

QUARTERLY ECONOMIC HIGHLIGHTS

3rd Quarter 2009

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Economic Indicator Highlights

Winnipeg (Metropolitan Area) 3rd Quarter 2009

	Q3 2009	% Change from Q3 2008	2009 Outlook* (% change from 2008)
Population**	742,000	1.3	1.3
Employment	396,000	-0.1	0.3
Unemployment Rate (%)	5.1%	0.9	0.9
Gross Domestic Product at Basic Prices (Annual Millions \$2002)*	25,555	0.8	0.8
Retail Sales (Annual \$ Millions)*	9,092	-2.3	-2.3
Personal Disposable Income Per Capita (Annual \$)*	28,766	0.5	0.5
Consumer Price Index (2002=100)	113.8	1.1	1.2
Total Building Permits Value (\$ Millions)	638.8	-20.3	
Average Residential Detached Housing Price (\$)	207,152	4.7	
Housing Starts	1,504	-33.1	

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

Source: The Conference Board of Canada, Statistics Canada, Canada Mortgage and Housing Corporation (CMHC) and WinnipegREALTORS®. **2008 CMA population from Statistics Canada.

TRENDS in 2009

CANADA

The global economy has started to recover in the second half of 2009, although it continues to perform below recent years. The latest annual economic forecast from the Conference Board of Canada shows real GDP growth for the country will drop 1.9%. The Conference Board predicts the Canadian economy will recover in 2010 from growing business and consumer confidence in Canada and the U.S.

Statistics Canada reported real GDP growth of 0.1% in the third quarter of 2009, the first quarterly gain since the third quarter of 2008. Final domestic demand advanced 1.2% as both capital investment and personal expenditures increased. Real GDP was up 0.4% in September as most major industrial sectors increased their production. Final domestic demand was bolstered by a second consecutive quarterly gain in personal expenditures and the first expansion in business capital expenditure since the fourth quarter of 2008. In the third quarter, export and import volumes increased after many quarters of decline.

The slow revival of the U.S. economy continues to be a challenge for Canadian exporters. However, recent gains in U.S. industrial capacity and freight movements are encouraging signs of growing demand for manufactured products. Heading into December, prospects for the Canadian economy appear positive after a year of gloomy forecasts. Preliminary holiday retail forecasts look promising. Other signs the Canadian economy is on the mend include stabilizing labour markets, and rising house and stock market prices.

By the end of the third quarter, the value of the Canadian dollar had risen to 92 cents to the U.S. dollar, up roughly 4 cents from the end of the second quarter. (As of December, the Canadian dollar was valued around 94 cents.)

The world price of oil rose to \$70.61 (WTI, US\$ /barrell) in the third quarter, a small increase from the previous quarter. The price of natural gas increased to \$4.84 (US\$/mmbtu) and the value of various commodities including zinc, gold, copper, silver and lumber also improved.

Central policy rates in Canada have seen little change since the first quarter of 2009. There was no change to the Bank of Canada's overnight rate of 0.25% in the third quarter (as of December, it continues to stand at this rate). At the end of the third quarter, prime rate was 2.3%, Canada benchmark 10-year bonds yield was 3.3%, and 3-month treasury bills averaged near 0.3%. Canada's inflation rate was 0.1% during the third quarter of 2009, the lowest level in decades.

WINNIPEG

In the latest Metropolitan Outlook report for 2009, the Conference Board of Canada forecasts real GDP growth in Winnipeg of 0.8%. Winnipeg continues to perform well economically and is ranked by the Conference Board as second best among Canadian cities for GDP growth and the highest among major centres (population over 500,000). Winnipeg is one of only a few Canadian (and North American) cities to experience any overall growth in 2009. The Conference Board forecasts Winnipeg's GDP growth to improve in 2010 by 2.0% and 3.3% in 2011.

During the third quarter of 2009, Winnipeg's labour force grew by 1% over the same period last year and employment remained stable. Winnipeg's employment situation continues to surpass the national average with an average unemployment rate of 5.1% in the third quarter compared with the national average of 8.2%.

