



July 19, 2010

The following information was obtained from newspaper articles appearing in the *Globe and Mail* and the *National Post* for the week ending July 18, 2010

## OFFICE

According to **CB Richard Ellis**, the average office rent is \$49 per square foot in Edmonton, compared with \$25 per square foot in Chicago.

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## RETAIL

**Cadillac Fairview Corp.** started a \$120-million, two-year renovation of Toronto's Eaton Centre on July 1, 2010. Dozens of retailers will be moving to make room for an upscale area in the north end of the mall that will encompass 98,000 square feet with 936 seats, compared to the previous food court in two areas comprised of 15,000 square feet with 400 seats. The refurbished mall's Centre Court will also have new glass railings, floors and elevators.

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## COMMERCIAL REAL ESTATE

**Altus Group Income Fund**, a Toronto-based real estate consulting and professional advisory services company, purchased **Brazos Tax Group** and **PricewaterhouseCoopers'** United States-based real estate appraisal management group in the last month. Altus Group Income Fund is now in 60 cities in 15 countries and has taken over more than a dozen local professional service companies in the last five years. The company plans to use the two recent acquisitions to start consolidating the professional services industry in the United States. Altus Group Income Fund will convert from an income trust to a standard corporation, allowing it to make more foreign acquisitions, particularly in the United States and Asia Pacific region.

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## HOTEL AND RESORT

The Deerhurst Resort in Ontario's Muskoka region has been put up for sale by **Cornerstone Real Estate Advisers LLP**, a Hartford, Connecticut-based fund. **CB Richard Ellis Hotels** is handling the sale.

**Colliers International** reported that the number of hotel sales, including resorts, in Canada decreased by 20% in 2009 from 2008. The volume of hotel sales in Canada declined by 61% to \$414-million during the same period.

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## INSTITUTIONAL

The **University of Toronto** plans to construct a new 30 to 40-storey residence next to its downtown campus, which would be financed and built by Toronto-based **Knightstone Capital Management Inc.**, a private equity firm, at an estimated cost of \$120-million. Knightstone Capital Management plans to raise money from private investors, such as pension plans and private equity funds, to complete the residence. The University of Toronto and Knightstone Capital Management each own half of the proposed site, just east of Spadina Avenue on College Street, and would like to begin construction of the building in the spring of 2011, which still requires approval from the city of Toronto.

The latest design for the proposed Port Lands Sports Complex in Toronto's Port Lands features four hockey rinks on top of each other in a glass building the height of a 10-storey office building. The new design from **Rounthwaite, Dick and Hadley Architects Inc.** will be assessed by the city of Toronto's Waterfront Design Review Panel. The cost of the project is unknown, but City of Toronto officials say it will be more than the \$34-million in funds already committed towards the project.

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## INFRASTRUCTURE

**Canada Pension Plan Investment Board (CPPIB)** is launching a friendly \$3.2-billion bid for Australia's **Intoll Group**, which holds a 30% stake in the 407 ETR (Express Toll Route), north of Toronto, and a 25% stake in Sydney's M7 toll-road. CPPIB is offering shareholders A\$1.535 per share, a 38% premium over Intoll Group's A\$1.115 closing share price on the **Australian Securities Exchange** on July 14, 2010.

Toronto-based **Brookfield Asset Management Inc.** is unveiling a US\$400-million fund to invest in Colombia's infrastructure, which was launched in September, 2009. The fund is backing utilities, such as pipelines, as well as transportation projects such as ports, railways and roads in Colombia.

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## CONSTRUCTION

**Churchill Corp.**'s proposed \$386-million acquisition of **Seacliff Construction** has received shareholder approval. Churchill Corp. raised \$192-million with a bought deal of subscription receipts and convertible debt to partly finance the transaction.

**Statistics Canada** reported that investment in non-residential building construction in Canada increased by 1.2% to \$10.1-billion in the second quarter of 2010 from the first quarter of 2010. Investment in commercial construction increased by 1.5% to \$5.5-billion and investment in industrial building rose by 6.9% to \$1.1-billion in the second quarter of 2010 from the first quarter of 2010, while investment in institutional construction declined by 1% to \$3.5-billion during the same period. Ontario had the biggest increase in non-residential building construction, followed by Quebec, while British Columbia and Alberta reported the biggest decreases in non-residential construction.

