

# The Globe And Mail

## Brick Works fired up for the future; Sixteen-hectare brownfield in Toronto's Don Valley becoming a hothouse where designers/developers can learn new building practices

Tue May 4 2010  
Page: B9  
Section: Report On Business: Canadian  
Byline: Angela Kryhul  
Source: Special to The Globe and Mail

William Taylor was digging holes for fence posts one day when he came across a type of clay that he suspected would make a high-quality brick. His hunch proved correct and in 1889 William and his brothers started a quarry and factory that, for nearly 100 years, churned out bricks and kiln-fired clay products used to build Canadian landmarks such as the Ontario Legislature and Osgoode Hall.

But the once bustling Don Valley Brick Works was abandoned in 1984. The jumble of dilapidated brick buildings and metal sheds sat idle for close to three decades until Evergreen - a national charity devoted to greening communities - approached the owners, the City of Toronto and the Region Conservation Authority, with a proposal to reinvent the site as a showplace for urban sustainability.

That transformation is now taking shape as the Evergreen Brick Works is readied for a September grand opening. Forest, meadow and wetlands occupy the northern part of the 16-hectare property, which was once the clay and shale quarry. To the south is the cluster of 16 heritage-designated buildings, 12 of which are being redeveloped as part of the \$55-million project.

"Our big challenge is what I broadly call healing the site. If, over many years, much of the value is paved over, it's a process of undoing that without destroying all that built heritage," says Joe Lobko, partner with du Toit Allsopp Hillier Architects, and the lead architect on the Brick Works project.

It's a place for architects, designers and commercial developers to learn more about sustainable building practices, particularly on a historic brownfield site. And it's an example of imaginative mixed use. A Saturday farmers' market will continue. There will also be office, studio and event space for rent, a café, garden centre, winter skating and ongoing arts, crafts and educational activities.

"Land that previously would have been thought of as worth abandoning now embodies the possibility of making an amazing new community with a remarkable environmental agenda ... and will be a landmark for sustainable community development and design," says Don Schmitt, principal, Diamond and Schmitt Architects.

The first stop for visitors will be the Welcome Centre, where they will see environmental and historical exhibits as well as industrial-era artifacts that were left on the site, including the original John

Price brick press.

Nearby is Evergreen Gardens. Roof material was removed from the southern portion of this building, but the original steel trusses remain so that white pines can grow up through the openings. The garden centre will sell native plants to home gardeners. In the winter, a contoured area will become an ice skating trail.

At 52,000 square feet, the Brick Factory is the largest of the buildings and features rows of kilns and drying tunnels. The building will eventually receive a new roof, but the plan is to leave much of it in its raw state - including some of the graffiti added in the past 30 years - so that visitors can explore and fully appreciate the heritage, explains David Stonehouse, director, site development, Evergreen Brick Works.

The Children's Nature Playground will have gardens, fruit trees, berry bushes, an open-air bake oven and an indoor children's kitchen.

The only new building for the site is the Centre for Urban Sustainability, a 40,000-square-foot, five-storey office building designed by Diamond and Schmitt to LEED Platinum standards - one of only a handful in Canada. Among the sustainable innovations are rooftop photovoltaics and a biomass boiler that provides heat by burning pellets made of waste wood material.

Evergreen's offices will be in the new building, and space is being offered to corporations and non-profit groups that have a strong commitment to environmental and social issues.

Some people say that ravines are to Toronto what canals are to Venice. The analogy seems entirely appropriate when you consider that the Brick Works is situated on a floodplain. But instead of fighting nature, the design team has embraced it.

Because the nearby Don River floods its banks every two or three years, the ground floors of some of the Brick Works buildings have been raised by about a metre, and there is no drywall, carpeting, sensitive electrical or mechanical equipment at ground level. Greenways will help guide water through and around the buildings. The site is connected to the Conservation Authority's early flood warning system so the premises can be evacuated quickly, if need be.

