

QUARTERLY ECONOMIC HIGHLIGHTS

4th Quarter 2009

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Economic Indicator Highlights

Winnipeg (Metropolitan Area) 4th Quarter 2009

	Q4 2009	% Change from Q4 2008	2009 Outlook* (% change from 2008)
Population**	742,400	1.5	1.5
Employment	396,100	0.1	0.1
Unemployment Rate (%)	5.2%	0.9	1.1
Gross Domestic Product at Basic Prices (Annual Millions \$2002)*	25,031	-0.5	-0.5
Retail Sales (Annual \$ Millions)*	9,319	-0.8	-0.8
Personal Disposable Income Per Capita (Annual \$)*	29,191	1.2	1.2
Consumer Price Index (2002=100)	113.9	0.5	-1.7
Total Building Permits Value (\$ Millions)	929.6	-10.2	
Average Residential Detached Housing Price (\$)	207,232	5.4	
Housing Starts	2,033	-32.4	

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

Canada and many industrialized countries came out of the recession by mid-2009 as positive economic growth started to appear during the third quarter. The latest annual economic forecast from the Conference Board of Canada shows the Canadian economy contracted by 2.5% in 2009. The Conference Board predicts the Canadian economy will continue to build momentum in 2010 and into 2011 from continued growth due to consumer and business demand for goods and services in Canada and the U.S.

Statistics Canada reported that Canada's economy contracted by 2.6% in 2009 from the previous year. According to Statistics Canada, real gross domestic product (GDP) grew by 1.2% in the fourth quarter of 2009, the largest quarterly gain since the third quarter of 2000. Final domestic demand advanced 1.1% as capital investment and personal expenditures both increased. Real GDP was up 0.6% in December and final domestic demand grew for the third consecutive quarter by gains in personal expenditures, government expenditures, and investments in the housing market.

At the end of the fourth quarter, the value of the Canadian dollar was 95 cents to the U.S. dollar. (Recently, the Canadian dollar achieved parity with the U.S. dollar; it currently sits at around 99 cents.)

Recent news of gains in U.S. manufacturing activity from pent-up demand for goods by American consumers and businesses restocking inventory is no doubt good news for Canadian exporters. Canadian exports to the U.S. grew by 4% in the fourth quarter of 2009 over the previous quarter. However, the U.S. economy still faces a number of challenges including slower consumer spending, credit concerns, and weak labour and housing markets. Canada's total exports in 2009 were valued at \$369 billion, a drop of 25% from 2008. Manufacturing shipments declined 17% in 2009.

The world price of oil rose to around \$79 (WTI, US\$/barrel) at the end of the fourth quarter. (Currently, the WTO price of oil averages around \$84 WTI, US\$/barrel.) The price of natural gas averaged \$6 (US\$/mmbtu) at the end of 2009.

The Bank of Canada's overnight rate of 0.25% remained unchanged from late April through to December 2009. (As of April 2010 it continues to stand at this rate.) The prime rate was 2.3% at the end of the fourth quarter, unchanged from the previous two quarters. Canada benchmark 10-year bonds yield were 3.6% at the end of the fourth quarter and 3-month treasury bills averaged near 0.3%. Canada's inflation rate was 0.3% for 2009.

Overall, national unemployment dropped by 1.9% in 2009 while Canada's labour force grew by 0.7%. The national unemployment rate increased to 8.3% in 2009 from 6.1% in 2008.

WINNIPEG

In their Spring 2010 Metropolitan Outlook, the Conference Board of Canada revised their forecast real GDP growth in Winnipeg for 2009 to -0.5%, down from the previous report. It is the first time Winnipeg's economy has contracted since 1991, however, Winnipeg weathered the economic storm better than most cities as the rate of slowdown in Winnipeg's economy was smaller than the Canadian average. The Conference Board forecasts Winnipeg's economy will recover in 2010 with GDP growth of 2.2% and 2.4% in 2011.