In the third quarter, Winnipeg's overall building permit values dropped by 20% from the same period in 2008. Construction projects related to government, institutional and industrial projects showed growth in building permits, but Winnipeg's residential and commercial markets continue to perform slower than recent years. The Conference Board forecasts overall new housing starts in 2009 will grow marginally by 1.8% and by 2.4% in 2010.

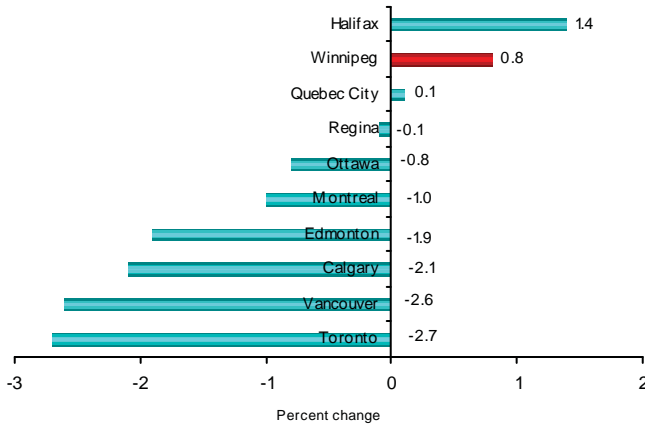
The Winnipeg real estate market appears to be making a recovery as Winnipeg REALTORS® reported third quarter home sales were almost on par with 2008 and for the first time in 2009, sales and dollar volume in a single month exceeded the same period in the previous year. In September 2009, MLS sales grew 3% and dollar volume improved 11% over the 2008 records. The conversion of listings to sales in 2009 are 67%, only a few percentage points off 2008. The average price of a Winnipeg home improved to just under 2% from the previous quarter.

Statistics Canada reported that third quarter retail sales in Manitoba grew by 1% over the previous quarter. Preliminary records for Manitoba's retail sales in October 2009 were \$1.3 billion, an increase of almost 4% from September. The Conference Board, in their latest forecast report, projects annual retail sales in 2009 to decline by 2.6% in Manitoba and 2.3% in Winnipeg.

The Manitoba Bureau of Statistics reported Manitoba's year-to-date exports dropped 16% in the third quarter following the national trend, but not to the same extent. While exports to all major markets were down from the previous year, Manitoba's exports continued to be sustained by large increases to Southeast Asia and the Middle East. Manitoba's manufacturing shipments posted a drop in the third quarter, however, Manitoba continues to outperform the national average.

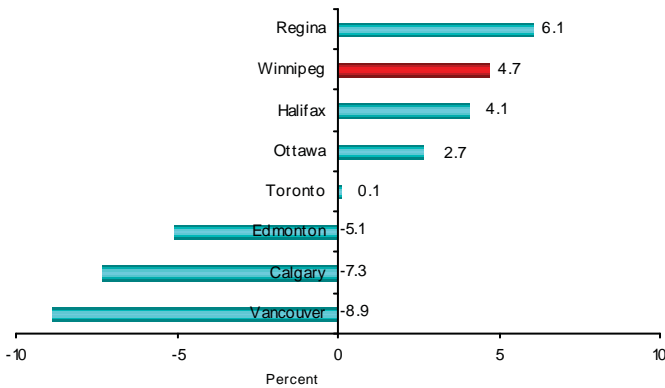
SELECT CITY COMPARISONS

**Projected Real Gross Domestic Product
Annual Percent Change 2008-2009
Select Metropolitan Areas**



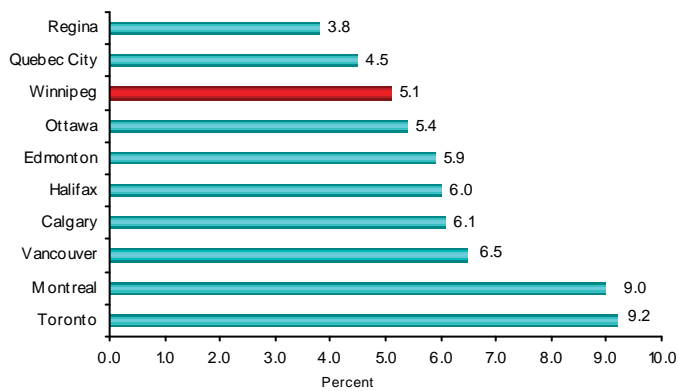
Source: Conference Board of Canada – Metropolitan Outlook Autumn 2009

