

QUARTERLY ECONOMIC HIGHLIGHTS

4th Quarter 2008

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Economic Indicator Highlights

Winnipeg (Metropolitan Area) 4th Quarter 2008

	Q4 2008	% Change from Q4 2007	2008 Outlook* (% change from 2007)
Population *	720,000	1.1	1.1
Employment	395,800	1.7	1.2
Unemployment Rate (%)	4.3%	-0.4	-0.5
Gross Domestic Product at Basic Prices (Annual 2002 \$Millions)*	25,388	2.7	2.7
Retail Sales (Annual \$ Millions)*	9,483	7.3	7.3
Personal Disposable Income Per Capita (Annual \$)*	28,894	3.6	3.6
Consumer Price Index (2002=100)	113.3	2.3	2.8
Total Building Permits Value (\$ Millions)	1,034.6	14.8	
Average Residential Detached House Price (\$)	196,845	13.1	
Housing Starts	3,009	-10.7	

Note: * Conference Board of Canada's annual projections and estimates – Metropolitan Outlook Winter 2009. Subject to adjustments in subsequent projections.

Source: The Conference Board of Canada, Statistics Canada, Canada Mortgage and Housing Corporation (CMHC) and WinnipegREALTORS®.

TRENDS in 2008

CANADA

Canada and most industrialized countries entered a recession in the fourth quarter of 2008 and into early 2009. The U.S. entered into its recession earlier. The 4th quarter of 2008 saw turmoil in world economics, with deep and fast declines in stock markets, credit markets and world exports.

In the fourth quarter, the Canadian economy contracted at an annualized rate of 3.4%, the largest quarterly contraction since the early 1990s. Overall, Statistics Canada reported Canada's real GDP growth in 2008 was 0.5%, down from 2.7% in 2007.

On January 14, 2009, the Conference Board revised their Winter 2009 forecast for Canada's economic recovery and project GDP contraction of -0.5% in 2009. They project Canada's economy will continue to perform better than the U.S. in 2009 and will experience stronger recovery in 2010.

At the end of the fourth quarter, the value of the Canadian dollar was 82 cents to the U.S. dollar. Canadian exporters and manufacturers continue to face difficult times due to their reliance on the health of the U.S. economy. Reduced U.S. household spending and continued turmoil in U.S. financial markets continue to play a major role for the weakness in the U.S. economy. Canada's total exports in 2008 grew to a record value of \$483 billion, however, exports and the merchandise trade balance plummeted in the 4th quarter. Manufacturing shipments declined 0.7% in 2008.

Since the summer of 2008, the world price of oil has plunged from a high of \$146 (WTI, US\$/barrel) last July down to \$44 (WTI, US\$/barrel) at the end of 2008. (Currently, the WTO price of oil averages around \$51 WTI, US\$/barrel.)

During the fourth quarter of 2008, the Bank of Canada's overnight rate dropped to 1.5%, down 0.75% from the previous quarter (in March 2009 the overnight rate declined to a new low of 0.5%). At the end of the fourth quarter, the prime rate was 3.5%, Canada benchmark bonds yield was 2.7% and 3-month treasury bills averaged under 1%. Canada's inflation rate was 2.4% in the fourth quarter of 2008.

National unemployment grew 1.6% in 2008. However, there were large job losses in November and December (and a record monthly job loss in January.) Job growth in 2008 was led by the western provinces of BC, Alberta, Saskatchewan and Manitoba. The national unemployment rate grew slightly to 6.1% in 2008.

WINNIPEG

According to the Conference Board's Winter 2009 Metropolitan Outlook, Winnipeg's real GDP growth for 2008 is projected to be 2.7%, ranking the city 4th best among Canadian cities for GDP growth and the highest among major centres (population over 500,000). Winnipeg's GDP growth continues to significantly outperform the national average.

After a strong year of job growth in 2007, Winnipeg gained 6,500 net new jobs in the local economy in 2008. Job gains were across many industries including construction, transportation equipment, information technology and professional services. In 2008, Winnipeg continued to experience one of the lowest unemployment rates of any major city in Canada at 4.3%.

