

The New York Times

A Fresh Face for an Area Where Finance Once Ruled

Sat Feb 5 2011

Page: 14

Section: Metropolitan

Byline: CHARLES V. BAGLI

Illustrations: PHOTO: In the past 10 years, Lower Manhattan has seen an increase in residents and changes in the types of businesses calling it home. (PHOTOGRAPH BY RUTH FREMSON/THE NEW YORK TIMES)

Next year, Fidelity Investments will move from Lower Manhattan to Jersey City.

Deloitte & Touche, the auditing and financial advisory firm, is also leaving the area, for Rockefeller Center, while a neighbor, the Japanese bank Nomura, appears headed to Midtown.

The loss of additional companies from the city's historic financial district and the surrounding blocks has in the past led to hand-wringing by planners, politicians and landlords about the dubious future of Lower Manhattan.

But this time, the news has been greeted with as many yawns as laments.

Finance still dominates the neighborhood, but Lower Manhattan has changed remarkably over the past 10 years. The residential population has more than doubled since Sept. 11, and the number of hotels has tripled to 18. More important, there are a growing number of law firms, tech companies and nonprofit organizations moving into the district.

Among the 60 media firms that now, or soon will, call Lower Manhattan their home are Newsweek, which recently merged with The Daily Beast; The Daily News and American Media Inc., publisher of The National Enquirer, Playboy and other titles. Conde Nast Publications is negotiating a 1 million-square-foot lease at 1 World Trade Center, the skyscraper under construction at ground zero. And the number of tourists continues to swell.

"You never want anyone to leave," said Elizabeth H. Berger, president of the Alliance for Downtown New York. "But the real story is that while financial services remains our signature industry, Lower Manhattan has diversified. The bottom line is we're a very attractive place for a lot of different kinds of commercial tenants."

More than 40 percent of residents walk to work, Ms. Berger said.

The Federal Reserve Bank is still in Lower Manhattan, as is Deutsche Bank. Goldman Sachs recently built a new headquarters for thousands of employees. Oppenheimer Funds, Dow Jones and Commerzbank, whose leases expire soon, are expected to remain in Lower Manhattan. Morgan Stanley, whose headquarters is in Times Square, is looking for more space there.

Still, the very institutions that symbolize the citadel of capitalism are moving or changing in ways that

will continue to transform the old financial district. With an ever-increasing percentage of trading conducted electronically at both the New York Stock Exchange and the Commodities Exchange, financial firms no longer feel that being located near those institutions is necessary.

The Federal Deposit Insurance Corporation moved to the Empire State Building from Lower Manhattan last year, and next year, the Depository Trust and Clearing Corporation, which clears and trades securities for many brokerages and banks, will move the bulk of its operations and 1,400 employees to Jersey City.

Both American International Group and Merrill Lynch, once among the largest employers in the area, are shrinking. So the loss of Deloitte, and possibly Nomura, is a blow to Lower Manhattan, some real estate executives say, especially with at least two skyscrapers being built at ground zero.

"The situation with Nomura and Deloitte isn't the end of the world," said Peter G. Riguardi, president of New York operations for Jones Lang LaSalle, a commercial real estate broker. "But it's disappointing, a setback."

Since the 1960s, financial firms have been moving from the area to more modern buildings in Midtown, where they could be closer to clients and to the homes of their workers. Concerned about costs, banks began shifting their data operations to the office towers sprouting on the Jersey City waterfront 20 years ago. Fidelity, like its rivals Charles Schwab and TD Ameritrade, also moved there to reduce costs.

But for many city officials, landlords and real estate executives, the idea that Deloitte and Nomura would remain in the financial district was a foregone conclusion.

Last August, the Bloomberg administration agreed to provide Deloitte with up to \$21 million in tax breaks to expand its payroll, with the understanding that it would enlarge its presence at the World Financial Center. It would take as much as 630,000 square feet as it moved its world and United States headquarters from Midtown to Lower Manhattan.

