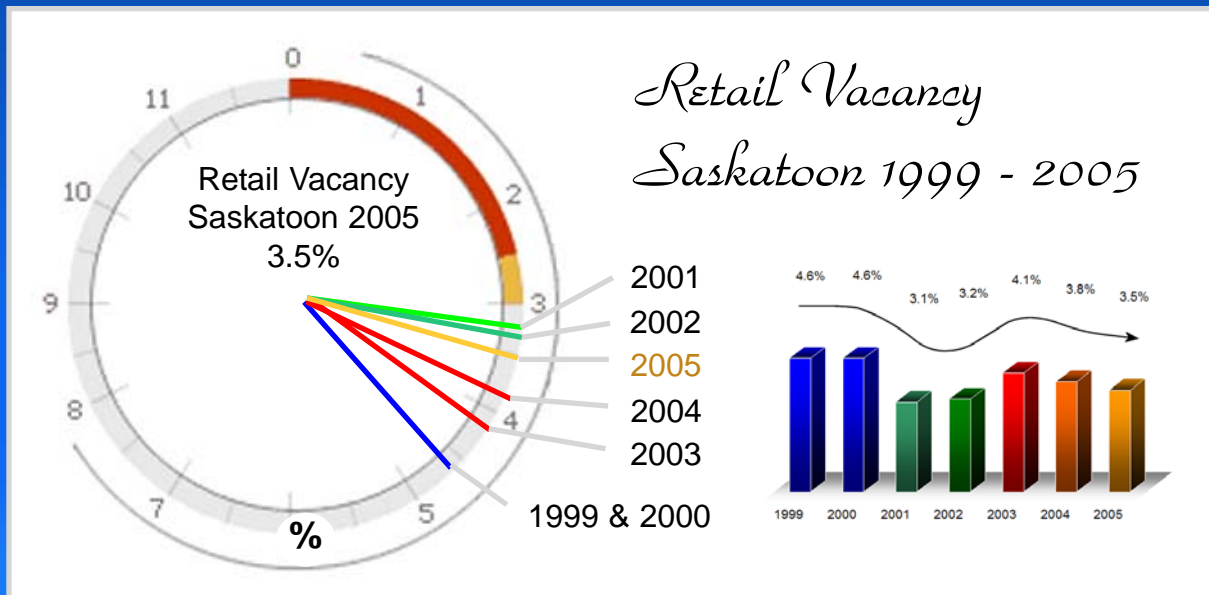
Saskatoon Retail Flying High



- ∴ 2 big box developments: Ready for take off
- ∴ Saskatoon economic outlook: Supersonic!
- ∴ Saskatoon's downtown: "Aces it" (1.5% vacancy)

Destination Saskatoon

Ladies and Gentlemen, welcome aboard. Our destination is Saska-BOOM. Saskatoon's retail market continues to soar with over 650,000 square feet of retail space added since 2003. Big box development has had an impact on vacancy rates but not the one originally anticipated. Local retailers created turbulence for the big box developers but despite this, the fact remains that vacancy rates continue to decline in high-density sectors of the city. Saskatoon is definitely ready for more retail altitude.



Now that we have your attention, we would like to introduce you to some of the features of our city. To the south, in the shadow of Mount Blackstrap, you will see the flight plan for Stonebridge a new residential area that incorporates a big box development anchored by Wal-Mart. Although the retail portion of the project has lost altitude over infrastructure concerns with the City of Saskatoon, we anticipate the project making a smooth takeoff.

As you look to the west of the city, the runway is cleared for another big box development. The city has zoned a 30-acre retail site known as the Blairmore Suburban Centre. The city has once again indicated that this site will be brought to tender in spring 2006. Questions remain with regard to the amount of retail demand in this area.

