



3rd Quarter 2004 Economic Indicator Highlights

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Winnipeg 3rd Quarter 2004

	2004 Q3	% Change from 2003 Q3	2004 Outlook* (% change from 2003)
Population*	704,194	0.9	0.9
Employment	365,300	0.4	1.5
Unemployment Rate (%)	5.5%	0.4	0.3
Gross Domestic Product at Basic Prices (Annual Millions \$1997) *	21,561	3.3	3.3
Retail Sales (Annual \$ Millions)*	7,453	9.2	9.2
Personal Disposable Income Per Capita (Annual \$) *	23,922	5.5	5.5
Consumer Price Index (1992=100)	127.3	1.5	1.8
Total Building Permits Value (\$ Millions)	564	4.1	
Average House Price (\$)	119,842	11.7	
Single Family Housing Starts	1,409	16.4	

Note: * Conference Board of Canada's preliminary annual projections and estimates – Metropolitan Outlook Winter 2005.

Source: The Conference Board of Canada, Statistics Canada, Canada Mortgage and Housing Corporation (CMHC) and Canadian Real Estate Association (CREA).

Trends in 2004

Canada

Industry Canada reported that the Canadian economy grew by 3 to 3.5% in the third quarter, led by domestic demand. In its Winter 2005 Metropolitan Outlook released on December 20th, the Conference Board of Canada projects overall GDP growth in Canada of 3% in 2004 and 3.2% in 2005. Canada's economic growth is expected to be above the G-7 average, but below the U.S. economy. The high price of oil and gas continues to be major story and economic influence in 2004.

The Canadian dollar held fairly steady in the mid-70's range in the first eight months of 2004 and then jumped to the 80-cent mark versus the US dollar in September (and has since continued in the low 80-cent range). Although the appreciation of the dollar has mitigated export growth, increased U.S. demand is expected to help exporters overall in the next few years. Merchandise exports declined 3.4% in September after a small decline in August. Canada's trade surplus in the third quarter fell to \$17 billion. Canadian exports to the U.S. for the first three-quarters of 2004 are still up 5% over the same period last year.

Interest rates started a modest rise in the third quarter with a 25 basis point increase in September (followed by another 25 basis point increase October 19th). There are expectations that interest rates will continue to rise and be a restraining influence on the economy. Rising rates will be hardest on interest-sensitive areas of the economy. Housing starts across Canada have declined slightly for the year-to-date and are expected to decline again in 2005. The Conference Board says fiscal restraint by some provincial governments such as Ontario may also limit near-term GDP growth.

Canada continued to show good employment growth overall at 1.8% for the first three-quarters of this year, slightly lowering the national unemployment rate to 7.3%.

Winnipeg

Winnipeg's GDP is projected to increase by a solid 3.3% in 2004, above the national average (Conference Board Winter 2005 Metropolitan Outlook). According to the new Conference Board forecast, retail sales are projected to grow a very impressive 9 percent in 2004 (more than double the national average). Job growth and personal disposable income in Winnipeg is also projected to pick up significantly in 2004 and unemployment and inflation are expected to remain low. The outlook for next year, 2005, is very positive with Winnipeg's GDP growth third highest among the major cities in Canada, and 5th best of 18 cities in the Metropolitan Outlook.

Overall employment levels increased 0.4% during the third quarter of 2004 compared to the same period last year. Employment growth for the year is expected in manufacturing, construction, and finance, insurance and real estate. Winnipeg continues to experience one of the lowest unemployment rates of any major city in Canada at 5.5% during the third quarter of 2004.