But in December, Deloitte began to focus on Rockefeller Center, which offered more prestigious, but older and presumably more expensive office space in Midtown. Real estate executives familiar with the negotiations said that many Deloitte partners preferred being in Midtown, closer to their

competitors and to Grand Central Terminal. Since the deal is not yet finalized, no one involved is willing to discuss it. But city officials told Deloitte that they would be far less generous with tax incentives if the company left the financial district.

Real estate brokers said that Deloitte's move to Rockefeller Center would be dependent, in part, on the law firm Chadbourne & Parke's vacating its offices there. The brokers said that the law firm is talking to Boston Properties, which was hoping to build a new billion-dollar office tower at Eighth Avenue and 55th Street.

Nomura had also nearly renewed its lease at the World Financial Center when the bank opened talks with the owner of Worldwide Plaza, an office tower on Eighth Avenue between 49th and 50th Streets. Nomura's current landlord, Brookfield Office Properties, is still battling to keep the bank downtown.

"Downtown's success cannot come just from financial services," Mr. Riguardi said.

The loss of both Deloitte and Nomura, more than 1 million square feet combined, would increase Lower Manhattan's already rising vacancy rate. But officials contend that the neighborhood, where rents are about 30 percent lower than in Midtown, will be increasingly attractive.

Also, the city's two newest and most technologically advanced skyscrapers are expected to open in 2013 at ground zero. Conde Nast, which was negotiating to bring its stable of chic magazines to the first tower, would draw an increasing range of companies to the area, brokers said.

Seth W. Pinsky, president of the city's Economic Development Corporation, said that financial services must remain an important part of that area's economy. But, he added, "We're encouraged, though, by the complementary evolution that has been taking place in the area, evidenced by the explosive growth of its residential population and the arrival of new and growing industries."

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The Globe and Mail

What's up with the official plan?; Architect Peter Milczyn could merely tweak or make major adjustments, but he has the power to significantly alter the city we know

Sat Feb 5 2011
Page: A16
Section: Toronto News
Byline: John Lorinc
Source: Special to The Globe and Mail

A key piece of David Miller's green roofs strategy may cave in next week when city council debates a motion from the planning and growth management committee to exempt industrial buildings.

Will it be a sign of what's to come?

Mayor Rob Ford's hand-picked chair, Peter Milczyn (Etobicoke Lakeshore), has signalled that he intends to shake up the city's planning rules. At the committee's inaugural session, it voted to ask council to rescind the notorious driveway restrictions, and it appears that other Miller-era development policies may also be on the chopping block.

There's little question that planning will become a high-profile issue this term. While Mr. Ford demonstrates little interest in growth management and has threatened to freeze spending on waterfront redevelopment, his bid to extend the Sheppard subway will almost certainly mean disruption and intensification for the residential neighbourhoods along the proposed route.

Dealing with the consequences of such moves has fallen to Mr. Milczyn. He's been given a great deal of latitude to press ahead with planning changes that could significantly alter Toronto's landscape. A taste of what's in store:

Official Plan Redux

Toronto's official plan is up for a mandated review in 2011, but it's not yet clear whether the city plans to tweak the five-year-old document or pursue major changes.

"We're interested to see if [the review] is going to be a shampoo and a haircut or whether they'll take a holistic look at the problems with the OP," says Stephen Deveaux, Tribute Communities vice-president of land development.

Development is taking place according to the plan's guidelines, insists Kerri Voumvakis, the city's acting director of policy and research.

But Mr. Milczyn is less certain. He wants to make the OP more precise so neighbourhoods are protected from encroaching development.

Despite his committee's willingness to gut some environmental planning policies, Mr. Milczyn claims he also wants to promote improved urban and architectural design beyond the waterfront and

downtown tourist areas. He also sees the anticipated sell-off of city-owned real estate as an opportunity to "create new, high-quality public spaces" by requiring purchasers to incorporate urban design elements in redevelopment plans.

Harmonized Zoning Bylaw:

The Sequel

One of the previous council's final moves was the approval of a harmonized zoning by-law, a highly technical eight-year undertaking intended to combine the zoning rules of all the pre-amalgamation municipalities.