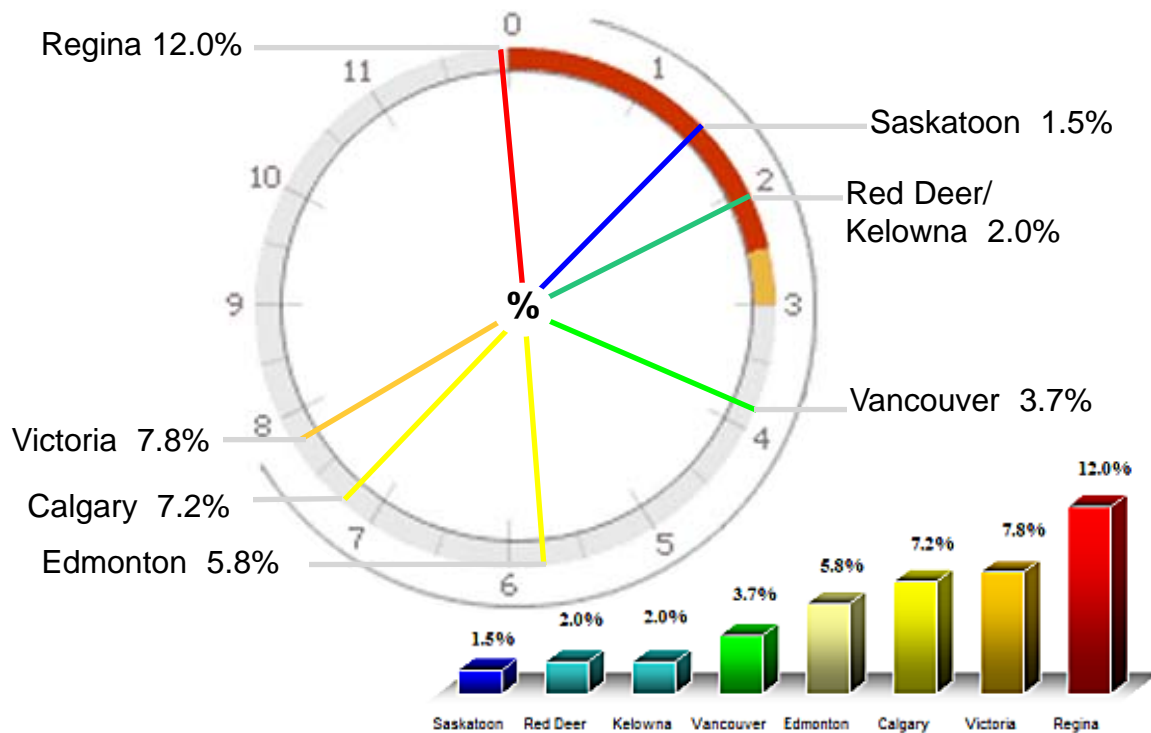
As we circle back to the north-east sector of the city, Preston Crossing, with no existing vacancy and with tenants lined up on the runway, continues to be delayed in its expansion due to imposed zoning restrictions. As we move further east to the perimeter of the city, several new developments are under way.

The City has provided adequate lands for this sector and development is progressing. 150,000 square feet of retail space is either built or under construction. To accommodate the continued pressure in this sector, the city still has 23 acres of retail lands in the hangar. On the whole, the east sector of the city continues to maintain the highest absorption with vacancy rates hitting critically low levels.



As the pride and joy of our fleet, Saskatoon's downtown core set an unprecedented low vacancy rate of 1.5%. This represents the lowest rate of all major western Canadian city cores. This only proves again that Saskatoon is ready for more retail altitude. The south downtown is moving forward with a new twelve screen theatre complex under construction. In addition, local developer PR Developments recently purchased a two-acre site on the riverfront for a new hotel complex. The balance of lands are designated mixed use and are slated to include a center for the performing arts.

Downtown Core Vacancy Western Canadian Cities



Enclosed Shopping Centres

As the retail landscape evolves, so have consumer-shopping patterns. With the growth of the power center, neighborhood enclosed malls are noticing a decrease in foot traffic. Enclosed centres in Saskatoon saw a slight dip in occupancy with overall vacancy averaging at 7.5%. Saskatoon's major regional centre, Midtown Plaza is still strong and have back filled a large vacancy with Angles Hair Salon taking over the former Elephant and Castle space. The Centre at Circle and Eighth will see some positive changes in the coming year. The vacancy left by the exodus of Wal-Mart will be home to an expanded Zellers store and a portion of the premises was also leased to Minacs Call Centre. Lawson Heights Mall maintains good occupancy levels with local retailers filling some of the smaller vacancies. Opportunities for pad sites still exist at this centre. Both Market Mall and Confederation Mall have taken the brunt of the negative impact on enclosed centres as the power centre format continues to gain strength in the local marketplace.

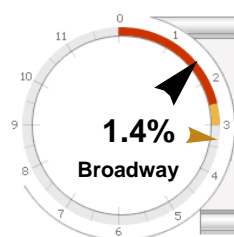
Retail Investments

Several Large properties such as Market Mall, Lawson Heights Mall, Preston Crossing and the Canarama Centre exchanged hands last year while several large centers are currently under contract. Cap rates continue to chase other areas of the country and have moved into the 8% range. REITS, which can show investors higher returns in Saskatchewan, continue to put downward pressure on cap rates and are predatory in snapping up product. It is estimated that over the last six months REITS have placed under contract or purchased upwards of \$80 million worth of property in Saskatoon.

