Calgary Herald

Alberta to lead in retail growth; Consumers seen spending $62B next year

Mon May 17 2010
Page: B3
Section: Calgary Business
Byline: Mario Toneguzzi
Source: For the Calgary Herald
Illustrations: Colour Photo: Stuart Gradon, Calgary Herald / Kelly Steward of the CrossIron Mills complex in Balzac says to watch for "a lot of exciting new store openings."

Retail sales in Alberta are expected to lead the country next year in rate of growth as consumers will spend to the tune of nearly $62 billion for the year.

The Conference Board of Canada is forecasting an annual growth rate of 5.5 per cent for the province next year which would tie it with Ontario for the highest growth across the country. Nationally, sales are expected to rise by 4.9 per cent in 2011 to $458.1 billion.

The forecast for this year in Alberta is for 5.0 per cent growth to almost $58.7 billion, which is below Canada's increase of 5.7 per cent to $436.9 billion.

The Alberta retail landscape for this year and next is no surprise to the CrossIron Mills development in Balzac, just north of Calgary's city limits.

"Coach opening (April 10) was fabulous. It was beyond expectations. They really exceeded the targets," said Kelly Steward of the CrossIron Mills complex which includes the over one-million-square-foot shopping centre and the CrossIron Common big-box format beside the mall.

"We have Brooks Brothers opening this summer. The entertainment SilverCity and Xscape area is on target for the end of June. That is 45,000 square feet. There's a huge area with virtual bowling, arcade games, licensed lounge component and seven theatres with about 1,300 seats."

Steward said other openings in the fall include Michael Kors and Swarovski in the mall and Costco and Lowe's at CrossIron Common.

"There's definitely a lot of exciting new store openings that are coming up for 2010," she said.

Also, riding the wave of retail renewal this year are multimillion-dollar redevelopments and expansions at Chinook Centre and the downtown CORE (Calgary Eaton Centre-TD Square). The Alberta retail industry has rebounded following an 8.4 per cent decline in 2009 -- the steepest in the country.

"Solid economic fundamentals, high levels of consumer confidence and employment will continue to fuel retail sales across Alberta," said Mike Kehoe, an Alberta-based retail specialist with Fairfield Commercial Real Estate Inc.

"The province will continue to be insulated from the economic downturns that have unfolded in other regions across the country and it is generally agreed in retail circles that there are now two distinct economies -- Alberta and the rest of Canada. The province continues to enjoy a high standard of living and continued economic prosperity that will be reflected in solid consumer confidence and retail sales into next year."

Kehoe said retail expansion across the province, such as new shopping centre development and redevelopment, continues to outpace other regions in Canada with several new retail projects in the planning and pre-leasing stages.

The conference board's economic forecast for Alberta supports the growth in the retail industry. The board is forecasting 23,000 jobs to be created this year in the province and 72,000 in 2011.

Disposable income per capita will rise by 2.5 per cent this year to $38,298 and by 3.4 per cent in 2011 to $39,616.

Also, the conference board forecasts personal income per capita to rise by 2.4 per cent this year to $48,932 and by 4.2 per cent next year to $50,982.

mtoneguzzi@theherald. canwest.com

MARKETWIRE

Cadillac Fairview Announces $110 Million Investment in Toronto-Dominion Centre's 77 King West

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Dateline: TORONTO, ONTARIO

TORONTO, ONTARIO--(Marketwire - May 17, 2010) -

Attention: Business, Real Estate and Environmental Editors

Editors Note: There is a photo associated with this Press Release.

The Cadillac Fairview Corporation Limited is proud to announce the launch of its 77 King Street West revitalization, to further enhance one of its flagship office and retail properties in Toronto, originally built in 1969.

The 46-storey tower is part of the company's $110 million investment in the Toronto-Dominion (TD) Centre complex, consisting of five iconic black towers in the heart of the financial district, and one of Toronto's most prestigious downtown business addresses. The building stands as symbol of Canadian business excellence, making it both a corporate and cultural landmark, in addition to being a provincial heritage site. The building envelope is famous for its bronze-coloured curtain wall within a matte-black painted steel frame, featuring floor to ceiling windows, design features that were a generation ahead of its time, offering tenants incomparable views, and access to natural light.

The first stages of this multi-year revitalization project will enhance the property and tenant comfort while at the same time maintaining the integrity and style of the original building designed by world-renowned architect Ludwig Mies van der Rohe. The TD Centre was downtown Toronto's first major office development and to this day, remains the largest office complex in Canada, home to many of the country's premier businesses, and foreign multinationals, in addition to being the global head quarters of TD Bank Financial Group.