"We've taken the Venetian principal to our ground level," Mr. Schmitt explains. "It's thinking about

buildings in a way that is connected to natural processes. You can't keep the water out of the site, so you have to accommodate the natural ebb and flow in how you design the buildings. A place like Venice reminds us that we know how to do that."

But why redevelop buildings located on a floodplain in the first place?

Mr. Lobko explains that one can't ignore the site's unique qualities: the valley setting, the Brick Works' industrial heritage and the site's place in the fabric of city life. "The authorities are only allowing this project to happen because of the special set of circumstances," Mr. Lobko says.

There is some archeology on the site. Human remains, likely native people who lived in the valley hundreds of year ago, and the foundations of early 20th- century buildings lie under the main parking lot.

Holcim Canada Ltd. is pouring durable concrete on the main lot in order to protect this area from erosion. But another lot on the east side of the Brick Works site will be poured with a pervious concrete that addresses the site's water issues. "It's basically a porous concrete that allows water to seep through, which helps with flood control," says Bill Galloway, Holcim senior vice-president, government affairs. The Brick Works project provides an opportunity for the construction industry to see this new technology in action, he adds.

Mr. Lobko, who also worked to transform Toronto's Wychwood streetcar repair barns into a mix of retail, housing and artists' studios, says a couple of trends are emerging as more brownfield sites are redeveloped.

The private sector, he says, will start to play a bigger role in redeveloping public brownfield sites. In fact, Mr. Stonehouse describes the Brick Works as a public/private partnership in the classic sense "but with a twist in that the private partner, rather than being a corporation, is a private charity."

Projects like the Brick Works inspire people to bring other brownfields to their full potential, he says.

"We need to be at both ends of the spectrum: pushing the edge of new technology and new design while embracing, understanding and living with the old."

© 2010 CTVglobemedia Publishing Inc. All Rights Reserved.

# The Globe And Mail

## U.S. malls on sale. But maybe they're too cheap

Tue May 4 2010  
Page: B2  
Section: Report On Business Column  
Byline: Boyd Erman

berman@globeandmail.com

Warren Buffett has a saying: When it's raining gold, reach for a bucket, not a thimble.

Canadian asset managers are reaching for their buckets to scoop up U.S. shopping malls.

Brookfield Asset Management Inc. is leading the race to take a big stake in General Growth Properties, the No. 2 U.S. mall operator, while the Canada Pension Plan Investment Board is putting at least \$370-million into the U.S. mall market with partners Kimco Realty Corp. and Donahue Schriber.

What do they see that makes them believe that this is the real thing, and not fool's gold?

In general, the vacancy numbers are not pretty. Regional malls, the biggies that draw people from miles around, have a record 8.9 per cent of their square footage sitting empty. Strip malls and other smaller neighbourhood centres are even in worse shape, sporting a whopping 10.8 per cent vacancy rate. That's a 19-year high, according to real estate research company Reis Inc.

That means landlords pretty much have zero pricing power. It shows. Rents have retreated to 2005 levels at strip malls, and fallen for six straight quarters at regional malls.

Reis is predicting no recovery until 2012.

"Fundamentals are crap, but pricing may be at a level that is attractive for a lot of the better-capitalized firms," said Victor Calanog, director of research at Reis.

The mantra among smart funds is to find distressed owners, not distressed properties.

"The impact has differed over various parts of the market with the highest-quality assets in the stronger markets being only marginally impacted," said Graeme Eadie, who heads real estate investing for CPPIB. He expects more properties to hit the market in 2010, and "good interest from purchasers in the better-quality assets but minimal interest in the poorer-quality ones."

Some top-end malls are doing all right - or at least, a little better than average. General Growth has some of the best locations in the country, and its vacancy rate in the first quarter stood at 8.4 per cent and was trending lower.

There's reason to believe that the improvement in

mall health could continue.

The pace of vacancy rate increases is slowing. The increase in the strip mall vacancy rate in the first quarter was the smallest in two years.

Retailers are also feeling more optimistic, and that's likely to translate into fights for top-notch space. About 37 per cent of those surveyed by the U.S. National Retail Federation expect "moderate to aggressive" expansion in 2010, while another 43 per cent expect to maintain their store numbers.

