

Winnipeg Free Press

Ex-Sport Manitoba space snapped up

Mon Jun 21 2010

Page: D9

Byline: Murray McNeill / Commercial Real Estate

The owner of the former Sport Manitoba office building at 200 Main St. didn't have to go far to find replacements for its former anchor tenant.

Another tenant in the seven-storey building -- Assiniboine Credit Union -- grabbed a big chunk of the SM space (about 30,000 square feet). And the building's owner -- the Wawanesa Mutual Insurance Company -- took the remaining 18,000 square feet for its own operations.

Gary Timlick, Wawanesa's vice-president and chief financial officer, said Wawanesa's nine-storey, corporate headquarters at 191 Broadway -- just one block south and a half a block west of the building at 200 Main -- was bursting at the seams. So it was in dire need of more space.

"We bought that building (200 Main) quite a number of years ago because we knew we needed to add more space for our operations here in Winnipeg," said Timlick. "And it's very convenient to have it so close by."

He said after Sport Manitoba moved out late last year -- it had occupied the second, third, and fourth floors, as well as a small portion of the main floor -- Wawanesa scooped up the third and fourth floors and ACU grabbed the main and second floor space.

Timlick said Wawanesa has already relocated the bulk of its life insurance operations -- Wawanesa Life Insurance Co. -- to 200 Main. The third and fourth floors have been renovated and are now fully occupied, and renovations to the fifth floor will be completed by the end of this month.

Relocating the life insurance operations has freed up about 2 1/2 floors in the Broadway building, which its head-office operations will easily fill.

For ACU, Sport Manitoba's move to a retrofitted heritage building on Pacific Avenue -- the former Smart Bag Company Building -- created an opportunity for the credit union to finally consolidate its far-flung head-office operations under one roof.

ACU president and CEO Al Morin said in the wake of 2007's merger of Vantis and Astra credit unions with ACU, Assiniboine moved some of its expanded back-office operations into four different buildings that had been owned or leased by the three credit unions. But it was always a temporary solution.

"We've been working on that (finding a way to get them all under one roof) since the merger," he said. "But we had leases (in the other buildings) and we also needed to wait for space to open up here."

The four buildings were scattered all over the city -- in the Murray Industrial Park, at 3081 Ness Ave., at 3393 Portage Ave., and in the credit union's branch at 900 Harrow St.

Most of those operations will be moving to the second floor of 200 Main. But they can't make the move until extensive renovations are done later this year.

"We hope to have everybody moved in by the end of December," Morin said. "That's our target, and so far we're on target."

Once everyone moves in, ACU will have over 300 staff in the building, he added.

Morin said he doesn't have a final figure yet for how much ACU is spending to renovate the second floor space.

"But it's a few million dollars."

Know of any newsworthy or interesting trends or developments in the local office, retail, or industrial real estate sectors? Let real estate reporter Murray McNeill know at the email address below, or at 697-7254.

murray.mcneill@freepress.mb.ca

Main St. mainstay

Here is a thumbnail sketch of the office building at 200 Main St.:

Completed in 1989.

Formerly known as the Sports Manitoba building; now called 200 Main Street, although that could change.

Seven storeys, with 117,000 square feet of office and retail space and a 310-stall underground garage.

The bottom two floors are substantially bigger than the top five floors. The main floor is about 28,000 square feet, the second floor is about 30,000 square feet, and the top five floors are each about 11,700 square feet.

The owner is the Wawanesa Mutual Insurance Co., which acquired the building in December 2003.

Tenants are Wawanesa, Assiniboine Credit Union (ACU), Ivory Restaurant and Handy Mart.

Wawanesa and ACU occupy the lion's share of the

space. Wawanesa has three full floors (third, fourth and seventh) and part of the fifth (about 30,000 square feet in total). ACU has the rest of the fifth floor, all of the second and sixth floors, and most of the main floor (about 55,000 square feet).

-- Source: Wawanesa Mutual Insurance Co.

© 2010 The Winnipeg Free Press. All rights reserved.

Calgary Herald

No inflation problem yet for Canada; Weaker retail numbers anticipated by analysts

Mon Jun 21 2010
Page: B5
Section: Calgary Business
Byline: Derek Abma
Dateline: OTTAWA
Source: Financial Post
Illustrations: Colour Photo: Canwest News Service, Reuters / BlackBerry maker Research In Motion will post quarterly results after markets close Thursday.

