



August 23, 2010

The following information was obtained from newspaper articles appearing in the *Globe and Mail* and the *National Post* for the week ending August 22, 2010

## OFFICE

According to **CB Richard Ellis**, the average office rent is \$47 per square foot in Ottawa, compared with \$54 per square foot in Washington, D.C.

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## COMMERCIAL

**CB Richard Ellis Ltd.** reported that the value of commercial property transactions in Canada rose by 60% to \$7.8-billion in the first six months of 2010 from \$4.9-billion in the first six months of 2009. The number of commercial property transactions in Canada increased to 2,243 from 1,565 during the same period. In Toronto, there were 563 commercial real estate deals, totaling \$2.9-billion in transaction volume in the first six months of 2010. In Vancouver, there were 632 transactions, totaling \$1.6-billion in volume during the same period. In Montreal, 446 transactions took place, totaling \$1.1-billion in volume. In Calgary, there were 188 deals with a total value of more than \$680-million. In Edmonton, there were 161 transactions totaling \$754-million. Ottawa reported 83 transactions totaling \$267-million and Halifax had 32 deals totaling \$111-million in volume.

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## RETAIL

**RioCan Real Estate Investment Trust (REIT)** is acquiring an 80% stake in five retail properties in Pennsylvania, New Jersey and Virginia for \$107-million, which nearly doubles its United States holdings to 1.94 million square feet. RioCan REIT is also close to buying two more retail properties in the United States that will add another 864,000 square feet. RioCan REIT says it expects the number of United States properties it owns to increase from 15 (following the close of its latest acquisition) to approximately 25 properties by the end of 2010.

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## REAL ESTATE INVESTMENT TRUSTS

Calgary-based **Boardwalk Real Estate Investment Trust (REIT)** reported that funds from operations declined by 4% to 66 cents per unit in the second quarter of 2010 from the second quarter of 2009. Occupancies rose by 240 basis points to 97.3%, but average rents decreased by \$26 to \$1,003 per unit during the same period. Boardwalk REIT has \$215-million of cash on hand and \$200-million of undrawn credit, representing a loan to value rate of 51%.

A partnership led by **Greystone Managed Investments Inc.**, a Regina-based asset manager, has acquired all of the units in privately held **Timbercreek Real Estate Investment Trust (REIT)** for \$182-million. Timbercreek REIT, which owns 5,112 units in 62 apartment buildings in Manitoba, Ontario, Quebec and Nova Scotia, will continue to manage the portfolio of properties.

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## HOTEL, RESORT AND RECREATION

The **City of Toronto's** executive committee endorsed the design of the proposed eight-storey hockey arena with four NHL-sized pads stacked on top of each other in Toronto's Port Lands, a project which has an estimated cost of \$88-million.

Peter Munk, chairman of **Barrick Gold Corp.**, is converting his Porto Montenegro marina on the Adriatic coast into a resort development for "superyachts" and luxury condominiums that will also include two boutique hotels, golf courses, shops and restaurants. Mr. Munk has already invested €100-million (\$133-million) on an environmental clean-up. Other investors in the project include **Lord Jacob Rothschild, Nathaniel Rothschild, Bernard Arnault**, the chairman of **LVMH Moët Hennessy Louis Vuitton SA**, and Russian billionaire Oleg Deripaska, owner of **United Co. Rusal**.

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## RETIREMENT HOMES AND CARE

**Chartwell Seniors Housing Real Estate Investment Trust (REIT)** reported financial results that were better than expected in the second quarter of 2010, due to acquisitions and reduced costs, according to **CIBC World Markets**.

**Onex Corp.** has made a US\$12.60-per-share offer for **ResCare Inc.**, which values the United States provider of home care to the elderly and disabled at approximately US\$370-million.

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## MIXED-USE DEVELOPMENT

**Waterfront Toronto** announced that the development company **Hines** is the winner of a competition to design a proposed new neighbourhood below the Esplanade in Toronto, which would include 1,700 new condominium units in the Bayside development. Backed by an \$800-million private sector investment, the plan also calls for a retail and entertainment corridor, and employment space for 2,400 jobs on the 10-acre site bordered by Lake Ontario, Queen's Quay East, Parliament Street and Sherbourne Street. If the plan is approved at an upcoming meeting by **Toronto City Council**, construction could begin in 2013, with the entire project scheduled for completion by 2021.

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## CONSTRUCTION

**Bird Construction Income Fund**, a Canadian general contractor, reported profits that were better than expected and an improving order backlog in the second quarter of 2010, according to **National Bank Financial**.

According to **Statistics Canada**, the value of building permits in Quebec increased by a combined total of 11% to \$444-million for non-residential permits and \$872-million for residential permits in June, 2010, from June, 2009.