We hope you've enjoyed your journey with us. Retailers please fasten your seat belts and bring vacancies to their upright and filled position. And remember, takeoff is optional but landing in Saskatoon is mandatory.

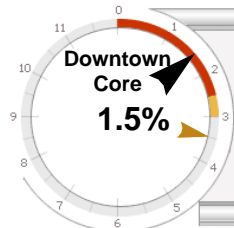
Retail Vacancy Rates by area

2005 2004 CRU Rental End Cap Occupancy Cost



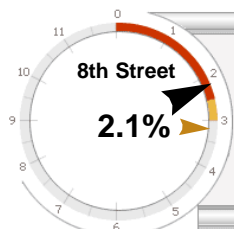
- \$14-\$16.00
- \$17-\$24.00
- \$5.50-\$7.00

Still Saskatoon's strongest retail avenue. Long-term tenants continue to profit on the street while new faces like Mint Clothing Company and Bob HQ opened their doors. Broadway also became home to the city's fifth Starbucks this fall.



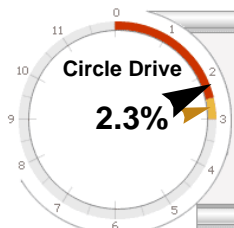
- \$9-\$25.00
- \$27-\$32.00
- \$4-\$6.50

There are some new storefronts in Saskatoon's core this year. The Bayside Center was converted to a 60,000 s.f. Ashley Furniture store while the former Bay Building condo conversion is underway. The core still maintains one of the country's healthiest occupancy levels. New tenants include: Watch It, Frakas, and Glamour Secrets.



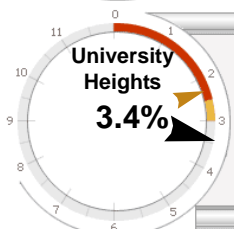
- \$14-\$20.00
- \$22-\$32.00
- \$6.50-\$8.50

The proof is in the vacancy rates. The big box development that is in full swing has proven to have little long lasting impact on vacancy rates along Saskatoon's golden mile. With few vacancies available, 8th Street thrives as a retail and service corridor. New tenants this year include: Rexall, Opa Souvlaki, LA Weight Loss Centre and Steal of a Deal Dollar Store.



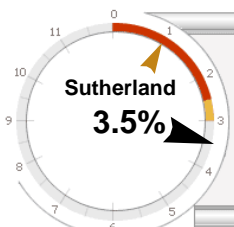
- \$10-\$16.00
- \$18-\$26.00
- \$4.75-\$7.00

Saskatoon's first big box development, River City Center saw the most notable change this year with three new tenants slated to open their doors. The two front pads were leased to Cactus Joe's and Farm Credit Corp while Dollarama will be opening their doors in a 10,000 s.f. bay.



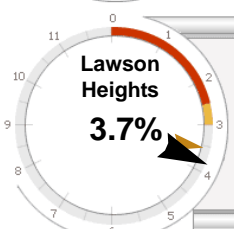
- \$15-\$20.00
- \$21-\$26.00
- \$5.50-\$6.50

University Heights continues to be Saskatoon's fastest growing area. The existing Co-Op development is 95% occupied. With 50,000 people expected to populate the residential component, retailers should look here for additional locations. There are two new commercial developments underway with leasable areas ranging from 1,200-20,000 s.f. New tenants include: Saskatchewan Liquor & Gaming, Benjamin Moore Paints & Battery Boys.



- \$8-\$13.00
- \$14-\$18.00
- \$4.50-\$5.50

Retail tenants here remain strong despite the residential and commercial push to develop the University Heights area of the city. With only three vacancies in the area Sutherland maintains its draw for smaller local retailers.

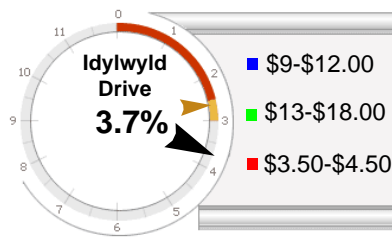


- \$12-\$18.00
- \$20-\$25.00
- \$6-\$7.50

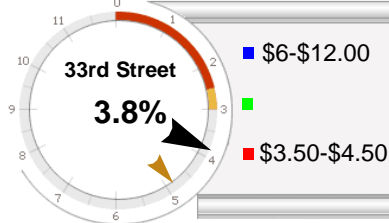
This area represents a small retail portion of the Saskatoon market with the major retail center in the area being Lawson Heights Mall. CRU vacancy remains stable. Most notable news is the opportunity for two pad sites in front of Lawson Heights Mall.