Through most of 2009, Winnipeg's employment situation was static. Winnipeg's labour force grew by 1% in 2009 and employment remained stable. Winnipeg's average unemployment rate of 5.2% in 2009 surpassed the national average.

Winnipeg's overall building permit values dropped in 2009 from the previous year by 10%. Most of the loss in construction activity was in the residential market where building permit values were down 19% from 2008. Despite this loss, residential building permit values in 2009 exceeded \$900 million and non-residential building permit values increased by 5%. Although overall housing starts in 2009 were down 32%, the Conference Board forecasts housing starts will experience strong recovery in 2010.

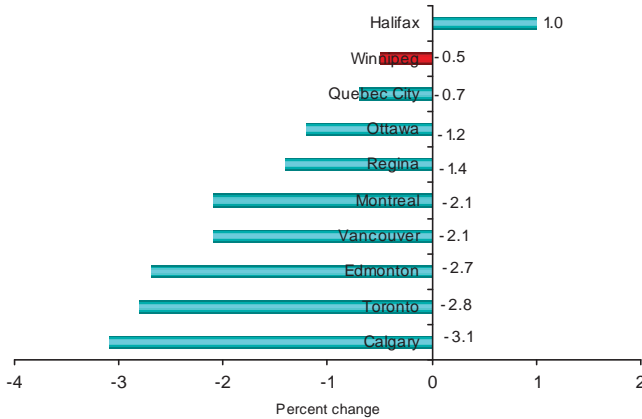
Real estate sales and prices have hit record levels year after year and in 2009, the Winnipeg REALTORS® announced the third consecutive year of \$2 billion in home sales with record dollar volumes of \$2.5 billion. Although total units sales in 2009 dropped slightly by 4%, the average price of a Winnipeg home increased by 5% from the previous year. In 2009 the conversion of MLS listings to sales was 70%.

Manitoba's overall retail sales declined by 2% in 2009 due to the recession, but sales have shown positive growth in the last three quarters heading into 2010. At the end of 2009, Manitoba's retail sales were valued at \$14.8 billion. Winnipeg's retail sales in 2009 declined by less than 1% and were valued at \$9.3 billion. The Conference Board of Canada projects annual retail sales in Manitoba and Winnipeg will improve in 2010 by 1% and 4% respectively.

The Manitoba Bureau of Statistics reported Manitoba's exports dropped 18% in 2009 following the national trend, but not to the same extent. In 2009, Manitoba's export growth was led by large increases to Australia and the Middle East. Although Manitoba's manufacturing shipments declined in 2009 by 11%, Manitoba continues to outperform the national average.

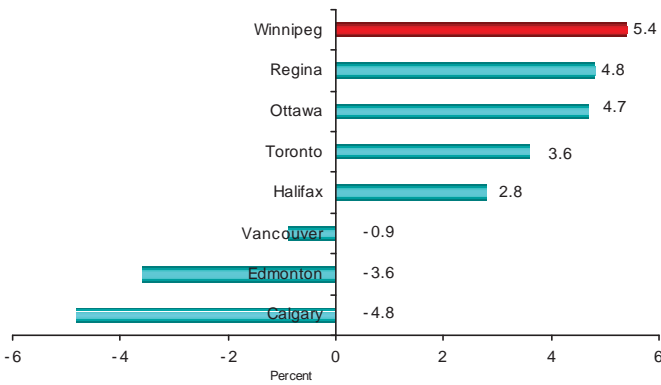
SELECT CITY COMPARISONS

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



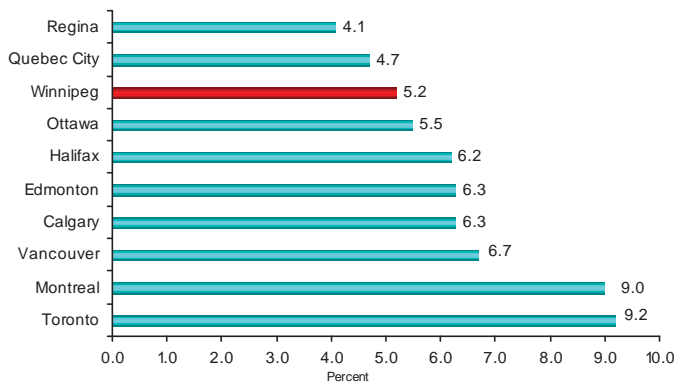
Source: Conference Board of Canada – Metropolitan Outlook Autumn 2009