"I am really excited about this initiative, as it enhances the timeless modern design that is the Toronto Dominion Centre" said Steven Sorensen, Vice President, Property Management for Cadillac Fairview. He adds, "We are looking to make the building even more exciting and inviting for some of Canada's elite to conduct their business."

Cadillac Fairview also continues to take a leadership role in adopting progressive environmental standards and practices, and certainly the revitalization of 77 King West will be no exception. The project is part of the company's national GREEN AT WORK(TM) strategy, which sets operation benchmarks for energy consumption, reducing waste, and improving environmental protection.

A major aspect of the project that demonstrates this commitment is the replacement of all 5,676 windows, beginning with the removal of single glass window panes, and replacing them with thermal double panes and a new innovative roller shade system. The new windows and shades will enhance energy efficiency by keeping the building better insulated and will be tinted bronze to ensure consistency with the original architectural design. Given the architectural and historical significance of the property, the revitalization will ensure the careful restoration and replacement of existing finishes and materials to remain true to Mies Van der Rohe's original vision.

This latest investment in TD Centre is consistent with the property's pursuit of LEED (Leadership in Energy and Environmental Design) Gold Certification for Existing Buildings, which it expects to achieve early this summer. Established by the U.S. Green Building Council, and administered in Canada through the Canada Green Building Council, LEED is North America's preeminent program for the design, construction and operation of high performance green buildings.

About Cadillac Fairview

The Cadillac Fairview Corporation Limited is one of North America's largest investors, owners and managers of commercial real estate. For more than 50 years Cadillac Fairview has been leading the way in commercial real estate with innovative design, development and management.

Cadillac Fairview focuses on developing and managing high quality office properties and regional shopping centres in Canada and the United States, as well as international investments in real estate companies and investment funds. With a portfolio valued at more than $17 billion and nearly 50 million square feet of leasable space, Cadillac Fairview and its affiliates own and manage 83 properties across North America, including some of Canada's landmark developments, such as Toronto-Dominion Centre, Toronto Eaton Centre, Pacific Centre and Chinook Centre.

Cadillac Fairview is wholly-owned by the Ontario Teachers' Pension Plan, which invests to secure the retirement income of 289,000 active and retired teachers in Ontario. For more information, please visit us at www.cadillacfairview.com.

To view the photo associated with this press release, please visit the following link: (www.marketwire.com)

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FOR FURTHER INFORMATION PLEASE CONTACT:

For more information, photos or to arrange an interview, please contact: The Cadillac Fairview Corporation Limited Heath Applebaum, Manager, Communications & Media Relations 416.598.8645 Heath.applebaum@cadillacfairview .com www.cadillacfairview.com

INDUSTRY: RECR, RERR

SUBJECT: PDT

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Chicago Sun-Times

Feds shut Midwest Bank; ShoreBank remains at risk

Sat May 15 2010
Page: 12
Section: News
Byline: Sandra Guy and David Roeder
Source: The Chicago Sun-Times

Midwest Bank, a $3.2 billion asset lender, was seized by banking regulators late Friday and will be taken over by Firstmerit Bank of Akron, Ohio, according to the Federal Deposit Insurance Corp.

Midwest Bank, with 23 branches in the Chicago area, mostly in the northwest suburbs, will reopen today as Firstmerit Bank branches.

Midwest Bank, part of Midwest Banc Holdings of Melrose Park, had reported net losses of $107.9 million for the first quarter of 2010 and $242.7 million for all of 2009.

The bank said it continued to see loan defaults in commercial real estate. It also said the recession has been hard on small- to mid-size businesses that were its core customers.

Meanwhile, the fate of another Chicago area lender, ShoreBank Corp., remained unclear. The South Side-based bank needs to raise $125 million to stave off closure by the FDIC.

ShoreBank has a history of lending in poor communities and a long list of political supporters, including ties to President Obama from his days as a community organizer. Presidential adviser Valerie Jarrett was involved with ShoreBank when she was a planning commissioner for Mayor Daley in the 1990s.

The Wall Street Journal said Friday that investment bank Goldman Sachs Group Inc. is working to save ShoreBank.

ShoreBank spokesman Brian Berg had no comment on Goldman but said the bank is continuing discussions with "a number of potential partners, including several banks."

The Globe And Mail

WELCOME TO THE NEW NORMAL; Pimco, which manages $1-trillion in assets, sees this age as a global economy thrown upside down by the financial crisis, and we better get used to it

Mon May 17 2010
Page: B2
Section: Report On Business: International
Byline: Kevin Carmichael

Those who have the money, set the rules. They also get to define the paradigms of our times. So it is with Pacific Investment Management Co., which last year determined that all we knew, or thought we knew, about the world economy is about as useful as that encyclopedia set you bought in the late 1970s. It's the "new normal" now, a phrase that has entered the lexicon as a tidy way to capture a global economy thrown upside down by the financial crisis.