Since the fall, however, the Ontario Municipal Board has received almost 700 appeals of the by-law. "That is just ridiculous," says Stephen Dupuis, CEO of the Building Industry and Land Development Association, predicting the appeals will be a boon for lawyers.

The controversial driveway rules were just the tip of the iceberg, developers contend. Builders are discovering that the massive document contains numerous glitches, some of which are forcing developers to seek rezoning for projects that had already been approved, says Mr. Dupuis.

Employment Lands Conversion

Mr. Ford's council is almost certain to take a sharply different approach to high-profile battles such as a Smart!Centres bid to build big-box stores on a large tract of employment lands in Leslieville.

While Smart!Centres lost that fight at the OMB, there are still vast tracts of underused employment lands throughout the city, many of which are being targeted by big-box retailers, condo developers and religious institutions.

The city this year will take stock of Toronto's industrial zones with an eye to determining which ones remain viable for manufacturing. Building industry officials want the city to relax its rules, noting that land parcels often sit idle because of inflexible zoning. Council has the last word on employment land designations.

For Mr. Ford, who promised to attract jobs to the city, the dilemma will be choosing between the construction employment created by residential or mixed-used development projects, and the

low-paying retail positions created by the big-box retailers that gravitate to large swaths of fallow industrial property.

Development Charges

After a two-year freeze imposed by Mr. Miller in his bid to buoy the local building industry, development charges will jump 25 per cent, beginning next week. Toronto's development charges by-law isn't up for renewal for two years, but Mr. Ford's subway scheme raises the question about whether the city should impose additional levies to underwrite transit expansion.

Last year, a third of the city's \$74-million in development charge revenue went to transit - an insignificant amount for megaprojects like subways.

Mr. Ford's hasn't taken a position on the issue of hiking them. But Adam Vaughan (Trinity-Spadina) doubts council has the stomach for such a move. "At a certain point," he says, "the development charges are what the market will bear. "

New Chief Planner

Chief planner Gary Wright has said he will retire soon, and development insiders are watching closely to see if council hires an insider or conducts an international search for a high-profile candidate who wants to put his or her stamp on the city's official plan. Planner Joe Berridge hopes council splits the job into two portfolios. "You need a civic entrepreneur and a bit of a visionary crusader in [the latter] position," he says.

A New Plan?

Some feel council should ditch the official plan and radically recast Toronto's approach to growth. John Van Nostrand, founding principal with planningAlliance, says some of the world's leading cities have abandoned "aspirational" OPs for long-term strategic plans that identify major urban goals and lay out plans for achieving them.

DEVELOPMENT PLANS

1. North West Etobicoke
2. Rexdale
3. South Etobicoke
4. Highway 400 Corridor
5. Weston Road Junction
6. Central Area / Waterfront
7. Dufferin Keele North
8. Dufferin Keele South
9. DVP/Highway 404 Corridor

10. Milliken

11. Tapscott/Marshalling Yard

12. Scarborough Highway 401 Corridor

13. West Central Scarborough

14. South West Scarborough

15. South East Scarborough

16. Airport Corporate Centre

Some future demand will be accommodated on the greenfield supply, especially in north-east Scarborough.

Development of half of the remaining vacant supply (including long-term vacancy) would accommodate 1.4 million square metres of office and industrial space.*

Future demand for about five million square metres will be accommodated through reuse, redevelopment and intensification in existing areas.

THE GLOBE AND MAIL // SOURCES: HEMSON CONSULTING LTD; CITY OF TORONTO (CITY PLANNING DIVISION). // NOTE: MAP IS CONCEPTUAL AND NOT TO SCALE.

DATA BASED ON IBMS APPLICATIONS RECEIVED BETWEEN JULY 1, 2000 AND JUNE 30, 2005. * THIS IS CONSIDERED OPTIMISTIC, GIVEN THAT THE EXPERIENCE OF MOST OTHER COMMUNITIES IS THAT THE "TAIL END" OF THE LAND SUPPLY IS VERY SLOW TO DEVELOP.

