MARKETWIRE

GTA Commercial REALTORS(R) Release Commercial Market Report

Tue Apr 6 2010, 10:20am ET
Dateline: TORONTO, ONTARIO

TORONTO, ONTARIO--(Marketwire - April 6, 2010) - In March, TREB Commercial Members reported 860,895 square feet of leased space, a 104 per cent increase from the 421,642 leased square feet recorded in March 2009, Commercial Council chair Garry Lander announced today.

In the first quarter of 2010, lease transactions for commercial space increased 73 per cent from the first quarter of 2009.

"Demand for commercial real estate is strongly related to economic growth and job creation. As company's order books expand, they will take on more employees and many will ultimately require more space," Mr. Lander said.

"The level of GTA employment has been trending upward since the summer of 2009, with the Canadian economy growing more strongly than expected. The commercial market has benefitted."

Lease rates for industrial space dipped to $4.91 per square foot net (sfn) from the $5.59/sfn figure recorded in March 2009. Commercial and office lease rates rose, with the former trading for $18.59/sfn compared to $17.44/sfn last year and the latter climbing to $12.47/sfn compared to $9.78/sfn last year.

Sales Market Highlights

TREB Members recorded 54 sales of IC&I properties in April, including 34 industrial buildings of all size categories, with an average selling price of $70.27 per square foot. This compares to a figure from non-MLS sources of $70.60 per square foot.

For a complete copy of the Commercial Realty Watch visit www.TREBCommercial.com.

Members of the Toronto Real Estate Board's Commercial Division adhere to a strict Code of Ethics and Standards of Business Practice, only those who have met the standards established by their peers are eligible to become Members.

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INDUSTRY: LLHG, MEIS, RECR, RECO, RERR

SUBJECT: ANL

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Calgary Herald

U.S. services sector grows at fast clip

Tue Apr 6 2010
Page: D3
Section: Calgary Business
Column: In Brief
Source: From Herald News Services

Economy - Service industries expanded in March at the fastest pace since May 2006, indicating the U.S. recovery is spreading beyond manufacturing and starting to create jobs.

The Institute for Supply Management's index of non-manufacturing businesses that make up almost 90 per cent of the economy rose to 55.4, higher than anticipated, from 53 in the prior month. Readings above 50 signal expansion. Pending home sales in February jumped by the most since 2001, another report showed Monday.

"The recovery is looking increasingly self-sustaining," said James O'Sullivan, chief economist at MF Global Ltd. in New York.

The Ottawa Citizen

Dollar's value reflects Canada's economic strength; International investors drawn to country's stable financial system and strong commodities sector

Tue Apr 6 2010
Page: D2
Section: Business & Technology
Byline: Derek Abma
Source: The Financial Post

There's an almost endless number of factors that go into determining the Canadian dollar's value, but in very basic terms, it comes down to demand.

Recent gains in the dollar are an indication of high demand. Its low points, such as the flirtation with 60 cents U.S. in early 2002, are reflective of periods in which Canada's dollar was not the hottest item on the shelves for currency shoppers.

In terms of what makes the Canadian dollar popular or not, one of the most important aspects is how much relative demand there is for the U.S. dollar, the main currency Canadians use to measure the loonie's strength.

Economists will point out that the Canadian dollar's lows in the early 2000s were largely a reflection of how strong the U.S. dollar was then.

"The U.S. dollar was king against a host of other currencies back in 2002, and spent the next half-decade in a steady decline as the market reflected the weakness of the U.S. trade position," said Avery Shenfeld, chief economist for CIBC World Markets.

Demand for Canada's commodities, particularity oil, was a big factor giving the Canadian dollar strength during the middle part of the last decade, said Eric Lascelles, chief economics and rates strategist for TD Securities.

The commodities boom helped bring the Canadian dollar to parity with the U.S. dollar in September 2007 for the first time since 1976. It went as high as $1.1030 U.S. on Nov. 7 that year amd it continued to fluctuate above and below parity with the U.S. dollar right up until the summer of 2008.

Then the global economic crisis hit, taking down commodity prices, stock markets and the Canadian dollar with it.

Since going as low as the mid-70-cent U.S. range in March 2009, the Canadian dollar has steadily climbed back to a level playing field with the U.S. dollar. Some of this is linked to a recovery in commodities, with oil moving beyond $85 U.S. a barrel after dipping below $35 in February, 2009.

However, economists say the relative strength of the Canadian economy, which survived the global recession without banking bailouts and with comparatively low government debt levels, is probably a bigger part of the loonie's attractiveness now.

"Currency investors like to put their money into places that are relatively safe," said Lascelles.