Retail Vacancy Rates by area

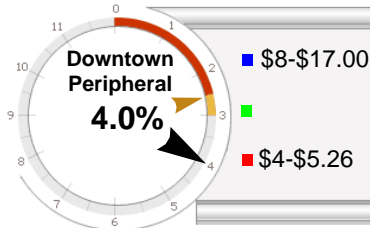
2005 2004 CRU Rental End Cap Occupancy Cost



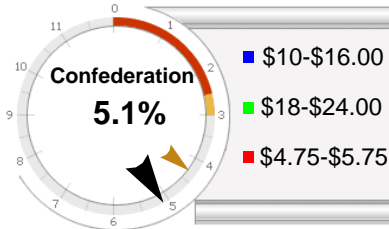
Saskatoon's highway thoroughfare saw a slight increase in vacancy. There are no new developments planned for the street and vacancies are expected to decrease in the coming year.



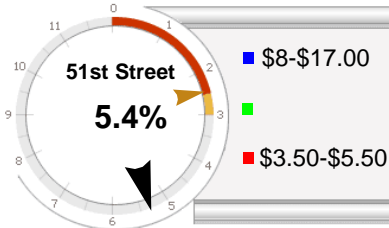
This street, home to local small retailers, continues its course of decreasing vacancy rates. A one acre site of land remains undeveloped on the street, while many of the smaller vacancies are likely to be absorbed in the coming year.



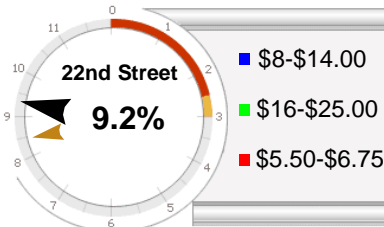
The major change in this district can be attributed to the local furniture retailer Konto Furniture, purchasing a new premise to relocate Konto and introduce Ashley Furniture into the city. This area will continue to improve as the City proceeds with its extension of 25th Street creating better traffic flow.



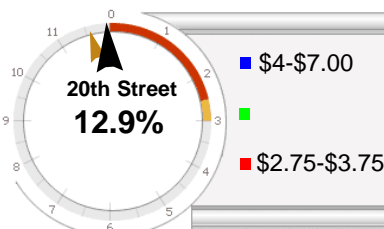
The area saw an increase in vacancy. Current deals in progress will absorb a large amount of space in the coming months. The opening of the University of Saskatchewan's family medical centre will also create new traffic for service tenants.



Saskatoon's industrial retails sector will see a few new faces move into the area. The construction of two new buildings occurred and they are ready for occupancy. Most notably, Princess Auto and Lee Valley Tools opened their doors this year. Look for relocation of Wholesale Sports and Visions Electronics in the future.