Two questions will be answered about the Canadian economy this week: How much have people been shopping, and how much have they been paying for their products?

On Tuesday, Statistics Canada provides inflation figures for May. In April, overall year-to-year inflation was 1.8 per cent while core inflation, which strips out the most volatile items such as energy and certain foods, was 1.9 per cent.

The headline inflation number is anticipated by economists to have seen a notable decline for May, while core price growth is believed to have been fairly stable.

"Canadian consumer prices have been on a divergent path, with core inflation remaining relatively elevated despite the significant amount of slack that continues to exist in the Canadian economy, while headline inflation has been fairly contained on account of weakening energy prices," said Millan Mulraine, senior strategist with TD Securities.

Mulraine is calling for overall inflation of 1.3 per cent for May and a core rate of 1.8 per cent. He predicted, for the months ahead, that core inflation would "remain elevated" while the headline rate could slip further on weak commodity prices.

CIBC World Markets economist Krishen Rangasamy is expecting somewhat higher headline inflation at 1.6 per cent, citing rising prices for homes, vehicles and electricity. That still falls short of the Bank of Canada's target of two per cent, though Rangasamy said the implementation of harmonized sales taxes in Ontario and British Columbia in July will contribute to putting overall inflation beyond that in the coming months.

"Despite the torrid pace of economic growth lately, May's CPI report is set to provide further evidence that Canada does not yet have an inflation problem," Rangasamy said.

On Wednesday, Statistics Canada is scheduled to release retail figures for April. Economists generally expect weaker numbers in comparison to March, which would mark only the second decline in 16 months.

Much of the drop is anticipated to come from weaker auto sales. For instance, Mulraine is forecasting a 1.5 per cent monthly decline in retail, which amounts to just a 0.5 per cent drop when vehicles are factored

out.

He also pointed to lower gasoline prices and weaker sales for household goods as contributing to the lower retail number for April.

Mulraine said much of the 2.1 per cent retail spike seen in March was because "Canadians sat on their couches to watch the Olympics in February."

On the corporate front, Canadian technology giant Research In Motion Ltd. will report financial results from its first fiscal quarter after markets close on Thursday, providing a glimpse into how its BlackBerry device is faring against other smartphones, such as Apple Inc.'s iPhone.

The New York Times

Debt Crisis In Europe Not All Bad

Mon Jun 21 2010
Page: 3
Section: Business/Financial
Byline: JACK EWING

FRANKFURT -- Don't say it too loudly, but for some European businesses, the sovereign debt crisis is not so bad. Assuming that the turmoil does not destroy the euro zone, there are some positive side effects, including a falling currency and extraordinarily low official interest rates.

Siemens, the electronics and engineering company based in Munich, is one example. With 18 percent of its sales in Asia, and an additional 27 percent in the United States, Canada and Latin America, the company is in a good position to profit from recovering demand in those regions for Siemens products like high-speed trains, wind generators and factory equipment.

In April, while European Union political leaders struggled to contain the continental debt crisis, Siemens raised its forecast for 2010 operating profit to 7.5 billion, or \$9.3 billion, from 6.5 billion. "One can't ignore the sovereign debt problems, but it hasn't affected our business," Peter Y. Solmssen, a member of Siemens' management board who is responsible for its U.S. operations, said during an interview Friday.

While Germans have complained the loudest about having to bail out Greece and the other overindebted nations, Germany is arguably the big winner from the financial crisis in the form of lower interest rates and a more robust stock market.

One risk of the current crisis is that it will create a sharper divide between poorer Southern Europe and prosperous Northern Europe, adding to tensions about how to manage the euro-zone economy. Mr. Solmssen of Siemens, and others, note that they would definitely not want to see the euro zone disintegrate, because the common currency makes it easier to do business.

For many companies in Europe, the debt problems of Greece or Portugal are little more than a distraction. Greece, which accounts for 2.5 percent of the gross national product in the euro zone, is not an important market for most large multinationals. The gyrations of bond markets have little daily effect in a region where banks are still the most important source of credit for smaller companies. Most executives worry more about the European export numbers, which have been improving.

"There is a considerable mismatch between the financial world and the real economy," said Ben Noteboom, chief executive of Randstad, a temporary staffing company based in Amsterdam.

Some types of companies even profit from the crisis.