**Average House Prices
Annual Percent Change 2008 - 2009
Select Metropolitan Areas**



Source: MLS, Winnipeg REALTORS®
Note: Housing prices for Quebec no longer reported

**Unemployment Rate
Select Metropolitan Areas Q3 2009**



Source: Statistics Canada

LABOUR FORCE INDICATORS (3rd Quarter Year-to-Date)

Winnipeg	Q3 2009 YTD	Q3 2008 YTD	% Change YTD
Population 15 yrs plus (000)	591.1	581.9	1.6
Labour Force (000)	417.2	414.0	0.8
Employment (000)	396.0	396.5	-0.1
Unemployment (000)	21.2	17.6	20.5
Not in Labour Force (000)	173.9	167.9	3.6
Unemployment Rate*	5.1	4.2	0.9*
Participation Rate*	70.6	71.1	-0.5*
Employment Rate*	67.0	68.1	-1.1*

Manitoba	Q3 2009 YTD	Q3 2008 YTD	% Change YTD
Population 15 yrs plus (000)	920.9	908.2	1.4
Labour Force (000)	639.5	631.8	1.2
Employment (000)	607.3	606.0	0.2
Unemployment (000)	32.2	25.8	24.8
Not in Labour Force (000)	281.4	276.4	1.8
Unemployment Rate*	5.0	4.1	0.9*
Participation Rate*	69.4	69.6	-0.2*
Employment Rate*	65.9	66.7	-0.8*

Canada	Q3 2009 YTD	Q3 2008 YTD	% Change YTD
Population 15 yrs plus (000)	27,258.1	26,875.6	1.4
Labour Force (000)	18,355.7	18,219.6	0.7
Employment (000)	16,792.9	17,120.8	-1.9
Unemployment (000)	1,502.8	1,098.7	36.8
Not in Labour Force (000)	8,902.4	8,656.0	2.8
Unemployment Rate*	8.2	6.0	2.2*
Participation Rate*	67.3	67.8	-0.5*
Employment Rate*	61.8	63.7	-1.9*

Source: Statistics Canada

* rate change only

REAL ESTATE INDICATORS (3rd Quarter Year-to-Date)

Building Permit Values (\$000s)

Winnipeg	Q3 2009 YTD	Q3 2008 YTD	% Change YTD
Total residential & non-residential	\$638,806	\$801,403	-20.3
Residential	\$351,377	\$523,185	-32.8
Non-Residential	\$287,429	\$278,218	3.3
Industrial	\$29,097	\$26,811	8.5
Commercial	\$178,926	\$208,791	-14.3
Institutional & governmental	\$79,406	\$42,616	86.3

Source: Statistics Canada

Housing Market Activity

Canada	Q3 2009 YTD	Q3 2008 YTD	% Change YTD
MLS Average House Price	\$307,034	\$307,387	-0.1
Winnipeg			
MLS Average Detached Sale Price	\$207,034	\$197,788	4.7
MLS Residential Unit Sales	9,747	10,489	-7.1
MLS Dollar Volume (\$ millions)	\$1,970	\$2,030	-3.0
Single Family Housing Starts	1,053	1,471	-28.4
Total Housing Starts	1,504	2,247	-33.1

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

Office Space

Class A Average (Downtown) Net Rent	\$16.85	\$16.62	1.4
Overall Vacancy*	7.5%	6.1%	1.4
Class B Average Net Rent	\$13.33	\$13.77	-3.2
Overall Vacancy*	10.5%	7.1%	3.4
Class C Average Net Rent	\$9.08	\$9.98	-9.0
Overall Vacancy*	5.2%	7.1%	-1.9