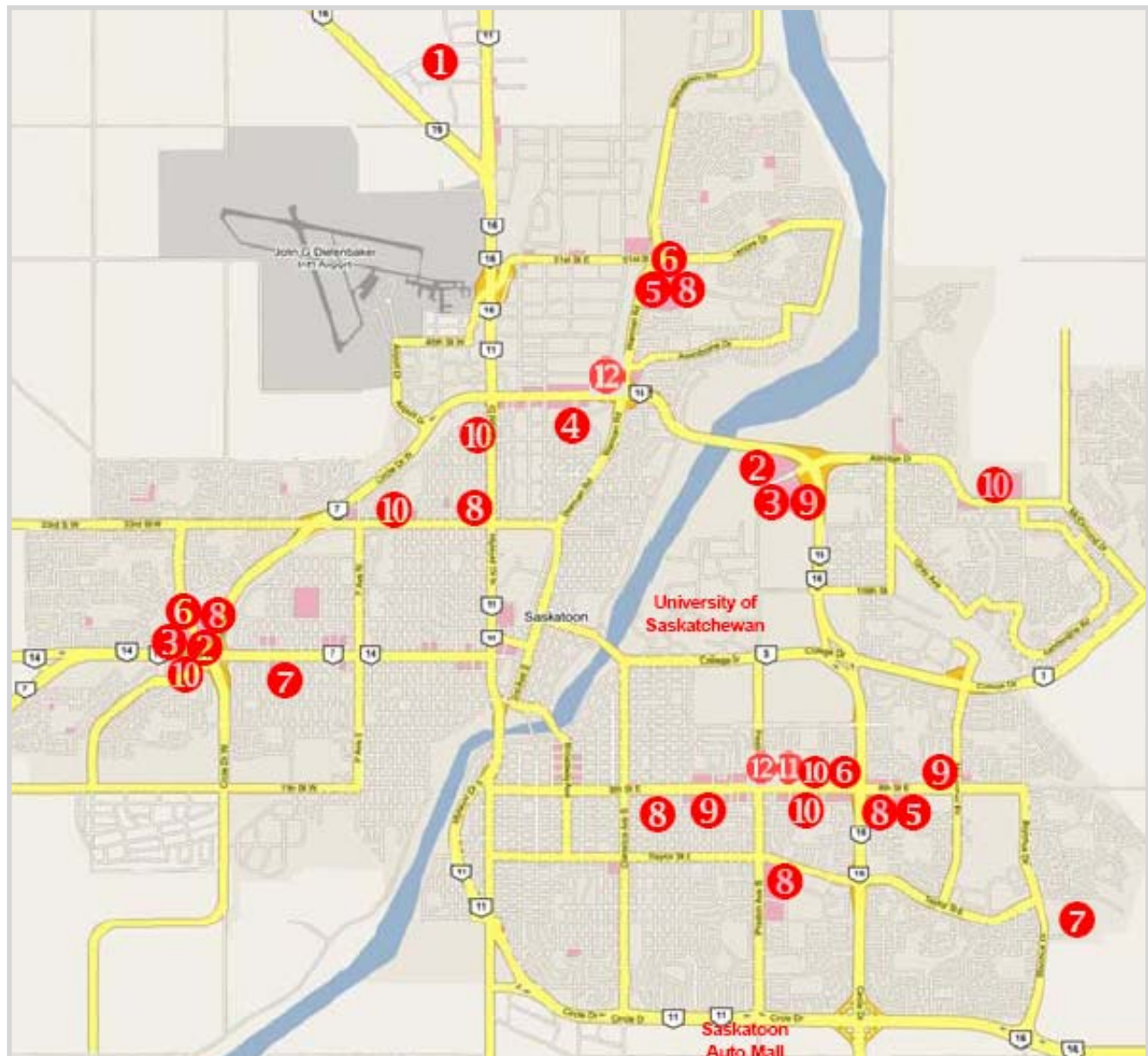


Despite heavy traffic flow and great visibility available in all the centers, this street continues to struggle with high vacancy. Shoppers Drug Mart completed a face lift and minor expansion.



While continuing to struggle with high vacancy rates, the area saw Dollar Stretcher occupy a corner absorbing 10,000 s.f. of vacancy. With the push to develop the neighboring riverfront, the business improvement district remains optimistic about the area's future. Another bright spot was the retro-fitting and re-opening of the Roxy Theatre.