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## MORTGAGE

Shares of **Genworth MI Canada**, a mortgage insurer, recently traded at \$23.20 after an initial public offering (IPO) at \$19 a year ago and have a dividend yield near 4%. Bond rating firm **DBRS Ltd.** ranks Genworth MI at double-A (low) and dismisses concerns that the Canadian mortgage market has much in common with the United States mortgage market, according to a recent report. Genworth MI has surplus cash and is expected to either buy back shares or issue a special dividend to return money to shareholders.

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## RESIDENTIAL

The **Canadian Real Estate Association** reported that the average sale price for an existing home in Canada decreased by 1.2% to \$342,662 in June, 2010, from the record price of \$346,881 in May, 2010, but increased by 4.9% from June, 2009. Sales of existing homes in Canada declined by 8.2% in June, 2010, from May, 2010, and decreased by 19.7% from June, 2009. Sales of existing homes in Canada declined by 13.3% in the second quarter of 2010 from the first quarter of 2010. The number of new listings on the market decreased by 6.8% in June, 2010, from May, 2010.

The **Real Estate Board of Greater Vancouver** reported that sales of existing homes in greater Vancouver decreased by 30% in May, 2010, from May, 2009. The **Toronto Real Estate Board** reported that sales of existing homes in the Greater Toronto Area (GTA) declined by 20% during the same period.

The **Quebec Federation of Real Estate Boards** reported that housing sales in the province of Quebec decreased by 4% in the second quarter of 2010 from the second quarter of 2009, but housing sales increased by 13% in the first six months of 2010 from the first six months of 2009. Housing sales in Montreal declined by 4% in Montreal and by 16% in Quebec City in the second quarter of 2010 from the second quarter of 2009. Half of all single-family homes sold in Quebec in the second quarter of 2010 were for more than \$213,000, a 9% increase over the same period in 2009. The median price of condominiums in Quebec rose by 9% to \$196,849 in the second quarter of 2010 from the second quarter of 2009.

According to the **Georgian Triangle Real Estate Board**, overall MLS (Multiple Listing Service) sales in Ontario cottage country's Georgian Triangle rose by 40% in the first five months of 2010 from the first five months of 2009. The average sale price of a home or cottage in the Georgian Triangle increased by 12% during the same period. The average sale price for a recreational property in the Georgian Triangle was \$312,529 at the end of May, 2010.

**TransAsia Investment Partners**, a Chinese company that was created to help residents of China buy properties abroad, particularly in Canada, has arranged for 30 investors who have paid \$5,500 each to take a 10-day real estate tour of Toronto and Vancouver in August, 2010. The real-estate tour group will visit two condominium developers while in Canada, **Tridel Corp.** and **Concord Pacific**.

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## UNITED STATES AND OTHER MARKETS

**Marriott International Inc.** expects revenue per available room (revPAR) to increase by 5% to 7% in the third quarter of 2010. Marriott International's revPAR rose by 7.9% in the second quarter of 2010.

According to **Standard & Poor's/Case-Shiller indexes**, housing prices in the United States have decreased by approximately 30% from their peaks four years ago.

The **Mortgage Bankers Association** reported that demand for loans to purchase homes in the United States decreased by 3.1% in the week ended July 9, 2010, representing a 13-year low.

According to **Realty Trac Inc.**, bank repossessions of homes in the United States rose by 38% in the second quarter of 2010 from the second quarter of 2009. Banks are expected to take back more than one million homes across the United States by the end of 2010 and three million properties are projected to receive foreclosure filings during the same period.

The **Crown Estate** in the United Kingdom has opened "exploratory discussions" with potential investors about selling a minority stake in Regent Street in London, one of the world's most famous shopping destinations.

According to *The Wall Street Journal*, housing prices in China decreased by 16% in June, 2010, marking the first price decline in 16 months. Housing prices in Hong Kong rose by 27.6% in 2009 from 2008. Housing prices in mainland China increased by 25.1% during the same period.

According to **UBS Securities**, average property prices in 70 cities in China declined by 0.1% in June, 2010, from May, 2010.

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