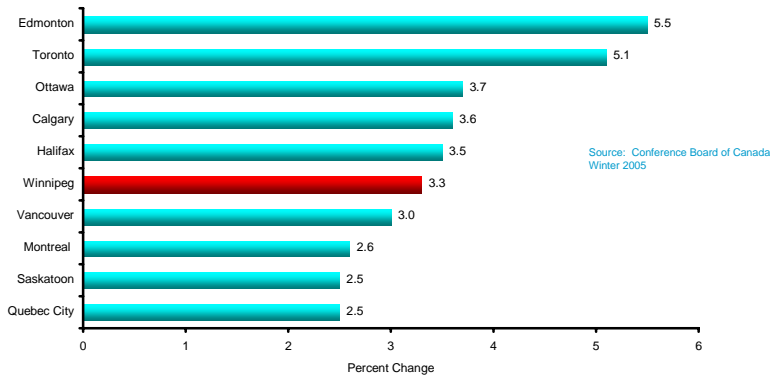
Strong building activity in Winnipeg last year resulted in a record level of building permit value in 2003. This level of building activity appears to be continuing but driven by the residential sector (up 32% for the year-to-date compared to the same period last year). Commercial and industrial building is still relatively buoyant, while government and institutional construction is down significantly from record levels in 2003. In August, CentreVenture announced four major condominium and commercial developments on Waterfront Drive, with estimated investment of \$48 million. The University of Manitoba and University of Winnipeg announced record enrolments of nearly 27,000 and 8,700 respectively in September.

Housing activity continues to be strong in Winnipeg. Average selling prices for houses continue to rise at a double-digit pace, as has been the case in the past two years. In the third quarter, housing prices are 11.7% higher than last year and single family housing starts in Winnipeg have shown a 16% growth over the same period last year.

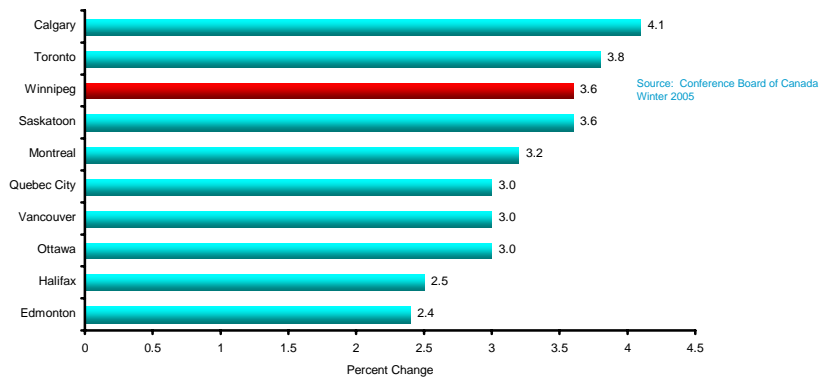
Winnipeg's population (CMA) is expected to hit the 700,000 mark in 2004, and better gains are anticipated in the next few years than in the late 1990's and early 2000's. This is largely attributable to a sharp increase in international migration and a slowdown of net interprovincial out-migration.

Select City Comparisons

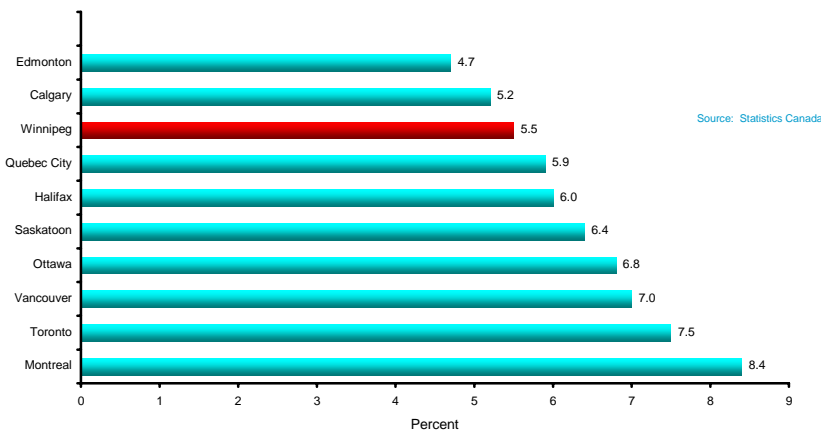
Real Gross Domestic Product
Annual Percent Change 2003/2004 by
Selected Metropolitan Areas



Real Gross Domestic Product
Annual Percent Change 2004/2005 by
Selected Metropolitan Areas



Unemployment Rate – 3rd Quarter 2004 by
Selected Metropolitan Areas



Labour Force Indicators (3rd Quarter 2004 Year-to-Date)