Hedge funds, which can exploit market volatility, have recouped most of their losses from the end of 2007, the European Central Bank noted in a recent report.

Randstad is another example of a company that may be benefiting from the crisis, though Mr. Noteboom does not say that. Though Randstad's revenue fell sharply in some markets during the downturn last year, demand has begun recovering strongly, Mr. Noteboom said. Companies may be more willing to hire temporary workers than permanent workers in the first stages of a recovery, when executives are still uncertain about the strength of the economy.

Mr. Noteboom sees Randstad as something of a barometer of where the macroeconomy is going. If so, the signs are good. The overall market for temporary workers is up by 10 percent or more in Germany, France and Belgium, and nearly that much in the Netherlands, Mr. Noteboom said. He said he had even seen growth in Greece, though from a low level. "I'm optimistic," Mr. Noteboom said. "Almost very optimistic."

To profit from the sovereign debt crisis, it helps not to be a bank. Even the institutions that are not sitting on big portfolios of Greek or Portuguese bonds face stricter government oversight in years to come. Analysts say the regulations could put an end to the double-digit profit margins banks enjoyed before the financial crisis.

It also helps if your company headquarters is in a country with a Baltic rather than a Mediterranean coastline. The cost of credit has soared in countries like Spain, because the interest rates that companies pay on loans is closely tied to the rates that their governments pay. Chalk up another competitive disadvantage for companies doing business in the so-called peripheral countries.

But for Germany and other countries in Northern Europe, the crisis has brought lower interest rates. German bonds are considered a haven from the turmoil in sovereign debt markets. That means German companies are also paying lower risk premiums.

One business, the German rental car company Sixt, even raised 300 million late last year and made a profit reinvesting the proceeds in bonds of other corporations. Sixt will use the money to refinance existing debt, a spokesman said.

More than their counterparts in Greece or even France, German companies are able to collect the full benefit of the European Central Bank's historically

low benchmark interest rate of 1 percent.

And the easy-money party is likely to last for many months to come. Many analysts don't expect the E.C.B. to begin raising rates until mid-2011, as the bank struggles to cope with the debt crisis.

"The expectations for a rate hike have been pushed further and further back," said Britta Weidenbach, senior fund manager for European equities at DWS, the fund management arm of Deutsche Bank in Frankfurt. That definitely has a positive side."

The DAX 30-share index in Frankfurt has risen 4.65 percent this year, more than the French benchmark index or the broader Euro Stoxx 50 index.

The gains reflect the presence of exporters like Siemens as well as MAN, a maker of trucks; or Bayerische Motoren Werke, the maker of BMW cars; or SAP, which sells software used by companies to run their operations. All have benefited from the 15 percent decline in the euro this year against the dollar, which makes sales in the United States more profitable when converted back into the European currency.

The decline in the euro was prompted by the problems of Greece, Spain and Portugal, which will also benefit. But they will not gain as much as the northern countries, according to a Citigroup analysis. "Our economists expect ongoing economic underperformance from Southern Europe relative to Northern Europe over the coming quarters and years," analysts at Citigroup Global Markets wrote in a report last week.

Another company shrugging off the crisis is the German sports apparel maker Adidas, and not just because of its ties to the soccer World Cup in South Africa. The improving U.S. market has helped sales of Adidas' Reebok unit, while growth in emerging markets like Russia is more than compensating for slower European sales.

Outside Germany, companies like the Dutch electronics maker Philips or Scandinavian companies like Volvo, which makes Mack trucks, are also among the beneficiaries of demand from China and other emerging markets. Volvo, which is separate from the maker of Volvo cars, said Wednesday that deliveries were up 44 percent in May from a year earlier.

At Siemens, overall revenue fell 4 percent from January through March, to 18.2 billion. But Mr. Solmssen said there were clear signs of recovery, including new orders for factory equipment, a category that contracted in the downturn.

"Even in some of the more stricken industries, like the auto industry, are starting to order again," Mr. Solmssen said. "Across the board we're seeing improvement."

Even the oil spill in the Gulf of Mexico has an upside for Siemens. The BP disaster may hurt Siemens' business providing services to the oil industry. But

the loss may be more than offset by stronger demand for gas turbines, wind generators, and equipment to make power grids function more efficiently.

