



August 16, 2010

The following information was obtained from newspaper articles appearing in the *Globe and Mail* and the *National Post* for the week ending August 15, 2010

## OFFICE

According to **CB Richard Ellis**, the average office rent is \$29.50 per square foot in Winnipeg and \$41.60 per square foot in Boston.

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## HOTEL, ENTERTAINMENT AND RECREATION

**Great Canadian Gaming Corp.**, a Canadian operator of casinos and thoroughbred racetracks, reported that earnings rose by 55% to \$9.6-million, or 11 cents a share, in the second quarter of 2010 from \$6.2-million, or 7 cents a share, in the second quarter of 2009. Revenue increased by 3% to \$97m during the same period. The company's earnings were boosted by the strong performance of its flagship River Rock Casino Resort.

The Musqueam native band has a 15-year plan to develop an eight-hectare parcel of land adjacent to the **University Golf Course** in Vancouver, starting with a hotel in the next year or so, according to **Colliers International**. The Marriott hotel chain has shown interest in the project, says Colliers International. The 15-year plan also calls for office buildings, rental apartments and 99-year prepaid-lease condos and townhouses, if the community consultation gives the go-ahead.

The estimated cost for the proposed four-pad stacked, eight-storey Port Lands Sports Complex on Toronto's waterfront lands is \$88-million, based on a revised design, according to a **City of Toronto** report. The report on the proposed arena will be presented to the Mayor's executive committee on August 16, 2010.

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## REAL ESTATE INVESTMENT TRUSTS

Canadian real estate investment trusts (REITs) generally posted solid growth in the second quarter of 2010, but are keeping a close eye on economic trends. **Canadian REIT** anticipates a slow recovery in commercial real estate and expects that its main source of growth in earnings for 2010 will be through new acquisition activities. **Primaris REIT** is looking for a few more months of positive data to confirm that a reversal of the recent decline in tenant sales will be a continuing trend. **Allied REIT** expects a stable operating environment for the rest of 2010. **Homburg REIT** has seen a gradual marginal decline in yields as a result of a more competitive investment market with more capital available. **RioCan REIT** expects to realize interest expense savings as the need to carry large amounts of cash on the balance sheet decreases with improved economic and capital market conditions.

**CAP Real Estate Investment Trust (REIT)** reported solid results in the second quarter of 2010 and expects growth to continue despite higher electricity costs, HST (Harmonized Sales Tax) pressure and Ontario's relatively low allowable rental rates increase for 2011, according to **BMO Nesbitt Burns**.

**Crombie Real Estate Investment Trust (REIT)** is successfully leasing expiring space and is expected to make acquisitions in 2010 to expand its presence outside Atlantic Canada, according to **Beacon Securities Ltd.**

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## CONSTRUCTION

**Aecon Group Inc.**, a Canadian construction company, has agreed to pay approximately \$180-million to buy the assets of privately owned **Cow Harbour Construction Ltd.**, an Alberta oil sands contracting-services business which filed for bankruptcy protection in the spring of 2010.

**Canada Mortgage and Housing Corp.** reported that housing starts in Canada decreased by 1.6% to 189,200 units in July, 2010, on a seasonally adjusted annualized basis, from an upwardly revised 192,300 units in June, 2010. The decline in housing starts in Canada in July, 2010, was led by a decrease in single-family home starts.

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## URBAN DEVELOPMENT

**One Development Corp.**, developer Alex Spiegel's closed-end investment fund which invests in new sustainable real estate projects, is building 35 sustainable townhouses in Picton, Ontario. **Ideas Development Inc.**, Mr. Spiegel's development company, is building eight infill sustainable townhouses at Beverley and Cecil Streets in Toronto.

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## RESIDENTIAL

According to **Bank of Nova Scotia**, resale housing prices in Canada increased by 6.8% in the second quarter of 2010 from the second quarter of 2009, compared with a price gain of 16.6% in the first quarter of 2010 from the first quarter of 2009. The average price of a resale home in Canada more than doubled between 2000 and the first half of 2010. The average cost of a new home in Canada rose by just over 50% during the same period.

**Statistics Canada** reported that new home prices in Canada increased by 0.1% in June, 2010, from May, 2010, and rose by 3.3% from June, 2009. New home prices increased by 0.3% in Toronto and 0.5% in Ottawa-Gatineau in June, 2010, from May, 2010, but decreased by 0.4% in Regina during the same period.