After years of solid building permit and construction activity, Winnipeg's outlook remains strong with overall building permit values in 2008 growing by 15% to over \$1 billion, the best growth rate of major cities in Canada. Building permit value growth was led by the industrial and commercial markets.

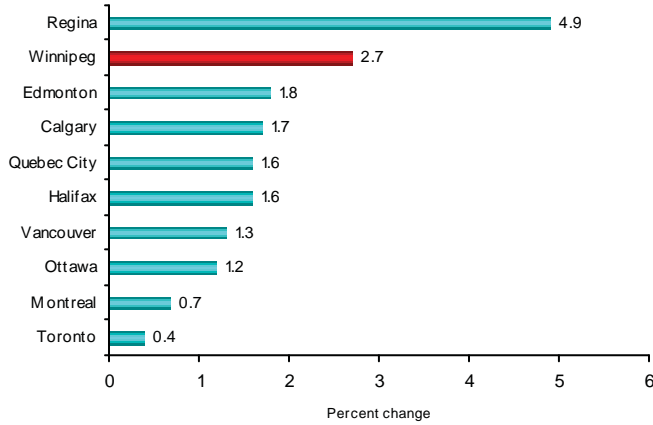
Housing activity in 2008 continued at a good pace. Average house selling prices rose by 13%. Winnipeg REALTORS® reported record dollar volumes of over \$2.4 billion in 2008, a gain of 9% from the previous year. Total housing starts declined, but single family housing starts increased. Despite these increases however, Winnipeg remains one of the most affordable housing markets in the country.

Manitoba's retail sales grew in 2008 by 8% over 2007 and Winnipeg's retail sales was projected to improve by 7%, the best growth rate of major cities in Canada. Personal disposable income in Winnipeg also improved in 2008 by 4%. The recent approval by Winnipeg's City Council to proceed with the development of a new retail centre anchored by IKEA will strengthen Winnipeg's position as a retail destination and enhance the local retail market.

Manitoba's exports grew by 5% in 2008, close to the national average. In 2008, Manitoba's export growth was led by large increases to Russia, Mexico, Japan and the Middle East. Manitoba's manufacturing shipments in 2008 improved 1.5% over the previous year while overall, Canada's shipments showed negative growth in 2008.

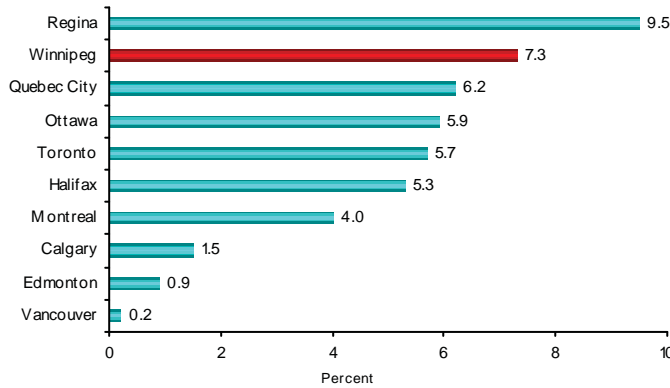
SELECT CITY COMPARISONS

**Projected Real Gross Domestic Product
Annual Percent Change 2007-2008
Select Metropolitan Areas**



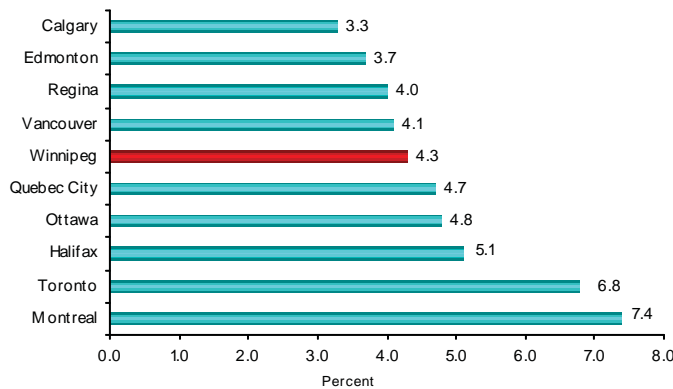
Source: Conference Board of Canada – Metropolitan Outlook Winter 2009