That hope is all based on the outlook for continued economic growth to support consumer spending.

If CPPIB and Brookfield have misread the short-term outlook for a rebound, they'll have bigger trends to fall back on.

In the wider picture, one of the drivers for optimism about the U.S. is a lack of new malls. Construction financing is tough to get from wary U.S. banks, so new shopping centres aren't going up very often.

At the same time, the population continues to grow. There are forecasts that the U.S. could add 100 million or more people to its current population of about 300 million by 2050, and they will need a place to buy whatever it is we're all buying in 40 years.

"This has to mean an increase in retail demand over the long term and it also helps that there is very little new supply as development is stuck," Milton Cooper, the executive chairman on Kimco, told investors in February.

And in the meantime, there's steady cash flows from renters, and a belief that malls are less cyclical than office towers.

CPPIB is putting \$370-million into a joint venture with Kimco to buy neighbourhood shopping centres around the U.S. The first properties are five power centres in California, Florida and Virginia. CPPIB will own 45 per cent, while Kimco will own the majority and handle management.

Kimco has a customer base tilted toward discounters, warehouse clubs, drugstores and supermarkets. The company's tenants either sell things that are requirements for daily life, or are cheap - two keys to drawing shoppers in a down market.

Kimco's occupancy actually increased to 92.8 per cent in the fourth quarter as it found new tenants to fill holes left by the bankruptcy of chains Linens 'n Things and Circuit City, though admittedly at lower

rents.

CPPIB also has a partnership with Donahue Schriber, owner of 85 neighbourhood and community shopping centres across California, Nevada, Arizona and Oregon. The fund and Donahue Schriber announced a joint mall purchase in January and CPPIB signalled the duo will be looking for more malls to buy.

So what's Mr. Calanog's take this time around on the mall rush - fool's gold or 24-karat value?

"It seems like a lot of the guys who escaped the downturn unscathed and who are now sitting on a lot of cash believe that pricing is pretty attractive right now and have priced in an outlook of declining rents and rising vacancies for the next year or two. Who knows if that's true or not?"

© 2010 CTVglobemedia Publishing Inc. All Rights Reserved.

# Edmonton Journal

## Making a case for or against recovery

Tue May 4 2010  
Page: E1  
Section: Business  
Byline: Gary Lamphier  
Column: Gary Lamphier  
Dateline: EDMONTON  
Source: Edmonton Journal

Is the recovery real and sustainable, or is it a giant head fake, built on a mountain of public money that's about to disappear?

That's the \$64,000 question, of course, and as usual, there are plenty of smart observers on either side of the argument.

The economists at Scotiabank argue that a conventional V-shaped recovery looks more likely by the day. To bolster their claim, they highlight the following points:

- The U.S. economy is expected to recover all output lost during the credit crisis by the second quarter, and reach a record high for GDP by the third quarter.

- The impact of inventory rebuilding on economic growth -- as opposed to sustained demand -- is not out of line with previous periods of economic recovery, despite suggestions to the contrary.

- Growth in final demand (that is, demand generated by consumer buying, trade or investment) is comparable to the periods following the past two U.S. recessions.

- U.S. industrial production is recovering at the same robust pace it has following every recession since the Second World War.

- The struggling commercial real estate sector, which was hit just as hard during the recession of 1990-91, is already showing early signs of recovery.

- More banks failed during the thrift crisis of the late 1980s and early 1990s than during the most recent recession. The Fed's widely questioned moves to park toxic assets on its balance sheet are similar to the actions taken by Resolution Trust in the 1990s.

### FIRMLY BEARISH

David Rosenberg, chief economist and strategist at Gluskin Sheff & Associates in Toronto, remains unimpressed by such arguments. He has both feet firmly planted in the bearish camp.

Among other things, he cites the following factors in his latest market commentary:

- While the Euro countries have agreed to a \$146-billion-US rescue package for Greece, a bailout of other troubled Euro economies -- Portugal, Spain and Italy -- would push the final price tag to some

\$800 billion. That would exceed the size of the Lehman Brothers bankruptcy, which tipped the world into recession.