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Calgary Herald

Jobless rate rises as more people chase more work; 21,600 positions were created in Alberta

Sat Feb 5 2011

Page: C1

Section: Calgary Business

Byline: Mario Toneguzzi

Source: For The Calgary Herald

Illustrations: Colour Photo: Ted Rhodes, Calgary Herald / Lizzy Sheehan came to Calgary from Ireland last September, and says the job market is vastly better here. A hairdresser in Ireland, she looked for a job in the pub industry and found one at St. James Corner.;

Alberta continues to create jobs, but at the same time its unemployment rate is rising as more people are looking for work.

The unemployment rate rose to 5.9 per cent in January from 5.5 per cent in December, but 21,600 jobs were created in Alberta, Statistics Canada reported Friday.

It was the second-largest increase in the country behind Ontario's 36,000. The monthly job gain was also the biggest in the province since February 2006.

Lizzy Sheehan, 25, came to Calgary in September from Ireland.

She was a hairdresser in Ireland, but found it hard to secure a job in that profession here because she needed Canadian qualifications. She decided to look for a job in the pub industry and feels fortunate she found one at St. James Corner.

"It wasn't too bad serving wise (looking for work) and working the bar was easy enough, but from my own profession as a hairdresser coming from a different country it was very hard (to find work)," Sheehan said.

"It's pretty booming over here. Definitely. When I first came here, people were telling me that the economy was going down, but they're finding it's definitely starting to come back up again," she said.

"But for me as an outsider I definitely find it booming over here. It's definitely much easier than in Ireland to find a job."

In Calgary, the unemployment rate remained unchanged at 6.0 per cent, but 3,200 jobs were created in January from the previous month. However, employment is still down by 4,000 jobs compared to January 2010, when the unemployment rate was 7.3 per cent.

Alberta's unemployment rate was the third lowest in the country behind Manitoba's 5.0 per cent and Saskatchewan's 5.4 per cent. Compared to a year ago, employment in Alberta was up by 43,700 jobs. A year ago, the province's unemployment rate was 6.6 per cent.

Employment across the country rose for the second consecutive month in January, with a gain of 69,200. At the same time, the unemployment rate increased

by 0.2 percentage points to 7.8 per cent.

On an annual basis, Canadian jobs have increased by 327,300.

Todd Hirsch, senior economist with ATB Financial in Calgary, said the new jobs in Alberta were skewed somewhat toward part-time jobs (16,400), although full-time jobs also made some gains (5,200).

Employment increases were concentrated in business and building services, hotel and food services, and retail trade while the biggest losses were in construction (10,200). Oil and gas was essentially unchanged in January, but remains up by some 20,000 positions over the past 12 months, added Hirsch.

"While Alberta's economy did crawl out of recession last year, jobs were slow in coming back," he said. "Conditions are still a bit patchy, particularly with natural gas and construction. But with other areas of the economy generally improving, companies seem to be hiring more aggressively once again. This could be the start of a very welcome trend in 2011."

Douglas Porter, deputy chief economist at BMO Capital Markets, said in a research note that the strong gain in jobs at the national level "reinforces the point that the economy regained momentum around the turn of the year."

Canada's labour market still has a significant amount of healing to do, said Derek Burleton, vice-president and deputy chief economist with TD Bank Financial Group, in a research note.

"The number of full-time jobs continues to sit about 100,000 positions short of its level prior to the downturn, while both the employment-to-population ratio and the labour force participation rate remain under water by some one to two percentage points. Lastly, the jobless rate was plumbing the depths at about six per cent as recently as mid-2008," he said.