**Projected Retail Sales Growth
Annual Percent Change 2007-2008
Select Metropolitan Areas**



Source: Conference Board of Canada – Metropolitan Outlook Winter 2009

**Unemployment Rate
Select Metropolitan Areas 2008**



Source: Statistics Canada

LABOUR FORCE INDICATORS (4th Quarter Year-to-Date)

Winnipeg	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Population 15 yrs plus (000)	583.1	575.9	1.3
Labour Force (000)	413.7	408.5	1.3
Employment (000)	395.8	389.3	1.7
Unemployment (000)	17.9	19.2	-6.8
Not in Labour Force (000)	169.4	167.4	1.2
Unemployment Rate*	4.3	4.7	-0.4*
Participation Rate*	70.9	70.9	0.0*
Employment Rate*	67.8	67.6	0.2*

Manitoba	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Population 15 yrs plus (000)	909.7	898.7	1.2
Labour Force (000)	632.9	623.7	1.5
Employment (000)	606.7	596.3	1.7
Unemployment (000)	26.2	27.4	-4.4
Not in Labour Force (000)	276.8	275.0	0.7
Unemployment Rate*	4.1	4.4	-0.3*
Participation Rate*	69.6	69.4	0.2*
Employment Rate*	66.7	66.4	0.3*

Canada	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Population 15 yrs plus (000)	26,924.7	26,553.4	1.4
Labour Force (000)	18,246.6	17,942.9	1.7
Employment (000)	17,100.0	16,864.6	1.6
Unemployment (000)	1,166.6	1,078.3	3.6
Not in Labour Force (000)	8,678.1	8,610.5	0.8
Unemployment Rate*	6.1	6.0	0.1*
Participation Rate*	67.8	67.6	0.2*
Employment Rate*	63.6	63.5	0.1*

Source: Statistics Canada

* rate change only

REAL ESTATE INDICATORS (4th Quarter Year-to-Date)

Building Permit Values (\$000s)

Winnipeg	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Total residential & non-residential	\$1,034,592	\$901,261	14.8
Residential	\$663,784	\$595,178	11.5
Non-Residential	\$370,808	\$306,083	21.1
Industrial	\$37,844	\$13,319	184.1
Commercial	\$267,967	\$190,305	40.8
Institutional & governmental	\$64,997	\$102,459	-36.6

Source: Statistics Canada

Housing Market Activity

Canada	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
MLS Average House Price	\$302,498	\$306,060	-1.2
Winnipeg			
MLS Average Detached Sale Price	\$196,845	\$174,101	13.1
MLS Residential Unit Sales	12,630	13,079	-3.4
MLS Dollar Volume (\$ millions)	\$2,423	\$2,230	8.7
Single Family Housing Starts	1,930	1,870	3.2
Total Housing Starts	3,009	3,371	-10.7

Source: Statistics Canada
 Winnipeg REALTORS®
 Canada Mortgage & Housing Corporation

Office Space

Class A Average (Downtown) Net Rent	\$16.85	\$16.44	2.5
Overall Vacancy*	7.5%	9.0%	-1.5
Class B Average Net Rent	\$13.93	\$13.47	3.4
Overall Vacancy*	7.7%	7.9%	-0.2
Class C Average Net Rent	\$10.34	\$8.52	21.4
Overall Vacancy*	6.6%	9.0%	-2.4

Source: Cushman & Wakefield LePage

* rate change only

OTHER INDICATORS (4th Quarter Year-to-Date)

Manufacturing Shipments (\$ millions)	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Canada	\$603,234	\$607,344	-0.7
Manitoba	\$16,360	\$16,111	1.5

Source: Statistics Canada

Retail Trade (\$ millions)	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Canada	\$425,332	\$412,037	3.2
Manitoba	\$14,999	\$14,008	7.1

Source: Statistics Canada

Merchandise Exports (\$ millions)	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Canada	\$489,508	\$463,051	5.7
Manitoba	\$12,834	\$12,192	5.3

Source: Statistics Canada, Manitoba Bureau of Statistics

Average Weekly Earnings	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Canada (1999=100)	\$793	\$771	2.8
Manitoba	\$721	\$702	2.8

Source: Statistics Canada

Bankruptcies - Winnipeg CMA	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Consumers	1,317	1,356	-2.9
Businesses	42	42	0.0