At a factory in Fort Madison, Iowa, which received a visit from President Barack Obama in April, Siemens is producing 36 giant rotor blades a week to meet demand. The company is anticipating more sales as political pressure grows in the U.S. for alternatives to oil.

"I think you're going to see an increased emphasis on that kind of technology," Mr. Solmssen said.

This is a more complete version of the story than the one that appeared in print.

© 2010 by the New York Times Company

The Globe And Mail

Key issues at the summit; From co-ordinating global economic growth to liberalizing trade, Group of 20 leaders have a busy agenda, Boyd Erman writes

Mon Jun 21 2010
Page: B3
Section: Report On Business: International
Byline: Boyd Erman

Canada wants the Group of 20 summit in Toronto to be about accountability - holding the world's leaders to the promises made in previous meetings over the past two years, and measuring progress toward the goals. As Prime Minister Stephen Harper puts it, "when the G20 resumes in Toronto, the discussion should be less about new agreements than accountability for existing ones. Less about lofty promises than real results."

The result is a summit that doesn't aim to make news. But that doesn't mean there isn't plenty of potential drama as the leaders sit down to hash out how they are doing on the major goals the G20 set down at its gathering in Pittsburgh last September. Here's a look at some of the key agenda items.

CO-ORDINATE POLICIES FOR ECONOMIC GROWTH

This one is a lot more complicated than it looked as the G20 bosses packed up to leave Pittsburgh. Then, the main issue was how to manage the delicate withdrawal of government stimulus policies that were supporting economic growth out of the recession, while sticking to a pledge to support growth.

That was going to be tough enough, given that many economists predicted the world economy would tank when stimulus was reined in because governments were doing all the buying and consumers were still cutting back.

Now, bond markets are making it even more difficult. A crisis in Greece spooked investors, who have demanded austerity measures there and elsewhere, and suddenly governments around the world are looking at cutting back spending much more quickly than planned. Balancing that against the promise to support growth is going to be difficult. "No doubt the G20 will be sounding austere and very focused to make sure they address concern about fiscal situations," said Simon Ballard, senior credit strategist at Royal Bank of Canada securities arm.

BANKING REGULATIONS

The well-known split here is over the idea of taxing banks to finance future bailouts, an idea that Europe and the U.S. are pushing hard and Canada is fighting. This issue may be a flashpoint because France and Germany refuse to let the idea drop.

Aside from the bank-tax battle, there is progress. Global banking regulators have moved on raising

capital and liquidity standards for banks, and made efforts to make derivative trading easier to follow and understand for investors and regulators. Rule makers are also pushing ahead with a plan to create "living wills" that would lay out how to wind down some of the biggest financial institutions in an orderly fashion if they run into insurmountable trouble.

Still, there are many hurdles. There are few details on most of the proposals. Banks are fighting back on many rules, arguing they are too punitive. Global co-ordination is hit-and-miss, with the U.S. pushing ahead while other countries, especially in Europe, move more slowly.

"It's amazing since Pittsburgh how far apart the two parts of the world have moved," said Arturo Bris, a professor at IMD Business School in Switzerland. "Europe has really disappointed."

REFORM GLOBAL INSTITUTIONS

G20 leaders are seeking to make the World Bank and International Monetary Fund more responsive to the needs of smaller countries. The goal in Toronto is to "take stock of the steps taken at these institutions to enhance their governance and strengthen their lending capacities in order to remain credible and effective," according to the Canadian government.

This is symbolic for the emerging-market nations of the G20, which want to see their increasing influence recognized with concrete reforms, and progress has been slow. At a meeting in South Korea earlier this month, G20 finance ministers said work on this must "accelerate." But this issue may struggle for attention at the Toronto meeting.

LIBERALIZE GLOBAL TRADE

The G20 has pledged to fight protectionist measures arising from the global financial crisis. So far, the tide of such protectionism has been less than feared, though there have been examples such as the "Buy America" provisions in the U.S. stimulus program. The goal is to push G20 countries to continue to reduce barriers to trade.

PHASE OUT FOSSIL FUEL SUBSIDIES

This is a wild card. It's on the to-do list from Pittsburgh, but until recently had appeared low priority. With the oil spill in the Gulf of Mexico, U.S. President Barack Obama now seems more focused on energy policy than anything else; he used his first

televised Oval Office speech to push for a move toward clean energy and away from fossil fuels.

© 2010 CTVglobemedia Publishing Inc. All Rights Reserved.