Newport Beach, Calif.-based Pimco, which has $1-trillion (U.S.) in assets under management, including Bill Gross's Total Return Fund, the world's biggest mutual fund at $225-billion, is as sure as ever that its new normal is here to stay. "It is even clearer today than it was a year ago that the global economy has embarked upon a multiyear journey that is subject to many tensions," Mohamed El-Erian, the chief executive officer, said in commentary published on Pimco's website last week after the firm's annual investment strategy meeting.

Since you won't find the definition of the new normal in those vintage encyclopedias, here's how Pimco describes it: The new normal constitutes "muted growth overall, a protracted need for balance sheet rehabilitation, accelerated migration of growth and wealth dynamics to systemically important emerging economies, and relatively weak global governance. It is also one of notable government involvement in the context of convergence among systemically important countries toward, for lack of a better term, state capitalism."

Former Federal Reserve chairman Alan Greenspan called his 2007 memoir The Age of Turbulence. If one of the strongest periods of global economic growth in history constitutes an age of turbulence, then Pimco's new normal promises to be one long, bumpy ride up a mountain road full of switchbacks with poor visibility.

The new normal is really just a lofty way to say what we should have known all along: That the world is a complicated, chaotic place. So now that we've woken up from Mr. Greenspan's dream, what does reality look like? One answer: contradictory. By the time many of you read this, Japan will have reported its latest machinery order data, most likely a decent figure as one of the world's premier exporters is getting a boost from the rapid growth in Asia's emerging markets. Yet on Friday, the Bank of Japan likely will leave its benchmark borrowing rate near zero to combat inflation.

And where does Canada fit among all the confusion? For a clue, take a look at Tuesday's Statistics Canada tally of net international securities transactions for March. There have been eye-popping numbers in this report in recent months as big bond buyers, such as Pimco, seek refuge in an economy that is functioning, well, fairly normally.

The Globe And Mail

MARKETS BRACE FOR A BIG HIT FROM EUROPE'S CRISIS; The fear of a sovereign default by a Western nation is starting to fray investors' nerves

Mon May 17 2010
Page: B8
Section: Report On Business: Globe Investor Markets
Byline: Simon Avery

Underneath all the noise about the precarious state of the euro and many of the countries behind it lies a noteworthy event that has gone largely uncelebrated.

More than three-quarters of the companies comprising the broadly-based Standard & Poor's 500 index have beaten the Street's financial expectations for the first three months of the year, delivering one of the best reporting seasons on record. In addition, industrial output and retail sales are growing faster than expected.

But the rocky stock market is now dancing to a bleak new tune, looking ahead to the possibility of a sovereign default by at least one Western nation and the likelihood of years of stagnant growth in Europe.

The leadership of the European Union waited too long to treat its sick patient - bloated national debts and deficits - and now investors realize they may get tripped up by another financial calamity years in the making. If the Lehman Brothers collapse was the catalyst for the global meltdown in September, 2008, what effect would the financial failure of a Western nation have on global markets? That is the dark thought among investors today.

For several weeks it has been more expensive to purchase insurance against the default of some European nations than it has been to buy credit default swaps for investment-grade corporate debt. Even if the experts can't quite figure out the market's machinations, the market has clearly registered European politicians' inept management of their sovereign finances.

The gargantuan rescue package announced a week ago by EU leaders and the International Monetary Fund might eventually allow for a new course. But the market is still doubtful and capital has flooded out of the region, leaving the euro hovering near a four-year low against the U.S. dollar.

Benjamin Reitzes, an economist with BMO Nesbitt Burns Inc., says the emergency measures show that EU leaders are committed to saving their common currency and are taking a likely first step toward fiscal union. But they face a new reality, he adds. "Europe can no longer afford to put off its fiscal problems, markets just won't allow it and the euro may not survive it."

Investors will likely continue to favour the U.S. currency and Treasuries while Europe's future remains unclear. That has experts expecting the price of oil to remain weaker than its recent average. Crude prices are at a three-month low, and the latest selloff last week isn't justified solely by fears of slack demand from the European economy. Rather, oil prices are now reacting to fears of another global slowdown.

Brian Clouse, managing director of institutional equity trading at Wellington West Capital Markets Inc., says the weakening of both oil and copper prices is the clearest indication to him that investors are taking money off the table.

"Sentiment has become quite negative. There's been a huge change in the last few weeks. The market is overlooking good news and more keen to grasp the bad news," he says. Europe, as well as regulatory reform of the U.S. financial industry, are the two biggest clouds over the market, and he doesn't see either rolling away any time soon. The best-case scenario is for a market correction of 10 to 15 per cent over the next few months, setting the stage for a nice fall rally, he adds.

