

QUARTERLY ECONOMIC HIGHLIGHTS

2nd Quarter 2009

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Economic Indicator Highlights

Winnipeg (Metropolitan Area) 2nd Quarter 2009

	Q2 2009	% Change from Q2 2008	2009 Outlook* (% change from 2008)
Population**	732,600	1.3	1.3
Employment	395,900	-0.3	0.3
Unemployment Rate (%)	4.8%	0.6	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)	113.5	1.1	1.2
Total Building Permits Value (\$ Millions)	398.5	-10.9	
Average Residential Detached Housing Price (\$)	203,446	3.2	
Housing Starts	799	-46.7	

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 posted a sharp decline in early 2009, but the downturn slowed in the second quarter and a recovery is expected for the last half of 2009.

In its Autumn 2009 Metropolitan Outlook, the Conference Board of Canada revised their forecast for real GDP growth in Canada for 2009 to -1.9, down from the previous report. The Conference Board expects the Canadian economy will recover next year with rising commodity prices and increased consumer confidence in Canada and the U.S.

Statistics Canada reported that real GDP growth increased 0.1% last June, the first monthly increase since July 2008. However, the Canadian economy contracted at an annualized rate of 3.4% in the second quarter, a much smaller rate of decline compared to the previous quarter.

Canadian exporters continue to struggle with a weak U.S. economy. Exporters of lumber and construction materials are some of the hardest hit due to a sharp drop in U.S. housing starts this year. Canadian exporters for the auto industry are in a similar situation as the U.S. auto sector continues to struggle. Overall, businesses and households on both sides of the border continue to be careful with their spending and financial institutions are more cautious on loans.

By the end of the second quarter, the value of the Canadian dollar rose to 88 cents to the U.S. dollar, up approximately 8 cents since the end of the first quarter. Currently (as of September 2009), the Canadian dollar is valued around 93 cents to the U.S. dollar.

The world price of oil rose to around \$70 (WTI, US\$/barrel) in the second quarter, up 41% from the previous quarter. The price of natural gas also increased somewhat to \$3.84 (US\$/mmbtu) and the value of various commodities including zinc, gold, copper, silver and lumber also improved.

Central policy rates in Canada have not changed much since the first quarter of 2009. During the second quarter, the Bank of Canada's overnight rate dropped to 0.25% where it currently stands. The prime rate was 2.25% at the end of the second quarter, Canada benchmark 10-year bonds yield averaged 3.2% and 3-month treasury bills averaged near 0.25%. Canada's inflation rate declined to only 0.6% during the second quarter of 2009.

The number of individuals employed in Canada dropped by 1.9% in the second quarter, a decline of 300,000 jobs from the second quarter of 2008, while the national labour force grew by 0.7%. The national unemployment rate increased to 8% from 6% in the previous year.

WINNIPEG

In its Autumn 2009 Metropolitan Outlook report, the Conference Board of Canada updated their forecast and projected real GDP growth for Winnipeg at 0.8%. The Conference Board stated "Winnipeg's economy is poised to slow but not contract in 2009 as manufacturing takes a hit from the global recession. This year's anticipated 0.8% growth in GDP follows a healthy five-year stretch in which annual GDP hikes averaged 3 percent." Winnipeg's economy continues to perform relatively well and the Conference Board projects Winnipeg's GDP growth in 2009 to be 2nd best (up from 3rd) among Canadian cities and again the highest among major centres (population over 500,000). The Conference Board is forecasting Winnipeg's GDP growth to improve in 2010 by 2.0% and 3.3% in 2011.

The Conference Board reports Winnipeg's manufacturing output will contract by 5.6% in 2009 due to the global recession. Winnipeg's manufacturing output is expected to recover by 2010 and pick up pace afterwards. However, not all areas of Winnipeg's manufacturing sector are being affected. For example, Winnipeg's aerospace industry continues to perform well with significant new contracts and investments from Bristol Aerospace, Standard Aero and Boeing operations in Winnipeg.

Winnipeg's overall building permit values dropped by 10.9% in the second quarter from 2008, led by a 23% drop in the residential market; however, non-residential construction was up 15% from last year.

The Conference Board of Canada revised its retail sales forecast for Manitoba and Winnipeg in 2009 and now predicts sales will decline by 2% in Winnipeg. This is expected to pick up and the retail sector had five straight years of solid growth to 2008.