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



Source: CREA, MLS, Conference Board of Canada
Note: Housing prices for Quebec no longer reported

**Unemployment Rate
Select Metropolitan Areas Q4 2009**



Source: Statistics Canada

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

Winnipeg	Q4 2009 YTD	Q4 2008 YTD	% Change YTD
Population 15 yrs plus (000)	592.3	583.1	1.6
Labour Force (000)	417.9	413.7	1.0
Employment (000)	396.1	395.8	0.1
Unemployment (000)	21.8	17.9	21.8
Not in Labour Force (000)	174.4	169.4	3.0
Unemployment Rate*	5.2	4.3	0.9*
Participation Rate*	70.6	70.9	-0.3*
Employment Rate*	66.9	67.8	-0.9*

Manitoba	Q4 2009 YTD	Q4 2008 YTD	% Change YTD
Population 15 yrs plus (000)	922.6	909.7	1.4
Labour Force (000)	640.1	632.9	1.1
Employment (000)	607.0	606.7	0.0
Unemployment (000)	33.2	26.2	26.7
Not in Labour Force (000)	282.5	276.8	2.1
Unemployment Rate*	5.2	4.1	1.1*
Participation Rate*	69.4	69.6	-0.2*
Employment Rate*	65.8	66.7	-0.9*

Canada	Q4 2009 YTD	Q4 2008 YTD	% Change YTD
Population 15 yrs plus (000)	27,309.2	26,924.7	1.4
Labour Force (000)	18,372.5	18,246.6	0.7
Employment (000)	16,806.4	17,130.0	-1.9
Unemployment (000)	1,521.2	1,116.6	36.2
Not in Labour Force (000)	8,936.6	8,678.1	3.0
Unemployment Rate*	8.3	6.1	2.2*
Participation Rate*	67.3	67.8	-0.5*
Employment Rate*	61.7	63.6	-1.9*

Source: Statistics Canada

* rate change only

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

Building Permit Values (\$000s)

Winnipeg	Q4 2009 YTD	Q4 2008 YTD	% Change YTD
Total residential & non-residential	\$929,870	\$1,034,594	-10.2
Residential	\$539,079	\$663,786	-18.8
Non-Residential	\$390,491	\$370,808	5.3
Industrial	\$41,212	\$37,844	8.9
Commercial	\$247,522	\$267,967	-7.6
Institutional & governmental	\$101,757	\$64,997	56.6

Source: Statistics Canada

Housing Market Activity

Canada	Q4 2009 YTD	Q4 2008 YTD	% Change YTD
MLS Average House Price	\$317,137	\$303,371	4.5
Winnipeg			
MLS Average Detached Sale Price	\$207,232	\$196,697	5.4
MLS Residential Unit Sales	12,182	12,630	-3.5
MLS Dollar Volume (\$ millions)	\$2,470	\$2,432	1.9
Single Family Housing Starts	1,505	1,930	-22.0
Total Housing Starts	2,033	3,009	-32.4

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

Office Space

Class A Average (Downtown) Net Rent	\$16.89	\$16.85	0.2
Overall Vacancy*	5.6%	7.5%	-1.9
Class B Average Net Rent	\$12.94	\$13.93	-7.1
Overall Vacancy*	10.8%	7.7%	3.1
Class C Average Net Rent	\$9.11	\$10.34	-11.9
Overall Vacancy*	8.4%	6.6%	1.8
Total Office Space			
Average Rent	\$11.66	\$12.99	-10.2
Average Overall Vacancy*	8.7%	7.2%	1.5