- China's moves to hike reserve requirements for banks will dampen commodity prices, which have helped propel stock markets and resource-based economies like Canada's ahead over the past year.

- The SEC's civil fraud suit against Goldman Sachs and the push for financial regulatory reform will undercut the valuations for bank stocks, another key source of renewed wealth generation and U.S. stock market strength.

- The ECRI (Economic Cycle Research Institute) leading index just slipped to the lowest level in more than nine months. With inventory restocking complete and the impact of fiscal stimulus set to wane, that points to a slowdown ahead. Yet stock market sentiment is at its most bullish level in years.

- Average home prices in the U.S. are poised to fall once again, as reflected by the latest Case-Shiller house price index. This will hit U.S. bank stocks, retailers and homebuilders.

- At 450,000, initial jobless claims remain high, and run counter to the argument that sustained job growth is at hand.

So who will be proven right, the bulls or the bears? Only time will tell. But the recent uptick in market volatility suggests a showdown may be at hand.

And now, some key factoids for all you numbers geeks:

- \$27 billion US -- That's how much Apple Inc.'s market value has soared since it launched its popular iPad on April 3rd. It took Apple just 28 days to sell one million units of the new tablet computer, less than half the time it took Apple's iPhone to reach the same milestone.

Apple's shares are up more than \$30 apiece since the iPad's debut, giving the tech giant a current market value of \$242.5 billion. By way of comparison, the entire Starbucks Corp. retail coffee chain is currently valued at just over \$20 billion.

- \$32.1 billion -- That's how much BP's market value has shrunk since April 20, when an oil rig the British-based energy giant contracted in the Gulf of Mexico blew up, killing 11 workers and causing a massive oil spill.

--\$6.4 billion -- The decline in Transocean Ltd.'s market value since its Deepwater Horizon rig exploded and sank. Transocean operated the rig for BP.

--\$8 billion -- The estimated cost to BP to clean up the giant spill, according to Neil McMahon, a London-based analyst at Sanford C. Bernstein.

The estimate doesn't include the cost of settling any future potential lawsuits that may be filed by Louisiana's \$2.5 billion fishing industry or the \$3 billion tourism sector on Florida's Gulf Coast. U.S. authorities estimate the 35,000-foot-deep BP well is gushing 5,000 barrels of oil into the Gulf's waters each day, Bloomberg reports.

At that rate, it's expected to exceed the magnitude of the 1989 Exxon Valdez oil spill in Alaska by the third week of June.

--\$18.3 billion -- That's the decline in Goldman Sachs' market value since April 15, just before U.S. stock market regulators filed a civil fraud suit against the big Wall Street investment bank.

At Monday's closing price of \$149.50, Goldman's shares have plunged nearly \$35 apiece since news of the suit broke, and they're down almost \$14 since a certain, umm, columnist breezily suggested a few days later that the bad news was already fully priced into the stock. Oops.

glamphier@thejournal.canwest.com

# MARKETWIRE

## Evton Capital Partners Announces Sale of 30 Soudan Avenue

Tue May 4 2010, 9:47am ET  
Dateline: TORONTO, ONTARIO

TORONTO, ONTARIO--(Marketwire - May 4, 2010) - Evton Capital Partners today announced the sale transaction of 30 Soudan Avenue in Toronto, in the Evton Real Estate Fund LP for \$241.00 per square foot. This represents a total sale price of \$7 million, yielding an IRR of 29.9 per cent to its investors.

### ABOUT EVTON CAPITAL PARTNERS

Evton Capital Partners is a commercial real estate investment and property management firm based in Toronto. Since its inception in 1995, the company has completed over \$200 million in commercial real estate transactions in Ontario and Alberta. Evton is focused on acquiring private Canadian real estate investment opportunities for high-net-worth investors. Through selective and managed growth the Evton Real Estate Fund LP has accumulated over \$55 million in assets under management since its inception in 2005. Past performance is not a guarantee of future returns. For more information please visit [www.evton.com](http://www.evton.com).