The **British Columbia Real Estate Association** reported that residential sales in the province decreased by 42% to 5,784 units in July, 2010, from July, 2009, and declined by 19% from June, 2010, on a seasonally adjusted basis. The average residential price in British Columbia increased by 6% to \$491,832 in July, 2010, from July, 2009. Residential sales volume in British Columbia rose by 16% to \$24.2-billion year-to-date in 2010, compared with the same period in 2009. Residential unit sales in British Columbia increased by 4% to 48,127 units year-to-date in 2010, compared with the same period in 2009. The average residential price rose by 13% to \$504,281 year-to-date in 2010, compared with the same period in 2009.

According to the **Toronto Real Estate Board**, sales of existing homes in the Greater Toronto Area (GTA) increased by 12% in the first seven months of 2010 from the first seven months of 2009. Sales of existing homes in the GTA decreased by 34% in June, 2010, from June, 2009, and declined by 23% in July, 2010, from July, 2009.

**RealNet Canada Inc.** reported that new single-detached, semi-detached and town-home sales in the Greater Toronto Area (GTA) decreased by 46% in June, 2010, from June, 2009. Sales of low-rise homes in the GTA increased by 29% year-to-date in 2010, compared with the same period in 2009.

According to **Urbanation**, new condominium sales in Toronto's Census Metropolitan Area (CMA) declined by 8% in the second quarter of 2010. New condominium sales in Toronto's CMA reached a record high of 5,415 units in the first quarter of 2010 and there were 21,318 units sold over the past 12 months. Sales of resale condominiums in Toronto's CMA rose to a quarterly record of 5,076 units in the second quarter of 2010 and increased by 5% from the second quarter of 2009. The average price of a resale condominium in Toronto's CMA increased by less than 1% to \$331,000 in the second quarter of 2010.

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## UNITED STATES AND OTHER MARKETS

**JPMorgan Chase & Co.** purchased 3,800 commercial and multifamily mortgages for US\$3.5-billion from **Citigroup Inc.** The loans are mainly on apartment buildings in California, Illinois and New York.

Five lenders have exercised their right to take control of the \$2-billion Xanadu retail and entertainment complex in New Jersey's Meadowlands from an ownership group led by California-based **Colony Capital**. The lenders are negotiating to revive and finish the stalled project, says a spokesman.

The average occupancy rate in New York City hotels increased by 6.8% in the first half of 2010 from the first half of 2009. The number of people employed in the city's leisure and hospitality sector rose to a total of 320,000, according to Mayor Michael Bloomberg and other city officials.

**Freddie Mac** reported a net loss of US\$6-billion in the second quarter of 2010, compared with a loss of US\$7.98-billion in the first quarter of 2010 and a loss of US\$840-million in the second quarter of 2009. Freddie Mac and **Fannie Mae** had a combined loss of US\$9-billion in the second quarter of 2010.

According to the **Bank of Nova Scotia**, housing demand and prices declined in global real estate markets in the second quarter of 2010 after increasing in the first quarter of 2010. Still, gains were made. Canada and Australia reported double-digit increases in inflation adjusted housing prices in the first quarter of 2010, compared with the first quarter of 2009. Housing prices increased in Sweden, Switzerland and Britain in the first quarter of 2010 from the first quarter of 2009, while the United States and France had marginal price declines, and Spain, Ireland and Japan saw housing prices decrease during the same period.

The £1.45-billion Westfield Stratford City mall, developed by Australia's **Westfield Group**, is nearing completion and will cover 1.9 million square feet, serving as the gateway to the 2012 Olympic Games in East London, United Kingdom. When the mall opens in 2011, approximately 8,500 people will work there and that number is expected to reach as high as 18,000 people when all the retail and leisure phases are complete. Westfield Group considers the mall – anchored by Britain's biggest retailers including **Waitrose**, **John Lewis** and **Marks & Spencer** -- the commercial anchor for a new East London metropolis.

Developers in India including **Housing Development & Infrastructure Ltd.** and **Ackruti City Ltd.** are building luxury high-rise condominiums in former slums in Mumbai due to a 46-year-old law that limits building height in established residential areas. **SD Corp.** built the 60-storey twin-tower, The Imperial, on narrow lanes cluttered with tiny sheds and the 50-storey Lodha Bellissimo was built a few metres from a prison. **DB Realty Ltd.** and **K. Raheja Corp.** are building luxury residential towers with views of train tracks on defunct textile mills in Mumbai's Jacob Circle area.

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