Source: Cushman & Wakefield LePage

* rate change only

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

Manufacturing Shipments (\$ millions)	Q4 2009 YTD	Q4 2008 YTD	% Change YTD
Canada	\$494,566.3	\$598,217.1	-17.3
Manitoba	\$14,589.9	\$16,377.6	-10.9

Source: Statistics Canada

Retail Trade (\$ millions)			
Canada	\$413,290.4	\$426,033.7	-3.0
Manitoba	\$14,882.1	\$15,016.9	-0.9

Source: Statistics Canada

Merchandise Exports (\$ millions)			
Canada	\$369,189	\$489,857	-24.6
Manitoba	\$10,664	\$12,973	-17.8

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

Average Weekly Earnings			
Canada	\$823	\$810	1.6
Manitoba	\$772	\$751	2.8

Source: Statistics Canada

Bankruptcies - Winnipeg CMA			
Consumers	1,614	1,317	22.6
Businesses	24	42	-42.9

Source: Industry Canada

Consumer Price Index			
Canada			
All Items	114.4	114.1	0.3
Winnipeg			
All Items	113.9	113.3	0.5

Source: Statistics Canada

Airport Statistics			
Total Passenger Volumes	3,379,443	3,570,033	-5.3

Source: Winnipeg Airports Authority

Financial (YTD average)			
Prime Rate	2.4%	4.7%	-2.3
Exchange Rate (Cdn \$ in US \$)	\$1.10	\$1.10	0.0
Canada 10-year Benchmark Bond	3.3%	3.6%	-0.3

Source: Bank of Canada

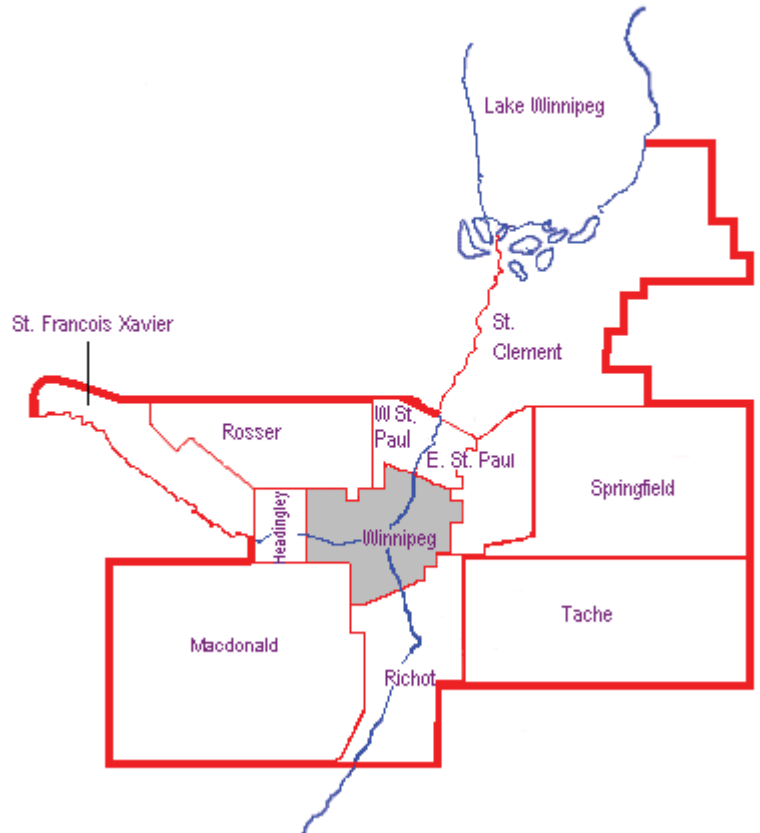
Credit Rating - City of Winnipeg	
Standard & Poor's	AA
Moody's Investor Services	Aa1

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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