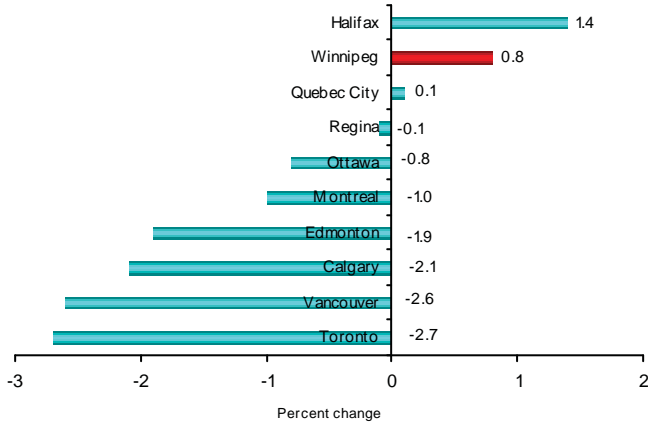
WinnipegREALTORS® reported the dollar volume dropped by 7.5% from the same period last year (2008 was an all-time record). The number of listings in the second quarter was slightly up and the average price of a Winnipeg home remains just over \$200,000.

Winnipeg's CMA population surged by nearly 10,000 or 1.3% in 2008 and is projected to grow by 1.3% again in 2009.

The Manitoba Bureau of Statistics reported Manitoba's year-to-date exports dropped by 14% in the second quarter of 2009 following the national trend, however, not to the same extent. Manitoba's manufacturing shipments also posted a drop in the second quarter, however, Manitoba continues to outperform the national average.

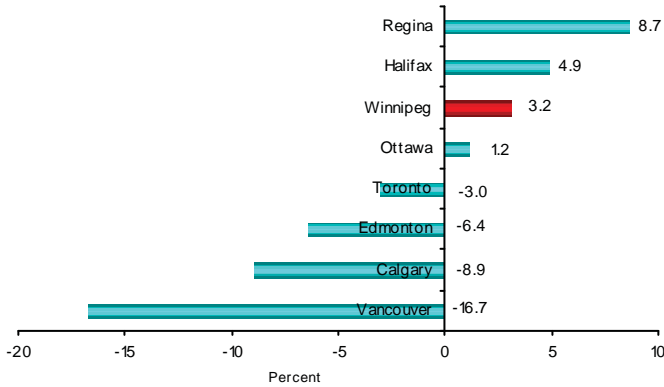
SELECT CITY COMPARISONS

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



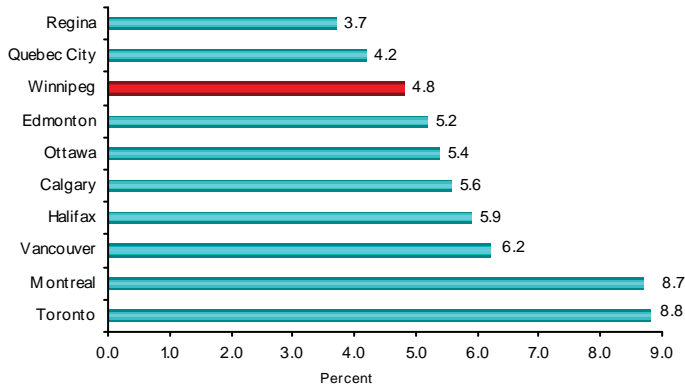
Source: Conference Board of Canada – Metropolitan Outlook Autumn 2009

**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 Q2 2009**



Source: Statistics Canada

LABOUR FORCE INDICATORS (2nd Quarter Year-to-Date)

Winnipeg	Q2 2009 YTD	Q2 2008 YTD	% Change YTD
Population 15 yrs plus (000)	589.7	581.2	1.5
Labour Force (000)	415.9	414.5	0.3
Employment (000)	395.9	397.0	-0.3
Unemployment (000)	20.0	17.5	14.3
Not in Labour Force (000)	173.8	166.7	4.2
Unemployment Rate*	4.8	4.2	0.6*
Participation Rate*	70.5	71.3	-0.8*
Employment Rate*	67.2	68.3	-1.1*

Manitoba	Q2 2009 YTD	Q2 2008 YTD	% Change YTD
Population 15 yrs plus (000)	918.8	906.7	1.3
Labour Force (000)	637.1	631.1	1.0
Employment (000)	606.2	605.3	0.1
Unemployment (000)	30.9	25.8	19.8
Not in Labour Force (000)	281.7	275.6	2.2
Unemployment Rate*	4.9	4.1	0.8*
Participation Rate*	69.3	69.6	-0.3*
Employment Rate*	66.0	66.7	-0.7*

Canada	Q2 2009 YTD	Q2 2008 YTD	% Change YTD
Population 15 yrs plus (000)	27,206.1	26,825.1	1.4
Labour Force (000)	18,339.7	18,208.2	0.7
Employment (000)	16,785.1	17,116.3	-1.9
Unemployment (000)	1,464.6	1,091.9	34.1
Not in Labour Force (000)	8,866.5	8,616.9	2.9
Unemployment Rate*	8.0	6.0	2.0*
Participation Rate*	67.4	67.9	-0.5*
Employment Rate*	62.0	63.8	-1.8*