Source: Industry Canada

Consumer Price Index	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Canada			
All Items	114.1	111.5	2.4
Winnipeg			
All Items	113.3	110.8	2.3

Source: Statistics Canada

Airport Statistics	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Total Passenger Volumes (nearest thousand)	3,570,000	3,570,000	0.0

Source: Winnipeg Airports Authority

Financial (average)	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Prime Rate	4.7%	6.1%	-1.4
Exchange Rate (Cdn \$ in US \$)	\$1.07	\$1.07	0.0
Canada 10-year Benchmark Bond	3.6%	4.3%	-0.7

Source: Bank of Canada

Credit Rating - City of Winnipeg	Q4 2008 YTD	Q4 2007 YTD	% Change YTD
Standard & Poor's	AA		
Moody's Investor Services	Aa1		
Dominion Bond Rating Service	AA low		

SECTOR SPOTLIGHT

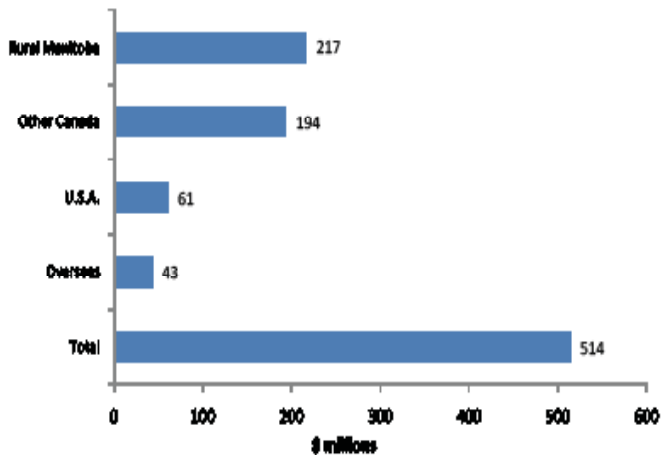
Tourism

According to the latest city-based tourism data, Winnipeg's tourism sector experienced the best growth of major cities in Canada during 2007. On a provincial level, in 2007, Manitoba's tourism sector had the best growth of all provinces. During 2007, Winnipeg and Manitoba tourism benefited from very strong growth in the domestic overnight travel market, some growth in overseas and a very good convention and event year from the capital city.

U.S. visitation continued to decline, as has been the case across Canada throughout the 2000s. However, in Winnipeg, U.S. visits represent approximately 12% of expenditures, a lower share than many Canadian cities that have been negatively affected by the long-term decline in U.S. tourism.

The tourism industry is big business in Winnipeg, with approximately 2.8 million visitors each year bringing in well over \$500 million in direct annual expenditures and representing nearly 14,000 jobs in the city. These dollars brought into the local economy are a source of "export" revenue that diversify the economy, improve local facilities and amenities for the benefit of the community and visitors, provide substantial tax revenue to all levels of government, and generate many jobs for the city.

Direct Visitor Expenditure - Winnipeg 2007



Source: Research Resolutions & Consulting Ltd. from Statistics Canada 2007 travel surveys

On a worldwide basis, tourism is an industry subject to wide fluctuations and volatility. This decade, the industry has been affected by wars, security issues, fluctuating exchange rates, crises such as September 11 and SARS, and most recently a sharp global economic downturn. The World Tourism Organization expects a slight decline in worldwide tourism in the short-term amidst economic uncertainty. The local tourism industry has continued to be amazingly resilient and has experienced relative stability.

In 2007, the meetings and conventions business in Winnipeg experienced one of its strongest years on record, with over 190 tracked meetings and conventions and 55,000 delegates. In 2008, the tracked meetings and conventions declined somewhat, but the event business was very strong with 12 national sporting or special events, including the 2008 Tim Horton's Brier and the 2008 Canadian Country Music Awards. The Winnipeg Convention Centre announced 2008 was its best revenue year ever.