-30-

FOR FURTHER INFORMATION PLEASE  
CONTACT:

Mansfield Communications Inc. Tiffany Fisher  
416-599-0024 ext.222 [tiffany@mcipr.com](mailto:tiffany@mcipr.com)  
[www.evton.com](http://www.evton.com)

INDUSTRY: RECR, RERR

SUBJECT: RLE

-0-

© Marketwire. All Rights Reserved

# Canada News-wire

## Canadian Real Estate Investors Cautiously Optimistic about a Pending Market Rebound According to Colliers International Global Investor Sentiment Survey

Tue May 4 2010, 8:15am ET  
Dateline: TORONTO, May 4

-- Two in three investors plan to expand acquisitions over the next year with a strong appetite for domestic properties; Sentiment shows market hasn't bottomed out yet but expects a fast recovery --

TORONTO, May 4 /CNW/ - Although Canadian institutional and private real estate investors think the market has yet to reach its lowest point, they are cautiously optimistic that a fast recovery is on the horizon and are honing their expansion strategies, according to Colliers International's 2010 Global Investor Sentiment Survey. Two out of three Canadian investors (65%) indicated they are considering further acquisitions over the next 12 months, mirroring the global trend (64%).

The global survey of more than 240 major real estate investors (including 26 large Canadian institutional property investors) with a total investment portfolio of over \$300 billion, also found a strong appetite for domestic investments. The vast majority (85%) of Canadian respondents who indicated acquisition plans intend to focus on the domestic market, especially in locations such as Toronto (27.8%), Vancouver and Montreal (16.7% each), Edmonton and Calgary (14.8% and 11.1% respectively). The lack of appetite for foreign investments is also reflected globally with eight out of ten respondents having no off-shore portfolio or intentions to invest overseas.

"On a risk adjusted basis, Canadian investors still see Canada as a preferred investment destination that offers a higher return on investment compared to the U.S., in part because of the turmoil that still lingers south of the border," says Milton Lamb, Chair, National Investment Team, with Colliers International in Canada. "Additional reasons respondents gave for focusing on domestic investments range from the quality of assets to diversification of income stream, availability of capital or better valuation matching income."

The survey also reveals that Canadian investors are not only looking for buying opportunities, but also looking to divest under-performing or non-core assets (54%). At the same time another 42 per cent of investors are playing the waiting game, holding firm on any asset selling plans to avoid sale at the bottom of the cycle. Respondents predict that the price-expectation gap between buyers and sellers, which has brought deal flow to a near standstill, will narrow closer to the end of the year. The consensus among investors surveyed is that the market will resume to normalcy of transaction stream starting in Q3'10 through to Q2'11.

Milton Lamb adds "If there is a lesson to be learned from this recent recession it would be about the importance of proper assessment of investment opportunities in the context of market cycles. The commercial real estate market is not a stock market where one can enter and exit so easily, which means proper research and analysis become more important than ever."

### Additional Findings and Highlights

<<

- Nearly three out of four (73%) Canadian investors feel that access to

capital became easier over the past year and 54 per cent say the

movement toward easier access to debt to continue. Additionally and

in-line with the BoC recent announcement, 58 per cent of respondents

believe the cost of borrowing will climb over the next 12 months.

- Investors expect to see rents continue to decline and hit bottom at

the beginning of 2011. This places tenants whose leases set to expire

this year in a better position when negotiating with their property

owners.

- Fifty per cent of Canadian respondents, most of them institutional

investors, are willing to pay a premium for sustainable buildings,

compared to only 30 per cent of U.S. investors.