Saskatoon Major Retailers



① 1 location



② 2 locations



⑥ 2 locations



⑦ 3 locations



③ 2 locations



④ 1 location



⑤ 2 locations



⑧ 5 locations



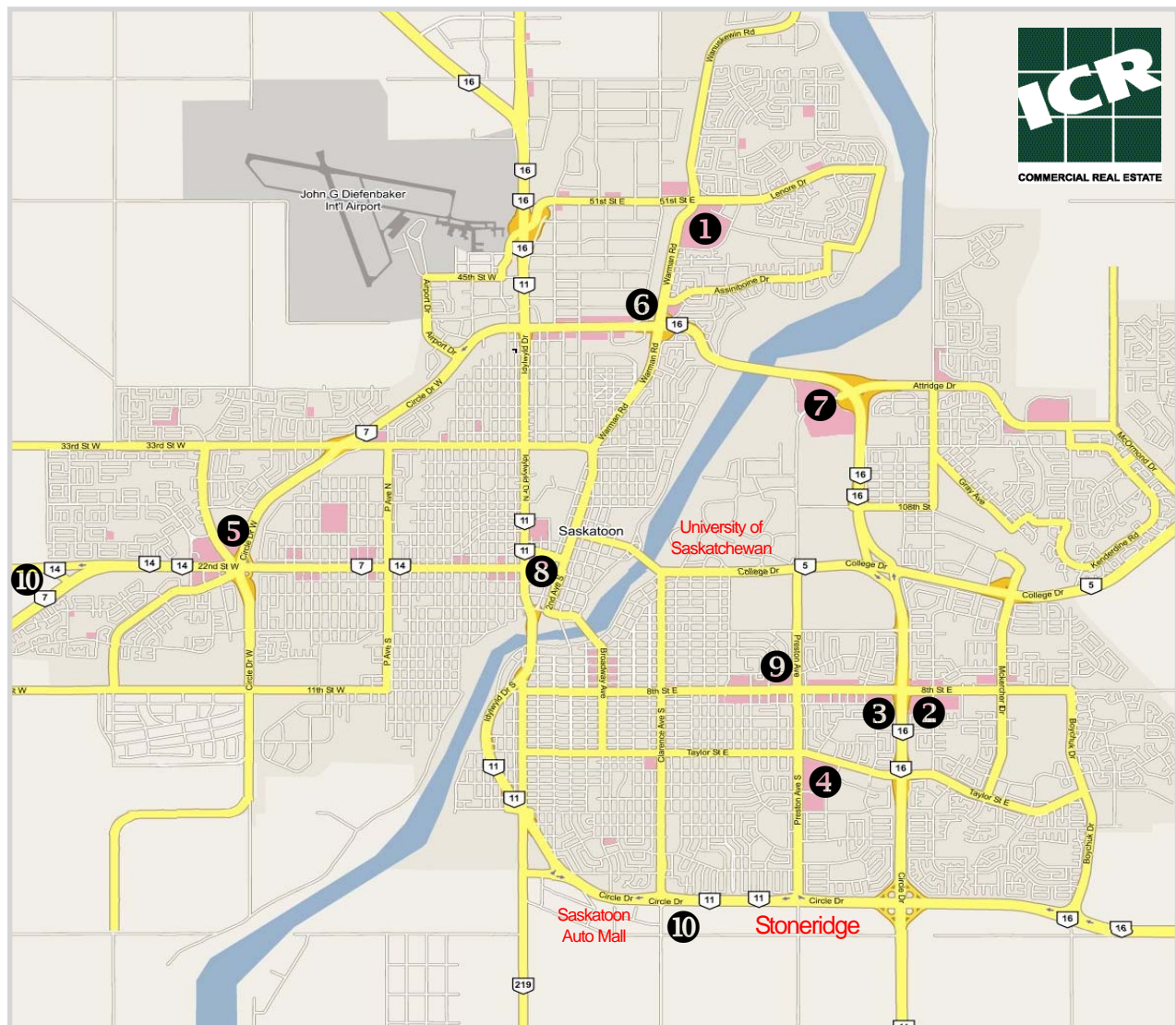
⑨ 3 locations



⑩ 6 locations



Saskatoon Power Centres