	3 rd Qtr 2004	3 rd Qtr 2003	% Change
Winnipeg			
Population 15 Yrs plus (000)	546.6	540.2	1.2
Labour force (000)	386.4	383.3	0.8
Employment (000)	365.3	363.8	0.4
Unemployment (000)	21.2	19.4	8.9
Not in labour force (000)	160.2	157.0	2.0
Unemployment rate *	5.5	5.1	0.4*
Participation rate *	70.7	71.0	-0.3*
Employment rate *	66.8	67.4	-0.5*
Manitoba			
Population 15 Yrs plus (000)	876.1	867.0	1.0
Labour force (000)	606.2	597.9	1.4
Employment (000)	573.8	568.5	0.9
Unemployment (000)	32.5	29.3	10.6
Not in labour force (000)	269.8	269.1	0.3
Unemployment rate *	5.4	4.9	0.5*
Participation rate *	69.2	69.0	0.2*
Employment rate *	65.5	65.6	-0.1*
Canada			
Population 15 Yrs plus (000)	25,557.8	25,208.2	1.4
Labour force (000)	17,240.2	17,009.7	1.4
Employment (000)	15,987.8	15,702.0	1.8
Unemployment (000)	1,252.4	1,307.7	-4.2
Not in labour force (000)	8,317.7	8,198.5	1.5
Unemployment rate *	7.3	7.7	-0.4*
Participation rate *	67.5	67.5	0.0*
Employment rate *	62.5	62.3	0.3*

Source: Statistics Canada

*rate change only

Real Estate Indicators (3rd Quarter 2004 Year-to-Date)

Building Permit Values (\$000's)	3rd Qtr 2004	3rd Qtr 2003	% Change
Winnipeg			
Total residential and non-residential	\$564,032	\$541,835	4.1
Residential	\$310,081	\$234,230	32.4
Non-residential	\$253,951	\$307,605	-17.4
Industrial	\$26,729	\$26,079	2.5
Commercial	\$141,793	\$165,093	-14.1
Institutional and governmental	\$85,429	\$116,433	-26.6

Source: Statistics Canada

Housing Market Activity Canada

MLS Average House Prices	\$223,492	\$204,508	9.3
Winnipeg			
MLS Average House Prices	\$119,842	\$107,264	11.7
MLS Residential Unit Sales	7,909	7,566	4.5
MLS New House Listings	9,473	8,903	6.4
Single Family Housing Starts	1,409	1,210	16.4

Source: CREA and CMHC

Office Space

Class A Average (Downtown) Net Rent	\$16.10	\$15.90	1.3
Overall Vacancy *	9.2%	5.7%	3.5
Class B Average Net Rent	\$13.38	\$11.15	20.0
Overall Vacancy *	7.0%	8.0%	-1.0
Class C Average Net Rent	\$11.25	\$9.25	21.6
Overall Vacancy *	7.9%	9.8%	-1.9

Source: Royal LePage

Other Indicators (3rd Quarter 2004 Year-to-Date)

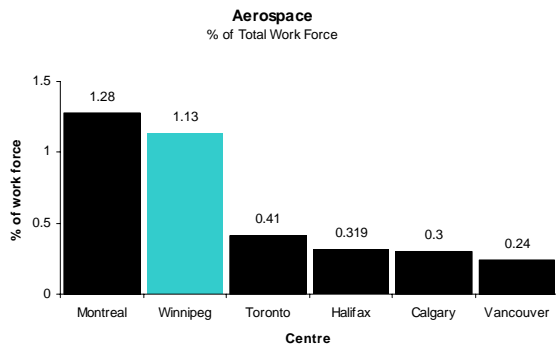
	3 rd Qtr 2004	3 rd Qtr 2003	% Change
Manufacturing Shipments (\$ millions)			
Canada	\$440,024	\$409,879	7.4
Manitoba	\$9,286	\$8,478	9.5
Source: Statistics Canada			
Retail Trade (\$ millions)			
Canada	\$253,658	\$242,810	4.5
Manitoba	\$8,594	\$7,988	7.6
Source: Statistics Canada			
Merchandise Exports (\$ millions)			
Canada	\$290,663	\$266,434	9.1
Manitoba	\$7,395	\$6,761	9.4
Source: Statistics Canada			
Average Weekly Earnings			
Canada (1999 = 100)	\$700	\$688	1.7
Manitoba	\$642	\$613	4.8
Source: Statistics Canada			
Bankruptcies - Winnipeg CMA			
Consumers	1,315	1,523	-13.7
Businesses	81	120	-32.5
Source: Industry Canada			
Consumer Price Index			
Canada			
All Items	124.3	122.3	1.7
Winnipeg			
All Items	127.3	125.5	1.5
Source: Statistics Canada			
Airport Statistics			
Total Passenger Volumes (rounded in thousands)	2,300,000	2,106,000	9.2
Source: Winnipeg Airports Authority			
Financial (average)			
Prime Rate	3.9%	4.8%	-17.5
Exchange Rate (Cdn \$ in US \$)	\$1.33	\$1.43	-7.0
Source: Bank of Canada			
Credit Rating - City of Winnipeg			
Standard & Poor's AA			
Moody's Investor Services Aa2			
Dominion Bond Rating Service AA low			