Shenfeld agreed that the stability of the Canadian economy is a bigger factor now that it was when the dollar hit parity in 2007 and 2008. He pointed out the current strength comes even as oil prices remain well off their peak and Canada's monthly trade position alters between surpluses and deficits. Up until December 2008, Canada had not seen a trade deficit since March 1976.

And both Lascelles and Shenfeld agree the likelihood of the Bank of Canada raising interest rates earlier than the U.S. Federal Reserve is also giving the loonie a boost, particularly since it's making bond markets more attractive north of the border.

The Globe And Mail

Deflationary undertow threatens U.S. recovery

Tue Apr 6 2010
Page: B12
Section: Report On Business: Globe Investor Column
Byline: David Rosenberg

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Here we are fully 28 months past the point of the onset of the Great Recession and ostensibly nine months after bottom in real GDP, and it seems safe to say that the U.S. economy is out of job-shedding mode. The steady downdraft in jobless claims and layoff announcements would attest to that view.

Then again, after a record 8.4 million decline in payrolls from the cycle peak, which brings employment down to levels prevailing a decade ago in a run of job destruction not seen since the 1930s, inertia alone would have ensured that a bottom has been reached - after all, the level of payrolls was not going to decline forever. But, while it may be encouraging to see employment, especially in the business sector, finally begin to rise after such a lengthy and precipitous decline, the U.S. labour market still remains in the grips of a serious deflationary undertow.

Indeed, the most disturbing aspect of the March jobs report was the 0.1-per- cent decline in average hourly earnings - to see a contraction in wages in any given month is practically a 1-in-100 event; the last time that happened was in April 2003, a time when Alan Greenspan and Ben Bernanke were busy building a firebreak around deflation.

The year-on-year trend in wage growth has been sliced to 2.1 per cent from 2. 5 per cent three months ago when employment hit rock bottom, not to mention the 3.5-per-cent pace a year ago. As long as excess supply dominates in the jobs market, expect the downward trend in wages to persist.

So despite the positive headlines on payrolls, don't think for a second that the Fed is not aware of, or insensitive to, the deflationary pressures that continue to build in the labour market. Against this backdrop, any premature tightening by the central bank or a sustained backup in bond yields is simply out of the question.

In a nutshell, as one chapter of the labour market downturn is closed (employment contraction), another one starts (wage deflation). The most recent employment data, on the surface, may well have met the challenge served up by the consensus of economists, but it fell well short of addressing the massive amount of excess slack that still exists in the labour market. Not only did the headline unemployment rate not budge at 9.7 per cent, but the broader U6 measure - those who have stopped looking for work or who can't find full-time jobs - rose for the second month in a row, to 16.9 per cent (the highest it ever reached in the previous recession and jobless recovery in 2003 was 10.4 per cent, just to show what we are up against). So, as long as we have this much spare capacity in the labour market - with nearly one in every six unemployed Americans vying for every job opening - deflationary pressures can be expected to build.

Finally, the ranks of the unemployed who have been looking for work for at least six months soared 414,000 in March, or nearly 7 per cent, to 6.5 million. This is a double from 3.2 million this time last year when equity investors believed the world was coming to an end. Of course, the world did not end for the equity investor who was bailed out by massive government incursion, but the world for the long-term unemployed has tragically become even darker (the gap between Wall Street and Main Street has scarcely been as wide as it is today).

Long-term unemployment as a share of the total jobless pool now stands at a record 44 per cent versus 26 per cent the last time the official unemployment rate was as high as it is today, back in the early 1980s. There are three main reasons for this. The first has to do with the lack of mobility in a distressed national real estate market. The second reflects the permanent job loss that permeated this recession because the jobs in bubble sectors, such as construction and finance, are simply not going to be coming back any time soon. Thirdly, large states such as California, Florida, Illinois and New York, in the past, could always be relied upon to be significant drivers of employment opportunities, but they are just too cash-strapped today to play any role at all.

There are many factors related to the tragedy of rising long-term unemployment that lead us to the conclusion that deflation will prove inevitable. The longer it takes to find a job - the average duration of unemployment just hit a fresh record of 31.2 weeks from 29.7 in February - the more likely it is that these people will be rehired at a lower wage than they were receiving before they were let go from their previous job.

It would be a disservice to overreach in terms of what this means to economic growth, inflation, equity prices and interest rates over the next year and yet we are sure that many pundits will be uncorking the champagne bottles because of the headline job figure and the back revisions. But if one is willing to look at the forest rather than the trees, it becomes clear that we still have an enormous supply-demand mismatch in the U.S. labour market, which is at odds with

current valuation levels in the equity market and yield levels in the bond market.

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