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Jobs in Alberta

5.9 per cent

Alberta's unemployment rate in January

5.5 per cent

Alberta's unemployment rate as of December 2010

43,700

Increase in number of jobs in Alberta over past year

Source: Statistics Canada

Canada trumps U.S. in job creation

Sat Feb 5 2011

Page: FP3

Section: Financial Post

Byline: Paul Vieira

Dateline: OTTAWA

Source: Financial Post

Illustrations: Chart/Graph: Statistics Canada, Andrew Barr, National Post / WHERE THE JOBS CAME AND WENT.; Chart/Graph: Bloomberg News / CANADIAN JOB MARKET.;

OTTAWA - Canada won back some of its economic bragging rights Friday with a breakout jobs performance in January, whereas U.S. policymakers have to wait for yet another month to see if the strengthening U.S. recovery ever spills over into the labour market.

Data released on both sides of the border had heads shaking, but are typical of an economic recovery that's been anything but typical.

Meagre U.S. job creation of 36,000 in January was offset by a sharp drop in the unemployment rate, to 9% from 9.4%. Meanwhile, in Canada, the jobless rate surged to 7.8% from 7.6%, even though the economy generated a whopping 69,200 jobs.

In any event, analysts indicate that, at least in Canada's case, the numbers reinforce the belief the economy has found its footing again after stumbling in the middle of last year. The country can also go back to boasting about recouping jobs lost during the recession, after last week's setback following a Statistics Canada revision to labour data.

"The most important conclusion to draw is that this data, along with other indicators, suggest the economy regain some momentum around the turn of the year," said Douglas Porter, deputy chief economist at BMO Capital Markets.

The jobs data for January, the best performance since April of last year, build on a report earlier in the week indicating real GDP in November advanced at a better clip than expected, at 0.4%, on a month-over-month basis.

Job creation was split more or less evenly between part-time and full-time, as well as public and private sectors, although the services sector accounted for the bulk of new positions. For the November-to-January period, the economy generated an average 35,000 net new jobs per month.

Yields on government of Canada bonds rose -- a signal investors are moving to riskier assets on expectations of better growth and higher interest rates -- to their highest levels since last May. Mr. Porter added that Friday marked the first time Canadian stocks, the loonie and bond yields all traded at levels last seen before the collapse of Lehman Brothers Holdings Inc. in 2008.

The one drawback in the Canadian report was an uptick in the jobless rate, to 7.8% from 7.6%, but that was largely due to a 106,400 jump in the

number of people looking for work in the month -- one of the largest monthly jumps on record. Had labour force participation remained unchanged, the jobless rate would have dropped to 7.2%, said Sheryl King, head of Canadian economics and strategy at Merrill Lynch Canada.

The January U.S. jobless rate did drop to 9%, from 9.4% in December and 9.8% in November -- the largest two-month drop since the late 1950s.

But job creation in January was tepid, at 36,000, but blizzards appeared to have a big impact, analysts say. Snow prevented 886,000 people from working, the U.S. Bureau of Labor Statistics said. Historical data suggest weather prevents an average 416,000 Americans from seeking work in January.

The Globe and Mail

A country built on crude

Mon Feb 7 2011
Page: B1
Section: Report on Business: Canadian
Byline: Barrie McKenna
Dateline: OTTAWA

OTTAWA -- Kriska Transportation president Mark Seymour knows exactly what happens when the price of oil pushes \$100 (U.S.) a barrel. Trucking companies like his hike their fuel surcharges - and Canadians pay more for all the things they buy.

"The bottom line is that it dramatically affects the price of goods to the consumer," said Mr. Seymour, whose company runs 400 trucks from its headquarters in Prescott, Ont.

The oil price spike is producing a typical showdown between energy producers and consumers. But this isn't a return to 1980, when Ottawa tried unsuccessfully to shift wealth from drillers to guzzlers via the National Energy Program, setting up a brawl between Alberta and the rest of Canada.

This time, the entire country has evolved into a petro-dollar economy. Canada's fortunes - and its currency - are now more closely tethered to oil than any other industry, including autos, forest products or agriculture.

Vast swaths of the Canadian economy thrive when the price of crude is high, and not just in Alberta's oil patch. From steel fabricators in Quebec and Ontario, which supply Western Canada's giant oil sands projects, to Newfoundland oil workers to investors everywhere, \$100-a-barrel crude means more work, and more wealth.