Sector Spotlight – Aerospace

Winnipeg has the largest aerospace cluster in Western Canada and is the third largest provider of aerospace goods and services in the country. Winnipeg's aerospace sector is particularly strong in repair, maintenance and overhaul, and has also developed expertise in advanced composite materials, precision machining, metal fabrication of high strength metal and alloys, sounding rockets as well as missile design and production.

Winnipeg's aerospace sector is home to the world's largest privately owned, facility for the repair and overhaul of turbine engines, Canada's largest manufacturer of composite parts, and Canada's only solid rocket propellant manufacturing plant.

Employing approximately 4,100 people (2003), Winnipeg's aerospace sector has the second highest concentration of employees in the country (1.1%). This is nearly twice the Canadian average and only slightly below that of Montreal.



Source: derived from Statistics Canada special runs

Winnipeg, although hit by the overall decline in the world-wide aerospace industry since 9/11, has been able to somewhat insulate itself through increased industry diversification and innovation. As a result, Winnipeg's aerospace sector demonstrated overall growth from the period between 1996 and 2003, while Toronto and Montreal declined. Revenues exceed \$1 billion annually in Manitoba's aerospace sector.

Four central actors are pivotal within Winnipeg's aerospace sector – Boeing Canada, Standard Aero, Bristol Aerospace (Magellan Aerospace) and Air Canada Technical Services. These four large firms are supported by small to mid-size aerospace suppliers including precision machine shops and metal fabricators, tool & die makers, and electronics.

The Manitoba Aerospace Association (MAA) is a proactive body that represents this industry. To further strengthen the supply chain, the MAA started the Supplier Development Project initiative to offer more value added products from Tier 1 and 2 companies with a view towards

expanding capabilities. The Manitoba Aerospace Human Resource Coordinating Committee (MAHRCC) works in partnership with the MAA to develop the workforce with industry and local educational institutions.

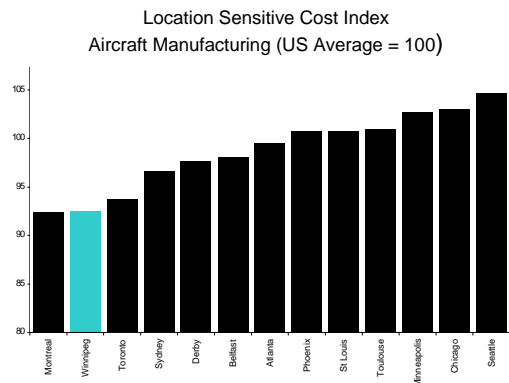
While the regional market for aerospace products and services is small, the sector benefits from a very large export market with moderate growth potential. Over the past few decades, decreased spending on defense applications has given way to growth opportunities in civil aerospace. In addition, Winnipeg's central geographic location is a positive factor. Situated along the Mid-Continent Trade Corridor in proximity to the United States, Winnipeg's long history as a transportation hub is well matched to the requirements of aerospace.

The quality, cost and availability of physical infrastructure, real estate and utilities are all enabling factors. The Winnipeg Airports Authority Inc. (WAA) is involved in marketing over 3,000 acres of land surrounding the airport and has branded four business parks for companies in the aerospace sector.