In North America this week, economists will be tuned to the latest consumer price index data. The numbers should give a read on inflation and the prospect of rising interest rates, especially in Canada where the central bank meets June 1 to decide whether to bump up its key rate.

Winnipeg Free Press

Toronto investment company buys three blocks for $100M

Mon May 17 2010
Page: B5
Section: Columns
Byline: Murray McNeill / Commercial Real Estate

The ink has barely dried on its first big deal in the Winnipeg market and Toronto-based Timbercreek Asset Management Inc. says it is already on the lookout for more properties to acquire.

"Would I like to buy more? Yes," Ugo Bizzarri, the firm's vice-president and chief financial officer, said in an interview. "I think Winnipeg and Manitoba are doing some really good things economically and (in) growth. I think Manitoba is definitely an up-and-coming province."

Timbercreek specializes in buying multi-family residential properties, preferably highrise apartment blocks.

"We think it's a better long-term investment... " Bizzarri said. "It's a very predictable, very stable and very safe investment."

The three highrise apartment blocks it acquired last month from Winnipeg's B & M Lands Co. were all extensively upgraded with new geothermal heating and cooling systems, new insulation and new windows. But Bizzarri said Timbercreek will also buy older buildings in need of upgrades if they're good properties, the price is right and they're in a good location.

He said he realized that doing another deal in Winnipeg won't be easy, because good investment properties rarely become available here -- especially apartment blocks. It's one of the reasons it's taken the 11-year-old firm so long to make its first acquisition in this city.

"We've liked the Winnipeg market for the last three or four years. We just couldn't find an opportunity until now to buy in the market."

That opportunity presented itself about seven months ago when B & M Land owner Andrew Marquess approached Timbercreek's mortgage investment fund, Timbercreek Mortgage Investment Corp., for mortgage financing. Instead, Bizzarri persuaded Marquess to sell three of B & M Land's apartment blocks to Timbercreek Asset Management, including the downtown Sheraton Suites complex.

Formerly a hotel (Sheraton Winnipeg, and more recently, York the Hotel), B & M Land recently converted the complex into 180 one- and two-bedroom apartments, with a main-floor restaurant/bar (The Lobby) and other amenities.

Bizzarri said some suites still have to be finished, but B & M Land should have all the renovation work completed within the next couple of weeks.

B & M Land had also planned to build a 200-stall parkade on the surface parking lot on the west side of the building. It hadn't got around to doing that yet, so Bizzarri said Timbercreek will do it instead.

He said the plans haven't been completed yet, so it's too soon to say how big it will be, how long it will take to build or how much it will cost.

"But it will be in the millions," he said, adding construction should get underway within the next year.

Bizzarri said Timbercreek's next local transaction will likely be smaller in size because opportunities like the B & M Land deal don't come along very often. Not only were they three big buildings, but they'd all been extensively upgraded, he said, which is why Timbercreek paid a premium price (for the Winnipeg market) for the package.

Industry sources said Timbercreek paid about $105 million, but Bizzarri said it was closer to $100 million.

Don White, president of WinnipegREALTORS commercial division and an investment broker with Colliers Pratt McGarry, said the deal was a strong vote of confidence in Winnipeg as a real estate investment market.

"It takes an awful lot of confidence... to make a $100-million investment in properties in this city -- or any city, for that matter," White said. "It (Winnipeg) is being accepted as a safe environment in which to invest."

White said it also shows there's a market here for all kinds of real estate investments.

"There is liquidity for $1-million deals and there is liquidity for $100- million deals. The proof is in the pudding, and that liquidity proof is a big, big moment for our market."

He agreed the biggest obstacle to establishing a more active investment market here is a lack of available properties.

Most are owned by private investors who don't want to sell, and it's impossible to say if that will change anytime soon.

Although there have been more large transactions than usual in the last three or four years, "it still hasn't been enough to meet the demand," White said.

Know of any newsworthy 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

The info sheet on Timbercreek

Here is some information about Toronto-based Timbercreek Asset Management Inc.:

Founded in May 1999 to capitalize on investment opportunities in multi- family real estate in Canada

Has more than 10,000 suites in seven Canadian cities in its portfolio

Completed its first acquisition west of Ontario on April 30 when it closed a deal to acquire three Winnipeg highrise apartment blocks from B & M Land Co., -- 160 Smith St. (180 suites), 33 Hargrave St. (254 units) and 15 Arden Ave. (107 units)

Manages all its investment properties itself

Here are some reasons Timbercreek gives for liking the Winnipeg market:

Historically low apartment vacancy rates (0.9 per cent city-wide)

A stable and healthy local economy

Good population growth

High employment levels

A solid tenant base

-- Source: Timbercreek Asset Management Inc.