>>

Editor's note: the global and Canadian research reports (graph and charts included) are available upon request. For all the latest international news from Colliers visit [www.colliersnews.com](http://www.colliersnews.com)

About the Global Investor Sentiment Survey

The inaugural 2010 Global Investor Sentiment Survey was conducted by Colliers International between February 15th and March 1st and includes responses from 244 major institutional and private investors whose combined investment portfolio exceeds \$300 billion. Survey participants represent a broad cross-section of property investors across the globe including 26 large Canadian institutional property investors with a median investment portfolio of over one billion dollars. The survey measured investors' sentiment and their 12 months outlook on topics such as investment activity, market conditions and risk, access to debt and financing, asset valuation and sustainability.

#### About Colliers International

Colliers Macaulay Nicolls Inc. (CMN), operating as Colliers International, is a leading global real estate services company that provides a full range of services to real estate occupiers, developers and investors worldwide. The organization's 12,700 employees span the globe in 294 offices in 61 countries. On a worldwide basis, Colliers manages more than 1 billion square feet and has revenue of \$1.6 billion. Services include brokerage, property management, hotel investment sales and consulting, corporate services, valuation, consulting and appraisal services, project management, mortgage banking and research. Colliers International is a worldwide affiliation of independently owned and operated companies.

© 2010 CNW Group Ltd.

# The Daily Telegraph

## Goldman admits to Abacus lawsuits

Tue May 4 2010  
Page: 3  
Section: Business  
Byline: James Quinn

GOLDMAN Sachs has taken the unusual and surprise step of disclosing a series of civil lawsuits against it stemming from the Securities and Exchange Commission's fraud charges.

In what is thought to be an unprecedented move by the bank - desperately trying to repair its public image after a fortnight of political and media mauling - Goldman released copies of seven lawsuits it has received since the charges were brought on April 16.

The seven include one brought by institutional investors - the South-eastern Pennsylvania Transportation Authority and the International Brotherhood of Electrical Workers Local 98 pension fund - as well as various individuals.

The bank has consistently denied the charges brought by the SEC, which centre on a complex debt derivative - known as Abacus 2007 - which the regulator alleges Goldman sold at the expense of two clients in favour of another.

In a regulatory filing last night, the bank said that in addition to those disclosed, it "has been the subject of other legal claims and regulatory inquiries and investigations with respect to the 2007 transaction" and expects "additional" lawsuits to be forthcoming.

The filing is all the more interesting given the bank's decision not to inform investors that it was being investigated by the SEC over the transaction, in spite of being informed as such in September 2009.

© 2010 Telegraph Group Limited, London

## Companies in Canada must 'innovate or perish,' TD report says

Tue May 4 2010  
Page: C3  
Section: Businessbc  
Byline: John Morrissy  
Dateline: OTTAWA  
Source: Canwest News Service

Canadian firms must innovate or perish, as the country's lagging productivity becomes an increasing challenge in a world in which foreign competition is intensifying at a furious pace, TD Economics said in a report Monday.

Citing what is a "deep structural problem" at the heart of the Canadian economy, TD chief economist Craig Alexander said the traditional response of Canadian manufacturers to increased competition by developing nations has been to move up the value-added production chain.

"A new era of global competition is emerging and developing nations are rapidly moving into more sophisticated manufacturing," Alexander said.

"One only need to observe the number of engineers graduating every year in Asia for a sign of things to come. The bottom line is that Canadian firms must innovate or perish."

The issue extends far beyond the bottom line of corporate earnings to Canada's broader economic prosperity, because productivity is the key driver for a nation's rising standard of living, Alexander said.

From the Second World War to the early 1970s, productivity grew at more than four per cent a year. But from the 1970s until 2000 it grew at only 1.6 per cent, and in the past decade it slipped to a "shockingly low" 0.7 per cent, the report states.

Companies did not invest in productivity-enhancing machinery and equipment between 2002 and 2007 when retained earnings were piling up, corporate taxes were falling, interest rates were not high and when the Canadian dollar gained almost 40 per cent against the U.S. greenback, lowering the cost of imported goods.

During that time however, business investment rose by only five per cent a year, and has pushed capital intensity -- the measure of machinery and equipment per worker -- to only 49.1 per cent of that in the U.S.