Source: Statistics Canada

* rate change only

REAL ESTATE INDICATORS (2nd Quarter Year-to-Date)

Building Permit Values (\$000s)

Winnipeg	Q2 2009 YTD	Q2 2008 YTD	% Change YTD
Total residential & non-residential	\$398,454	\$447,364	-10.9
Residential	\$237,507	\$307,489	-22.8
Non-Residential	\$160,947	\$139,875	15.1
Industrial	\$10,338	\$14,293	-27.7
Commercial	\$94,841	\$97,919	-3.1
Institutional & governmental	\$55,768	\$27,663	101.6

Source: Statistics Canada

Housing Market Activity

Canada	Q2 2009 YTD	Q2 2008 YTD	% Change YTD
MLS Average House Price	\$295,883	\$312,132	-5.2
Winnipeg			
MLS Average Detached Sale Price	\$203,446	\$197,198	3.2
MLS Residential Unit Sales	6,096	6,817	-10.6
MLS Dollar Volume (\$ millions)	\$1,240	\$1,340	-7.5
Single Family Housing Starts	648	929	-30.2
Total Housing Starts	799	1,500	-46.7

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

Office Space

Class A Average (Downtown) Net Rent	\$16.83	\$16.61	1.3
Overall Vacancy*	6.8%	6.3%	0.5
Class B Average Net Rent	\$13.18	\$13.67	-3.6
Overall Vacancy*	8.9%	7.5%	1.4
Class C Average Net Rent	\$9.25	\$9.54	-3.0
Overall Vacancy*	5.2%	7.3%	-2.1

Source: Cushman & Wakefield LePage

* rate change only

OTHER INDICATORS (2nd Quarter Year-to-Date)

Manufacturing Shipments (\$ millions)	Q2 2009 YTD	Q2 2008 YTD	% Change YTD
Canada	\$240,244.8	\$301,136.7	-20.2
Manitoba	\$7,520.1	\$8,007.1	-6.1

Source: Statistics Canada

Retail Trade (\$ millions)

Canada	\$194,484.7	\$205,967.8	-5.6
Manitoba	\$6,954.4	\$7,213.8	-3.6

Source: Statistics Canada

Merchandise Exports (\$ millions)

Canada	\$184,713	\$244,380	-24.4
Manitoba	\$5,484	\$6,379	-14.0

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

Average Weekly Earnings

Canada	\$820	\$806	1.7
Manitoba	\$765	\$746	2.5

Source: Statistics Canada

Bankruptcies - Winnipeg CMA

Consumers	822	616	33.4
Businesses	15	27	-44.4

Source: Industry Canada

Consumer Price Index

Canada			
All Items	114.1	113.4	0.6
Winnipeg			
All Items	113.5	112.3	1.1

Source: Statistics Canada

Airport Statistics (nearest thousand)

Total Passenger Volumes	1,703,000	1,742,000	-4.9
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Source: Winnipeg Airports Authority

Financial (YTD average)

Prime Rate	2.5%	5.2%	-2.7
Exchange Rate (Cdn \$ in US \$)	\$1.20	\$1.00	20.0
Canada 10-year Benchmark Bond	3.2%	3.7%	-0.5

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

CONSTRUCTION

Winnipeg's construction industry has experienced significant growth in recent years, driven by bouyant commercial, industrial and residential construction projects. Based on the North American Industry Classification System (NAICS), the construction industry consists of establishments that:

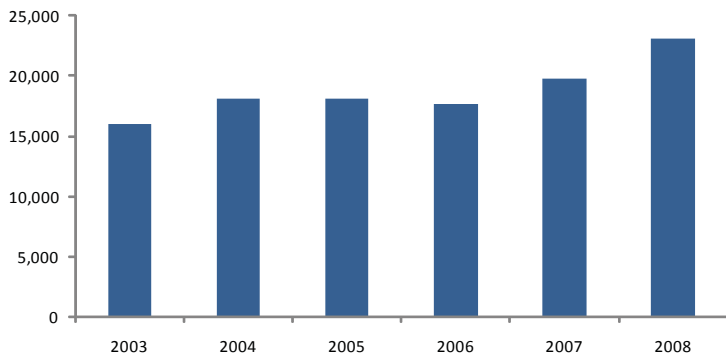
- construct, repair or renovate residential buildings (houses, apartments buildings, condominiums)
- construct, repair or renovate business and commercial buildings (office towers, shopping malls, retail stores)
- construct, repair or renovate industrial buildings (manufacturing facilities, power plants, warehouses)
- construct, repair or renovate infrastructure (roads, highways, bridges)
- subdivide and develop land.

This includes specialty trade contractors such as foundation and building exterior contractors, building equipment contractors, building finishing contractors and other specialty trades.

According to Statistics Canada data, there are nearly 4,000 construction establishments in Winnipeg, mostly small businesses. Winnipeg also has the presence of a number of larger construction firms, including over 20 firms with over 100 employees.