Source: Cushman & Wakefield LePage

* rate change only

OTHER INDICATORS (3rd Quarter Year-to-Date)

Manufacturing Shipments (\$ millions)	Q3 2009 YTD	Q3 2008 YTD	% Change YTD
Canada	\$365,773.9	\$456,884.2	-19.9
Manitoba	\$11,097.6	\$12,314.1	-9.9

Source: Statistics Canada

Retail Trade (\$ millions)			
Canada	\$302,536.5	\$317,909.18	-4.8
Manitoba	\$10,844.4	\$11,111.0	-2.4

Source: Statistics Canada

Merchandise Exports (\$ millions)			
Canada	\$275,341	\$373,525	-26.3
Manitoba	\$8,128	\$6,719	-16.4

Source: Statistics Canada (balance of payments basis)
Manitoba Bureau of Statistics

Average Weekly Earnings			
Canada	\$821	\$808	1.6
Manitoba	\$770	\$748	2.8

Source: Statistics Canada

Bankruptcies - Winnipeg CMA			
Consumers	1,233	942	30.9
Businesses	20	34	-41.2

Source: Industry Canada

Consumer Price Index			
Canada			
All Items	114.3	114.1	0.1
Winnipeg			
All Items	113.8	113.2	1.1

Source: Statistics Canada

Airport Statistics (nearest thousand)			
Total Passenger Volumes	2,585,397	2,730,183	-5.3

Source: Winnipeg Airports Authority

Financial (YTD average)			
Prime Rate	2.4%	5.0%	-2.7
Exchange Rate (Cdn \$ in US \$)	\$1.20	\$1.00	0.0
Canada 10-year Benchmark Bond	3.2%	3.7%	-0.4

Source: Bank of Canada

Credit Rating - City of Winnipeg	
Standard & Poor's	AA
Moody's Investor Services	Aa1
Dominion Bond Rating Service	AA low

SECTOR SPOTLIGHT

TRANSPORTATION AND DISTRIBUTION -

CENTREPORT CANADA

One of Winnipeg's traditional economic underpinnings is the Transportation and Distribution sector. At the turn of the 19th century, Winnipeg functioned as a centre for the movement of bulk agricultural commodities which resulted in the development a robust and efficient transportation system.

Transportation and distribution services add value to Winnipeg's economy by enabling efficient export and import activity thus facilitating trade. Physical capacity and a critical mass of logistics expertise are key competitiveness factors. The existence of integrated capabilities for truckload carriers, private truck fleets, package express, local trucks, as well as commercial rail, water (access through the Port of Churchill and linkages to east and west coast ports) and air freight capacity have historically served to reinforce Winnipeg as a hub for incoming and outgoing goods.

The transportation, distribution and warehousing industry employ an estimated 34,500 people and contribute approximately \$2.2 billion to Manitoba's GDP. Winnipeg is extremely well served by all modes of transportation:

Rail

- only major city between Vancouver, BC and Thunder Bay, ON with direct US rail connections
- Winnipeg is centrally located on the main lines of continental carriers CN and CP
- Burlington Northern Santa Fe Manitoba Inc. with direct US access, has terminal facilities in Winnipeg

Air

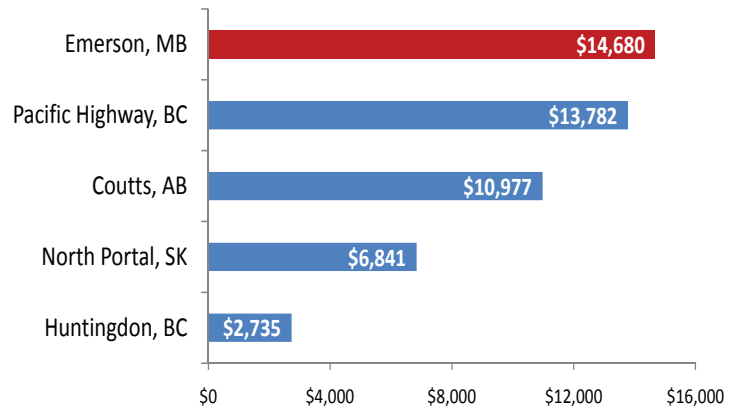
- Winnipeg's James Armstrong Richardson International Airport is the only 24 hour unrestricted international airport between Toronto and Calgary
- the airport has the largest dedicated cargo handlers in Canada moving 159,000 tonnes of cargo

Trucking

- three of the top 10 national trucking companies located here with over 1,000 for hire trucking companies operating in Manitoba

- The Manitoba-based trucking industry directly and indirectly employs 5% of the Manitoba labour force.