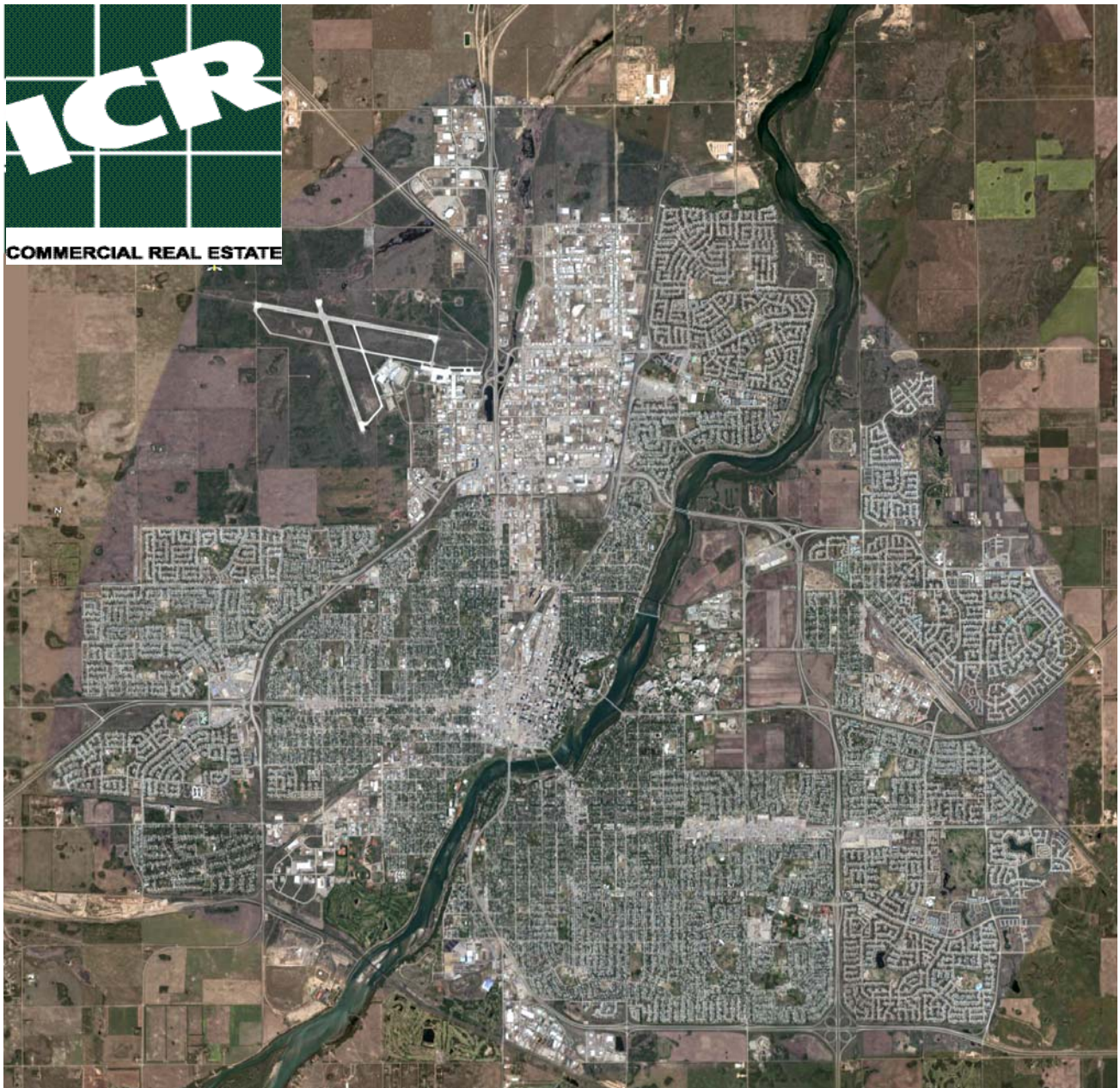
ENCLOSED SHOPPING CENTRES

- 1 The Mall at Lawson Heights**
134 Primrose Drive
- 2 Centre at Circle & 8th**
3310 8th Street East
- 3 Circle 8 Mall Complex**
3120 8th St. E.
- 4 Market Mall**
2325 Preston Avenue
- 5 Confederation Mall**
300 Confederation Drive