Commensurate with the relative building boom in Winnipeg in the past five years, employment in Winnipeg's construction industry has grown from 16,000 in 2003 to 23,000 in 2008, with particularly sharp increases in the past two years. Construction employment has grown at a faster pace in Winnipeg than in Canada over this time frame.

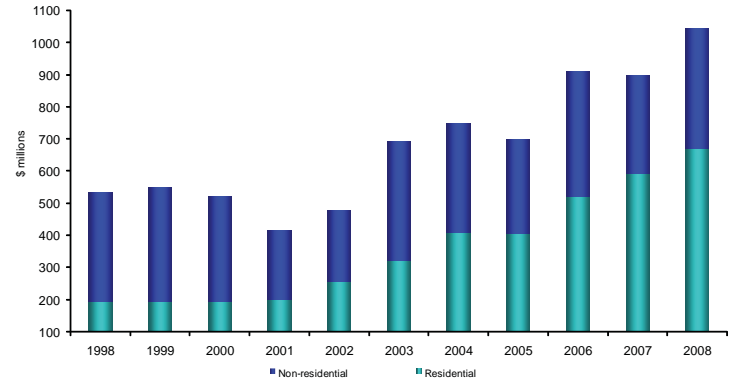
Construction Employment, Winnipeg CMA



Source: Statistics Canada

Over the past five years, Winnipeg building permits have experienced substantial growth after being relatively flat in the late 1990s and early 2000s. This has been primarily driven by residential construction, but also good growth in commercial construction. In 2008, Winnipeg experienced a 15% gain in building permit values, the best growth of any major city in Canada.

Winnipeg Building Permits Value 1998-2008



Source: Statistics Canada

The construction process involves many different activities from concept and design to commissioning. A design team consists of architects, engineers and specialist consultants. General contractors coordinate the construction activities and completion of the building projects. Trade or specialty contractors perform various trade work required. Manufacturers and suppliers produce and provide materials and supplies.

The Conference Board of Canada's Metropolitan Outlook Autumn 2009 reported that Winnipeg's construction GDP growth grew by 14.5% in 2008, the third consecutive year of double digit increase. Although output has slowed in 2009, Winnipeg is still experiencing construction growth and there are several major projects on the horizon, such as the completion of the new airport terminal, the construction of the Canadian Museum for Human Rights, CentrePort Canada infrastructure projects, the Tuxedo Yards Redevelopment Project, and a number of municipal road and bridge projects.

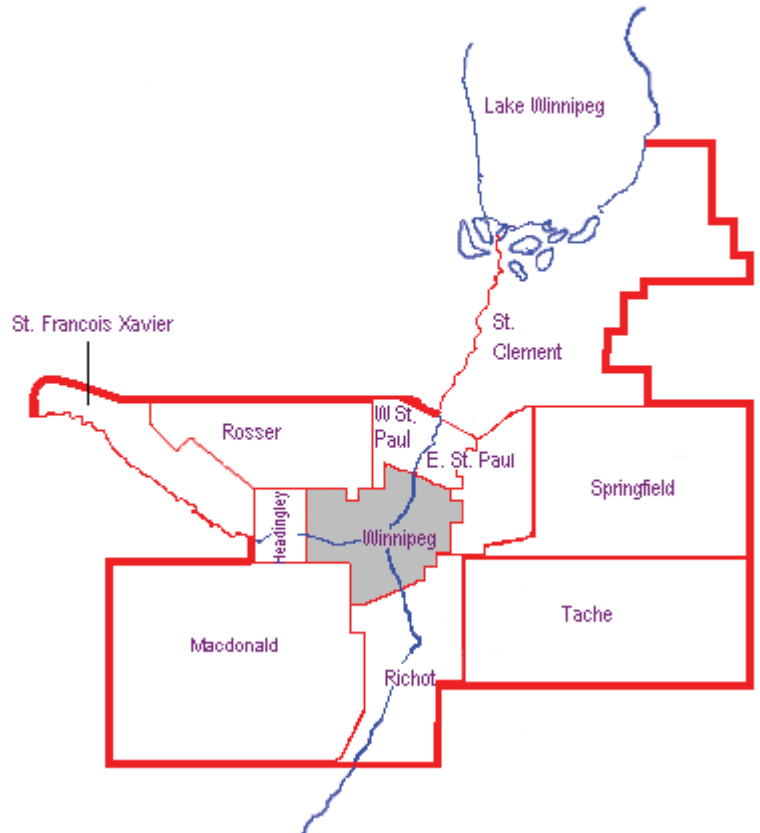
Major construction-related industry associations in the province are the Winnipeg Construction Association, Manitoba Heavy Construction Association, Manitoba Home Builders Association, and various trade and professional associations.

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.

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