The regulatory environment can also be considered an enabling factor, as there are currently few significant hurdles facing the regional industry in this regard. There are no tariffs or non-tariff barriers to trade that restrict imports and exports.

The recently established Composites Innovation Centre is a new private-public partnership focused on addressing the composite technology needs of aerospace and other industry sectors in the city and province. Composite research, technology development and commercialization are part of the overall commitment to maintain and grow our world-class aerospace sector.

Competitive Alternatives is the KPMG guide to comparing business costs in 121 cities in North America, Europe, and Asia-Pacific. For aircraft parts manufacturing, Winnipeg places among the lowest cost major cities.



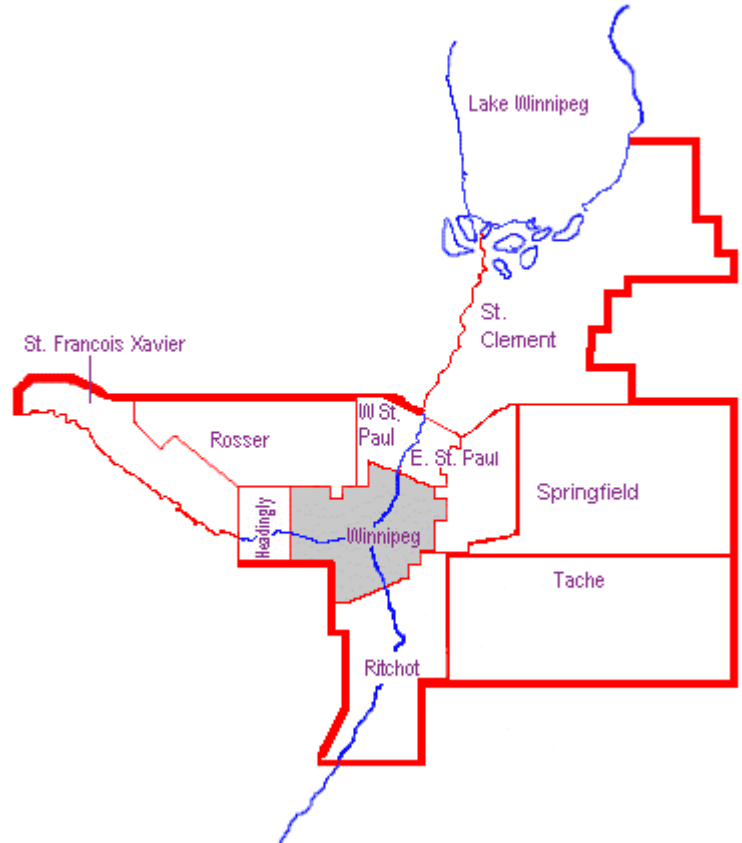
Source: KPMG Competitive Alternatives – The CEO's Guide to International Business Costs G7 – 2004 Edition

Census Metropolitan Area (CMA) refers to the municipalities assigned by Statistics Canada on the basis of labour market and commuting criteria, comparable to the U.S. Metropolitan Statistical Area (MSA). The Winnipeg CMA is comprised of the City of Winnipeg plus 10 adjacent municipalities. The City of Winnipeg represents the large majority of economic activity and over 90% of the population in the CMA.

Central, Creative, Diverse

Winnipeg lies in the heart of Canada and geographic centre of North America. Winnipeg has the most diverse economy of major cities in Canada. Winnipeg is an economic hub, a cultural centre and a city of creativity and dramatic diversity.

Key industries include: transportation and distribution, aerospace, agribusiness, finance and insurance, health industries and biotechnology, information and communications technology, media, electric power, apparel, furniture, and advanced manufacturing.



Destination Winnipeg Inc.

Destination Winnipeg Inc. is Winnipeg's economic development and tourism services agency, an arm's length organization led by a private sector board with core funding from the City of Winnipeg and the Province of Manitoba. Destination Winnipeg works in collaboration with a broad network of partners to drive economic growth for Winnipeg. Destination Winnipeg provides key services such as information, marketing, brokering, partnering, and project management and support.

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