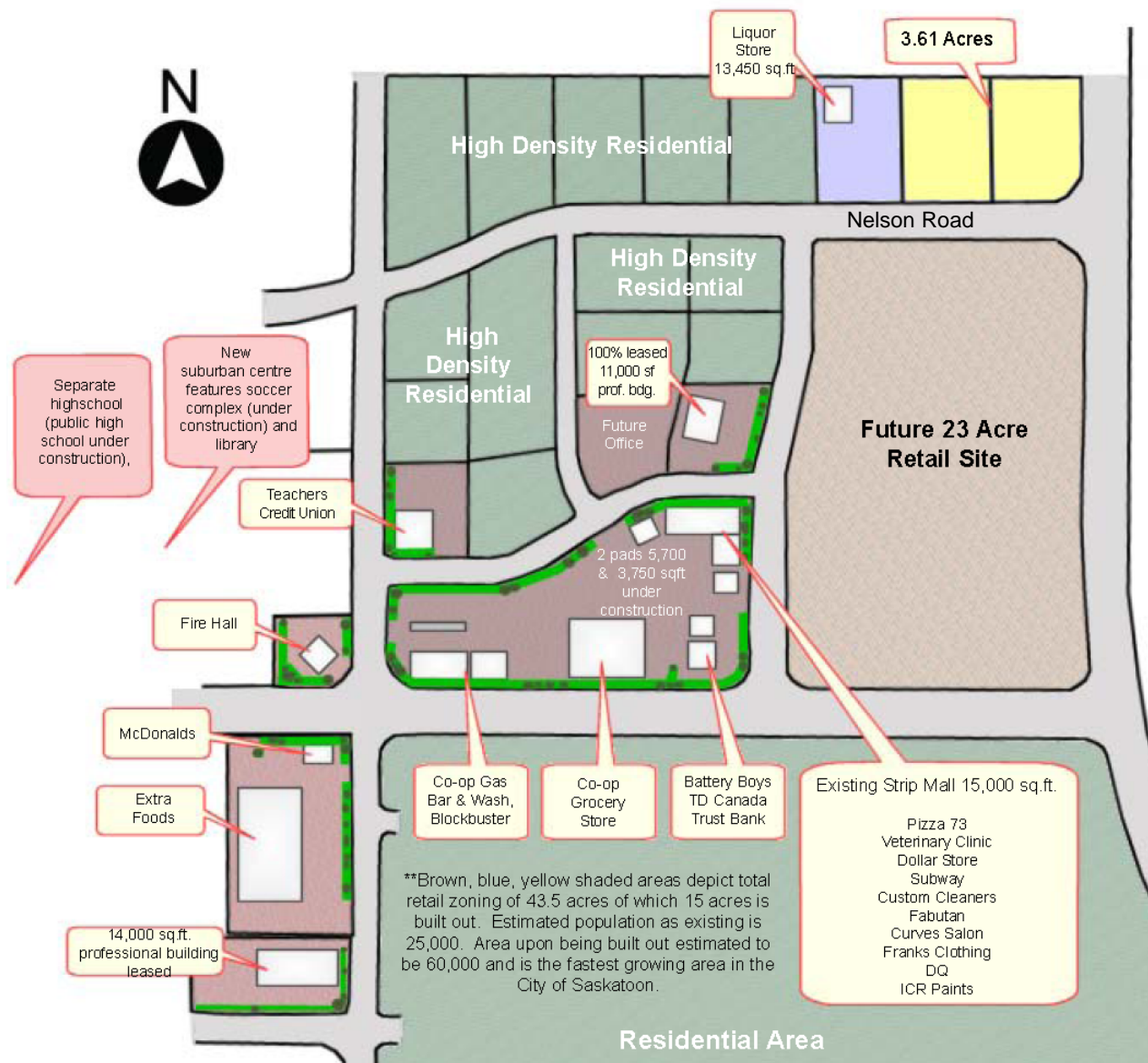
POWER CENTRES

- 6 River City Centre**
810 Circle Drive North
- 7 Preston Crossing**
1715 - 1755 Preston Avenue North
- 8 Midtown Plaza**
1st Avenue and 21st Street
- 9 Preston Centre**
2105 8th St. East at Preston Avenue
- 10 Future Big Box**

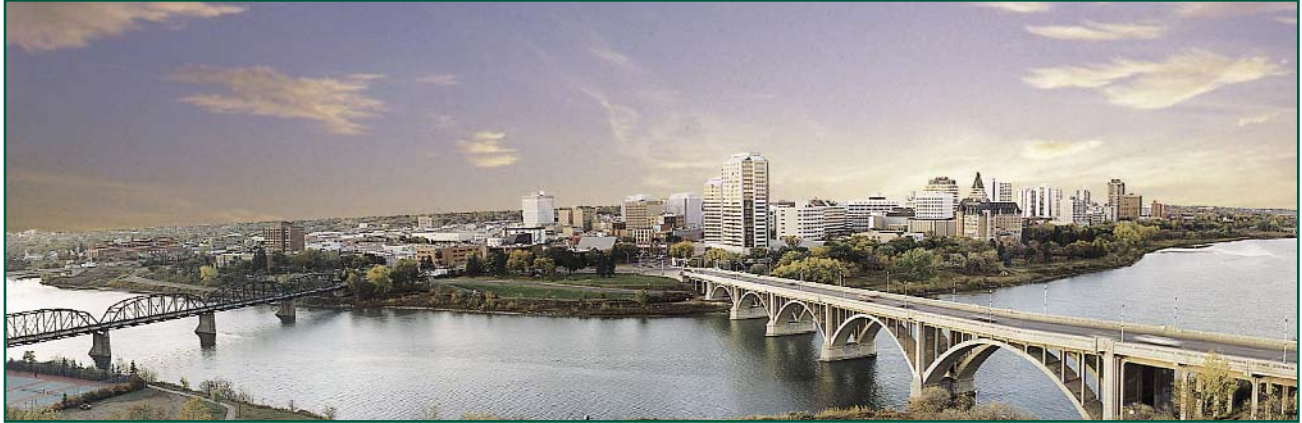
Saskatoon Aerial View



University Heights



COMMERCIAL REAL ESTATE



ICR is the province's premiere commercial real estate brokerage firm, specializing in retail leasing and development. With offices in Saskatoon and Regina, the company is positioned to meet the needs of retailers and developers throughout the province.

ICR offers the largest and most experienced leasing and sales force in Saskatchewan. Clients benefit from our continuing commitment to provide current and accurate market information. Forecasting the future requires knowledge of the past. We are fortunate to be a part of many successful retail stories. When it's time to write your story, make it a best seller. . . call ICR.



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