"We're an energy-dollar economy, and we're functioning better when we're exporting a lot of it to our neighbours to the South," said Peter Howard, president of the Canadian Energy Research Institute (CERI) in Calgary.

The oil and gas sector is now the dominant industrial contributor to Canada's economy, and by a wide margin.

And Mr. Howard predicts the sector's contribution to the country's gross domestic product will rise from 11 per cent to nearly 15 per cent this decade as production from the oil sands ramps up.

Unlike drilling for light crude, tapping the oil sand's heavy crude is labour and capital-intensive. And those benefits inevitably flow through to the rest of the economy through jobs, purchases, investment and expanded wealth. By 2020, the oil sands industry is expected to add three percentage points to Canada's economic growth plus an average of 540,000 jobs a year - 44 per cent of those outside Alberta. CERI estimates the industry will buy \$170-billion worth of goods and services from other provinces over the next quarter-century.

Canada has also become an oil trading nation. Crude accounts for 20 per cent of Canadian exports, double its share in 2000. Cars and parts, meanwhile, make up just 14 per cent of exports, down from 25 per cent as recently as the mid- 1990s.

"Oil and autos have basically swapped places," pointed out Bank of Montreal deputy chief economist Doug Porter.

While it may not mark a return to the enmity of the eighties, the shift does have political ramifications. The energy-producing regions of the country gain wealth, population and influence. And some of the traditional haves of Confederation, including Ontario, look increasingly like have-nots, tied to a shrinking manufacturing sector.

Economic power is shifting, and the trend will "continue and gather momentum" as oil sands production increases over the next couple of decades, BMO's Mr. Porter said.

"As people move, so does the political power," he argued.

While much of the country is awash in red ink, Newfoundland and Saskatchewan are headed for budget surpluses this year, thanks to rising resource royalties.

"No matter how you present the information, it creates tensions within the country at the federal-provincial and intergovernmental level," said Robert Roach, director of the West in Canada project at the Canada West Foundation in Calgary. "It creates tension just like it does when some people are rich and others aren't."

Over the long-term, high prices could also kill the golden goose. The danger is that \$100-a-barrel-oil causes "demand destruction," marginalizing higher-cost oil sands production as consumers seek out alternatives forms of energy, Mr. Roach said.

"At some point, people and governments will spend the money to go to alternatives," he said, "and that's not good in the long-term."

That's why many in Western Canada are now pushing for a more cohesive national energy strategy. As the Canada West Foundation put it in a recent policy paper, Canada must come "to grips with how we produce and use energy." High prices, the group says, puts constraints on resources and infrastructure, while new development highlights the oil sands'

environmental and climate challenges.

Among the leading advocates of a more cohesive national strategy is Bruce Carson, Prime Minister Stephen Harper's former policy director and now executive director of the Canada School of Energy and Environment at the University of Calgary.

"There's a general recognition among Canadians that the main driver of the economy is the energy industry," Mr. Carson said. "So we better look at how to pull the various parts together."

The reality of being a petro-dollar economy is that Canadians may well have to live with a high dollar for an extended period. This, of course, benefits vacationers, cross-border shoppers and companies looking to import foreign-made equipment.

But a lofty loonie is a threat to manufacturers who depend on exports, and most of them happen to be in Ontario and Quebec. Beyond the high dollar, manufacturers also face a sluggish U.S. recovery and new competitive threats from China and other low-cost producers.

"The economic landscape that's been handed to Canada is friendly to Western Canada and unfriendly to Central Canada, particularly Ontario," BMO's Mr. Porter said.

And that could well stir up talk of redistributing the wealth - taking money from one region and moving it to another, said Andrew Leach, an economist at the University of Alberta.

"It's a conversation we need to have, but I don't think it's going to be smooth," Mr. Leach said. "We can't have the country pulling itself apart over issues like the oil sands."

PETRO-DOLLAR, INDEED

Contribution to Canadian gross domestic product by sector

11%

Oil and gas

2%

Home construction

1.8%

Autos

1.8%

Agriculture

1.3%

Mining

Source: CERI

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