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## MORTGAGE BONDS

**Canada Housing Trust** launched a \$2.25-billion offering of fixed-term AAA-rated Canada Mortgage Bonds with a term of 10-plus years. Canada Mortgage Bonds are backed by a pool of insured mortgages guaranteed by **Canada Mortgage & Housing Corp.** Canada Housing Trust also issued a \$500-million floating-rate offering.

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## RESIDENTIAL

**Camrost-Felcorp.** is undertaking a restoration and conversion of the iconic Imperial Oil building at 111 St. Clair Ave. West in Toronto into a condominium building after purchasing the property less than two months ago. Rod Rowbotham of **Onespace Unlimited** will be the chief architect of the building conversion and **Hariri Pontarini** will design a new tower that will sit perpendicular to the original building at the back of the lot.

The **Canadian Real Estate Association** reported that sales of existing homes in Canada decreased by 30% in July, 2010, from July, 2009, and declined by 6.8% from June, 2010, on a seasonally adjusted basis. The average price of an existing home in Canada decreased by 3.6% to \$330,351 in July, 2010, from \$342,662 in June, 2010, but increased by 1% from July, 2009. Sales of existing homes declined by 45% in July, 2010, from July, 2009, in Vancouver. Sales of existing homes decreased by 14.1% in July, 2010, from June, 2010, in British Columbia, on a seasonally adjusted annual basis and declined by 8% in Ontario during the same period. The seasonally adjusted annual number of new listings in Canada decreased by 7.2% in July, 2010, from June, 2010, and new listings declined by 17.5% since April, 2010. The number of months of inventory was seven months in July, 2010, compared with 4.4 months in July, 2009.

According to **Statistics Canada**, its housing index decreased by 4.1% in July, 2010, from June, 2010, as both housing starts and sales declined during that period.

Realtors in the Greater Toronto Area (GTA) reported that sales of existing homes through the Multiple Listing Service (MLS) decreased by 29% to 2,732 units in the first two weeks of August, 2010, from 3,832 units in the first two weeks of August, 2009. New listings in the GTA declined by 8% to 4,770 during the same period. The average price for an existing home in the GTA in the first two weeks of August, 2010, increased by 8% to \$412,934 from \$383,796 in the first two weeks of August, 2009.

The **Toronto Real Estate Board** reported that the number of condominium sales in Toronto decreased by 25% in July, 2010, from June, 2010. The supply of condominiums in Toronto reached a record 10,997 units in the second quarter of 2010 and an additional 34,089 units are under construction, with approximately 88% of those units already sold. An additional 5,000 condominium units are expected to begin construction in the next three months. According to **RealNet Canada Inc.**, the average price of a new condominium in Toronto rose by 92% to \$565 a square foot in the second quarter of 2010 from \$294 per square foot in 2003. The average selling price of a condominium unit in Toronto increased by 1% to \$331,000 in the second quarter of 2010. Developers completed approximately 16,000 new condominium units in Toronto in 2009, twice as many as in New York and three times as many as in Vancouver.

According to **Canada Mortgage and Housing Corp.**, 66,305 condominium units and 5,659 rental units were built in Toronto from 2005 to 2009. In Vancouver, 59,854 condominium units were built from 2005 to 2009, compared with 3,593 rental units during the same period.

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## UNITED STATES AND OTHER MARKETS

Takeovers of United States homebuilders may increase as declining demand for new houses spurs companies to consolidate to add market share, says **Citigroup Inc. Ryland Group Inc., Meritage Homes Corp. and Beazer Homes USA Inc.** are the most probable targets and **D.R. Horton Inc., KB Home, MDC Holdings Inc. and Pulte Group Inc.** are the most likely buyers, says Citigroup.

The **Mortgage Bankers Association** reported that its seasonally adjusted index of mortgage applications in the United States rose by 13% for the week ended August 13, 2010, reaching its highest level in 15 months.

According to real estate search site *Trulia.com*, 27% of Americans currently renting houses and apartments do not plan to ever buy a home. Among renters 72% expect to eventually to buy a home, compared with 77% six months ago.

According to **Savills PLC**, there has been a quadrupling in the number of residential buying agents over the past five years in the prime central London market, and buying agents have proliferated in the luxury markets of London and southern England, as a weaker pound has attracted overseas investors. Unlike in the United States, where both buyers and sellers usually hire real estate brokers, potential United Kingdom home buyers typically register with estate agents who are ultimately paid by the sellers. According to **London Central Portfolio Ltd.**, residential purchases in the London neighbourhoods of Westminster, Kensington and Chelsea, where average prices are more than £1.3-million, have declined by 23% from the average since 1996. According to **Knight Frank LLP**, prices for prime homes in central London rose by 23% since March, 2009. Property values in the United Kingdom increased by approximately 12% during the same period, according to the **Nationwide Building Society**.

House prices in Hong Kong rose by 13% to date in 2010 following a 30% increase in 2009. Hong Kong city officials have announced that additional city land will be made available to developers.

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Toronto Real Estate Assurance Practice Leader  
at (416) 777-8569.

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