Hotel occupancy in Winnipeg averaged close to 70% in 2008, a 5th straight year of increasing occupancy rates, and above the national average. In a 2009 Colliers International Hotels report, Winnipeg had the second best increase in hotel valuations in Canada in 2008 and very good revenue growth. The Conference Board's Travel Markets Outlook (Autumn 2008) projected Winnipeg to have nearly 4% growth in 2008 in overnight visitor expenditures.

Winnipeg is the cosmopolitan city in this central region of North America with a tremendous diversity of cultures, arts, entertainment, cuisine, sports and recreation, architecture and industry.

Winnipeg's tourism industry has considerable assets and advantages including:

- 6,600 hotel rooms across the city and competitive rate
- 160,000 sq.ft. of meeting space at the Winnipeg Convention Centre
- among the best values in Canada for meetings, conventions and major events
- first-class arts and attractions
- high level of visitor satisfaction and high rating for service
- central location in the heart of the continent.

Winnipeg's tourism industry benefits from new attractions and facilities and upgrading of existing attractions. Travellers have many more choices and are always looking for new experiences. The addition of MTS Centre in downtown Winnipeg has become a major venue for sports, entertainment, concerts and special events. The new airport terminal in 2010 with the advantage of being only 15-20 minutes from downtown is another positive development for Manitoba's tourism industry. The announcement of the Canadian Museum for Human Rights, now under construction and planned for 2012, will be the first federal museum outside Canada's national capital region. The Canadian Museum for Human Rights is a signature attraction that puts Winnipeg in a new league for attracting international tourism, particularly student and education markets.

Tourism is always an industry that will have swings, up and down. Despite short-term challenges largely driven by economic recession in much of the world, the long-term outlook for tourism globally and in Winnipeg is quite positive.

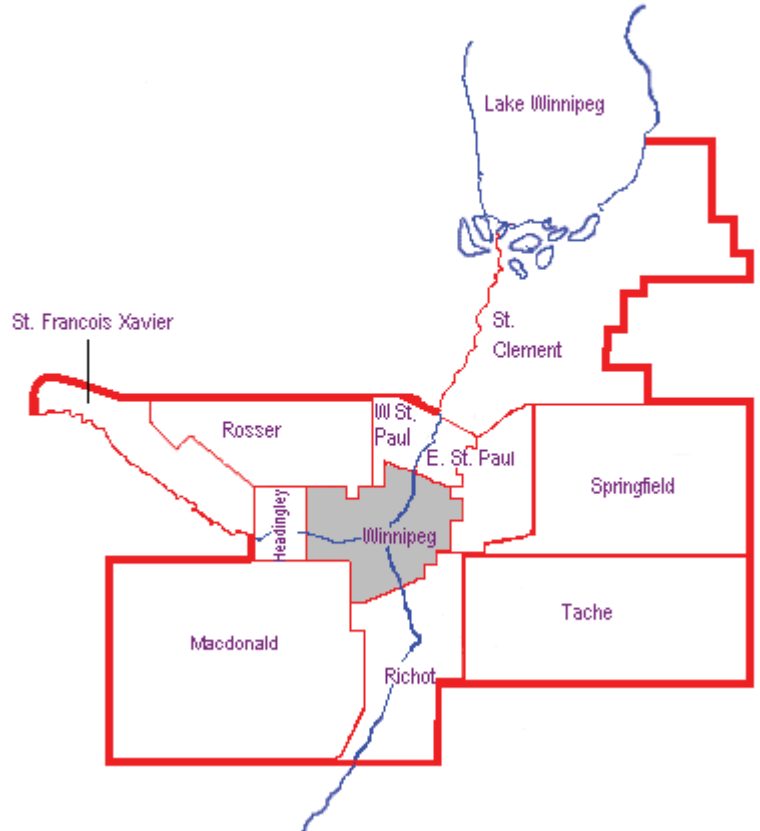
WINNIPEG CMA

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.

Winnipeg - Community Spirit, Creative Energy,
Diverse Culture

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, an arts and culture centre, and a city of creativity and dramatic diversity.

Key industries include: transportation and distribution, aerospace, finance and insurance, life sciences and biotechnology, information and communications technology, media, tourism, 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 markets the city and provides services to facilitate economic development and tourism opportunities for Winnipeg in collaboration with partners. Destination Winnipeg provides key services such as information, marketing, brokering, partnering and project management and support.

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