



August 9, 2010

The following information was obtained from newspaper articles appearing in the *Globe and Mail* and the *National Post* for the week ending August 8, 2010

OFFICE

Brookfield Asset Management Inc. reported that its revenue increased to US\$3.08-billion in the second quarter of 2010 from US\$2.55-billion in the second quarter of 2009. Commercial properties contributed US\$300-million in revenue in the second quarter of 2010, compared with US\$240-million in the second quarter of 2009. Brookfield Asset Management's profit rose to US\$89-million from a loss US\$342-million during the same period.

Shares of **Brookfield Properties Corp.** declined in value by approximately 10% after the company announced its plan to restructure and acquire a stake in some of Australia's best office towers on July 29, 2010, through the period until the close of trading on August 3, 2010. The share price of its parent company, **Brookfield Asset Management Inc.**, increased by nearly 4% during the same period.

According to **CB Richard Ellis**, the average office rent is \$52 per square foot in Calgary, \$28 per square foot in Houston, \$46 per square foot in Miami and \$46 per square foot in Manchester, United Kingdom.

RETAIL

RioCan Real Estate Investment Trust (REIT) received an unsolicited offer to buy up to four million of its units at \$18.75 per unit from **TRC Capital Corp.**, which was 4.48% below the price at which the units were trading when the offer was made. RioCan REIT responded by recommending that unitholders not tender their units.

URBAN REDEVELOPMENT

Certain mid-size cities in Canada are revitalizing their downtown cores through visionary planning and innovative redevelopment strategies. The city of London, Ontario, is revitalizing its downtown with renewed residential and office development and a different mix of retail, such as cafes, restaurants and specialty stores, to replace major department stores. The downtown shopping centre Citi Plaza, where The Bay used to be located, is now a multipurpose venue with the central library, retail and office space, and satellite campuses of **Fanshawe College** and the **University of Western Ontario**. Kingston's downtown has become a dynamic event space, with regular outdoor concerts and festivals. Kingston's local business improvement area (BIA) recently contributed \$3-million to the construction of the downtown's \$47.5-million K-Rock Centre, which hosts about 90 events annually.

CONSTRUCTION

Aecon Group Inc., a Canadian construction company, has increased its backlog of contracts by 64% to \$2.7-billion over the past year, according to **NCP Northland Capital Partners**.

The value of building permits in Canada increased by 6.5% in June, 2010, from May, 2010. The value of non-residential building permits in Canada rose by 23.5% in June, 2010, from May, 2010. The value of residential building permits decreased by 4.5% to \$3.6-billion during the same period, due to a decline in single-family housing permits.

RESIDENTIAL

According to the **Real Estate Board of Greater Vancouver**, sales of existing homes decreased by 45% in July, 2010, from July, 2009. The average price of a resale home in Greater Vancouver declined by 2.8% to \$577,074 in July, 2010, from a peak of \$593,419 in April, 2010. Sales of existing homes in Calgary declined by 42% in July, 2010, from July, 2009.

Sales of existing homes in Canada declined by 8.2% in July, 2010, from June, 2010, according to data from the real estate industry. Sales of existing homes decreased by as much as 40% in July, 2010, from July, 2009, in some major markets in Canada. The average price of an existing home in Canada increased by 5.2% in the second quarter of 2010 from the second quarter of 2009.

The **Canadian Real Estate Association** reported at the end of June, 2010, that it would take 6.9 months to sell all the listed homes in Canada, given the current rate of sales, representing the highest level since March, 2009.

New low-rise home sales in the Greater Toronto Area (GTA) declined by 24% to 1,156 units in June, 2010, from May, 2010, and decreased by 46% from June, 2009. The average price of a new low-rise home in the GTA increased by 2% to \$487,840 in June, 2010, from May, 2010, and rose by 11.2% from June, 2009. New high-rise condominium sales in the GTA increased by 20% to 1,764 units in June, 2010, from May, 2010, and decreased by 1% from June, 2009. The average price of a new high-rise condominium suite increased by 0.6% to \$426,252 in June, 2010, from May, 2010, and rose by 9.6% from June, 2009.

According to **RealNet Canada Inc.**, there were only 34 new semi-detached homes and 144 new townhouses for sale in the city of Toronto in May, 2010, compared with 387 new semi-detached homes and 976 new townhouses on the market in May, 2000. In the Greater Toronto Area (GTA), 979 new semi-detached homes came on the market in the first five months of 2010, compared with 5,347 new semi-detached homes in 2000. There were 2,281 new semi-detached homes for sale in the GTA in the first five months of 2010, compared with 6,207 new townhouses in 2000.

Urbanation Inc. reported that new condominium sales in the Toronto area decreased by 8% to 4,991 units in the second quarter of 2010 from 5,415 in the first quarter of 2010. The amount of time condominium units are sitting on the market increased to 25 days from 22 days during the same period. The number of unsold units on the market increased by 12% to 12,638 at the end of the second quarter of 2010 from the second quarter of 2009.

Calgary-based **Enbridge Inc.** has offered to buy 200 homes from people who are worried the Kalamazoo River oil spill in western Michigan will reduce their property values. Homes that were listed for sale before the spill will receive full list price, while homeowners wanting to move because of the spill will receive the appraised value before the spill. According to *zillow.com*, home prices in the Battle Creek area have declined by 30% since the spring of 2006 and prices in Marshall, the site of the spill, have decreased by approximately 23% during the same period.

UNITED STATES AND OTHER MARKETS

Chicago-based **Ventas Inc.** reported funds from operations of US71 cents a share and raised its 2010 earnings guidance. Ventas, the second largest United States health care real estate investment trust (REIT) by market capitalization, closed a US\$381-million transaction on July 1, 2010, to buy **Lillibridge Healthcare Services Inc.**, adding interests in 96 medical office buildings. **California-based HCP Inc.**, the largest United States health care REIT, reported US\$1.2-billion in revenue in the past twelve months. Ohio-based **Health Care REIT Inc.** invested nearly US\$900-million in acquisitions in the first six months of 2010. These three health care REITs in the **Standard & Poor's 500** have posted year-to-date gains ranging from 6 to 20%. A half dozen other REITs in the S & P 500 have reported gains of 20 to 40% so far in 2010.

The **National Association of Realtors** reported that its pending home sales index, based on contracts signed in June, 2010, decreased by 2.6% to 75.7 from 77.7 in May, 2010.

The **Azrieli Group** raised \$700-million by selling approximately 25% in the Israeli shopping centre conglomerate through an initial public offering (IPO) in July, 2010, which gives the company a market value of approximately \$2.8-billion.

Residential real-estate prices more than doubled in the last year in Shanghai, China, where 1,187 low-income residents have been selected to purchase affordable housing. The government of China plans to build three million affordable apartments in cities in 2010 for low-income earners and an additional 2.8 million units will be built in rural areas. The central government has allocated 60 billion renminbi (\$9.07-billion) to ensure construction of affordable housing is completed on time, according to China's Minister of Housing.

Property prices in 70 large Chinese cities declined by 0.1% in June, 2010, from May, 2010, representing the first monthly decrease since February, 2009. Property sales volumes in large cities also decreased sharply in June, 2010, from May, 2010. The China Banking Regulatory Commission has instructed banks to stop extending mortgages to people purchasing their third homes in Beijing, Shanghai, Shenzhen and Hangzhou, cities where prices had been increasing sharply, sources said.

For more information about our services, please contact Tom Rothfischer,
Toronto Real Estate Assurance Practice Leader
at (416) 777-8569.

[Subscribe/Unsubscribe](#) | [Edit Contact Information](#)

© 2010 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.