The same is true for investment in information and communication technologies. "ICT is revolutionizing business and peoples' lives, but the stock of ICT capital per worker in Canada in 2008 was only 45 per cent of that in the United States," Alexander said.

# The New York Times

## Manufacturing Shows Signs of Strength as Consumers Increase Spending

Tue May 4 2010

Page: 3

Section: Business/Financial

Byline: CHRISTINE HAUSER

Illustrations: PHOTO: Shoppers spent more in March, the Commerce Department reported on Monday, but the household savings rate fell. (PHOTOGRAPH BY MARK LENNIHAN/ASSOCIATED PRESS) CHARTS: Personal Income: Total personal income before taxes, at a seasonally adjusted annual pace.

Construction Spending: Total construction spending at a seasonally adjusted annual rate. (Source: Commerce Department)

The construction and manufacturing sectors showed signs of strengthening in the latest economic reports, raising hopes of an improved job market. And consumers spent more in March, but analysts cautioned that the increase came at the expense of personal savings.

A report from the Commerce Department said consumer spending rose 0.6 percent in March, the largest increase in the last five months. But households saved less, putting away 2.7 percent of their disposable income in March, down from 3.0 percent in February. Still, in early 2008, with the recession just beginning, the savings rate was 1.2 percent.

"The consumer has been able to show signs of life," said Joshua Shapiro, chief United States economist for MFR. "But it has not been due to sustainable sources."

Private wages and salary disbursements rose \$11.8 billion in March, compared with an increase of \$6.8 billion in February. Dean Maki, chief United States economist for Barclays Capital, said the labor market was supporting spending to an extent.

Mr. Maki said fears had receded that the economic crisis would grow into a depression. "That accounted for the slowdown in savings," he said.

The Commerce Department figures also showed that disposable personal income, or income after taxes, rose 0.3 percent in March, in line with the range of analysts' expectations.

"I think that you have seen little in wage and salary income and traditional supports of spending," Mr. Shapiro said. "It underscores the critical importance of the labor market in terms of being able to generate wages and salary going forward."

Though consumer spending typically helps lead a recovery, the concern this time is that the labor market will remain weak and households will not be able to maintain their buying.

On Friday, the government will release its latest report on the job market. Economists have forecast that 188,000 jobs were added in April.

With more than eight million jobs lost since the recession began in December 2007, any recovery in the job market was expected to take time.

That has turned attention toward manufacturing, and a report by the Institute for Supply Management, a trade group of purchasing executives. The report, released on Monday, indicated that the sector continued to improve, although it has not been a large source of jobs.

The manufacturing barometer used by the trade group reached 60.4 percent in April, the highest point since June, 2004, bolstered by new orders and production. The figures also showed that employment by manufacturers picked up even as the pace of exports slowed slightly.

Brian A. Bethune, chief United States economist for IHS Global Insight, said manufacturers were increasing production and, in some cases, starting to invest in capital equipment.

"We are going to see some positive impact on manufacturing employment," he said. "That is what we have been seeing in the past several months, and generally those are high-paying jobs."

The manufacturing employment index rose to 58.5 percent in April, from 55.1 percent in March, recording the fifth consecutive month of growth in manufacturing employment.

More than half of manufacturers reported growth in employment in April, led by clothing makers. But economists said that some of the factory demand was based on temporary factors, and it was not clear to what extent the manufacturing sector would affect the job market.

Cliff Waldman, an economist for the Manufacturers Alliance/MAPI, said in a telephone interview that manufacturers were enjoying a "restocking party" as new orders started to come in.

A third report on Monday showed that construction spending was better than expected in March, increasing by 0.2 percent. While private construction fell, that was offset by a 2.3 percent jump in public construction, the first rise in that sector in eight months, according to the Commerce Department.

What that means for jobs is not immediately apparent, because public construction figures are often revised, and state and local governments are hurting financially. Instead, the economy may benefit

from starts of residential buildings.

"You are going to see job growth in building single-family homes, and you may see that in the next two or three months," said Patrick Newport, an economist for IHS Global Insight.

© 2010 by the New York Times Company