Western Canada's Busiest Border Crossings, by Value of Road Trade with US (\$ millions)



Source: CentrePort Canada, Province of Manitoba

Given the importance of transportation and distribution to the future of Winnipeg's economy, Canada's first inland port has been formed called CentrePort Canada. This 20,000 acre inland port is focused on providing distribution, warehousing and manufacturing companies a more efficient and effective option to produce and ship products across North America and into global markets.

CentrePort Canada has also been designated as Canada's first Foreign Trade Zone (FTZ). This designation will offer companies seeking to establish manufacturing, distribution and warehousing operations duty deferrals and Goods and Services Tax (GST) exemptions.

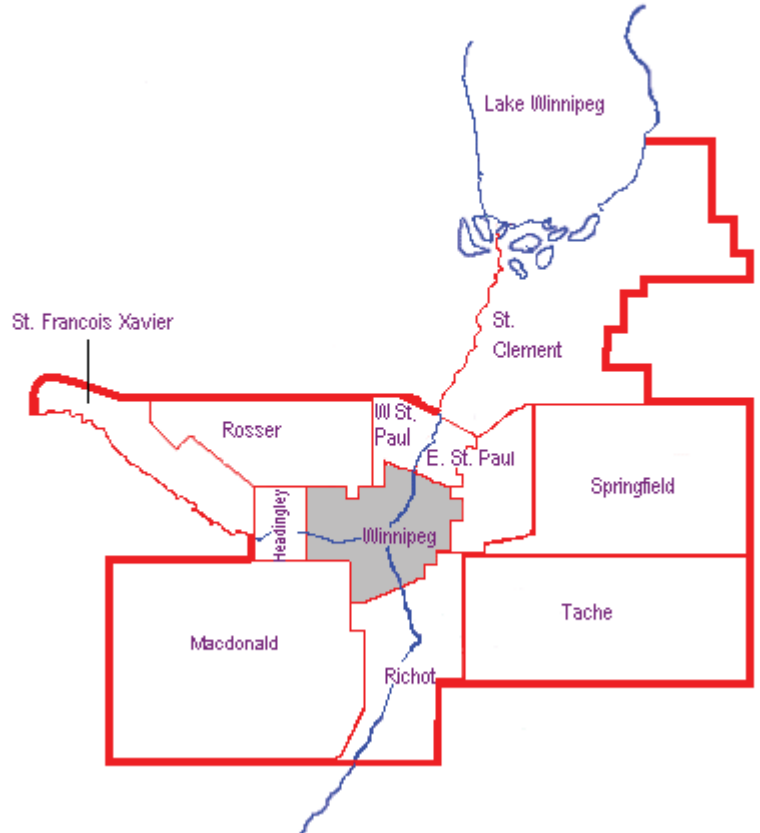
Public sector funds have been committed by the Province of Manitoba, and Government of Canada totaling \$212 million to construct CentrePort Canada Way, a high speed corridor connecting CentrePort Canada to existing municipal and provincial trade routes. Additional public funding commitments totaling \$90 million have been slated to upgrade Highway 75 Manitoba's which is part of the Mid-Continent Trade Corridor system south to the United States connecting through the Emerson, MB and Pembina, ND border crossing which is Western Canada's busiest border crossing by value of road trade totaling \$14,680 billion.

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 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 major trade and transportation centre, an arts and culture centre, and a city of creativity and 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, sales, brokering, partnering and project management and support.

Disclaimer: Destination Winnipeg endeavours to provide accurate information gathered from a variety of sources, but makes no representation or guarantee on the reliability and accuracy of such information.