

Calgary Herald

Calgary building permits rack up gains

Fri Oct 9 2009
Page: D3
Section: Calgary Business
Byline: Mario Toneguzzi
Source: For the Calgary Herald

Building permit applications for the city in September show some positive trends.

The City of Calgary announced Thursday the estimated construction value for the month was \$277 million, up 25 per cent from September 2008's \$222 million, but down 15 per cent compared with the five-year average --from September 2005 to September 2009--of \$324 million.

The value was also up 16 per cent compared with the 10-year average --from September 2000 to September 2009--of \$240 million.

The city said residential value in September increased by 105 per cent over the same period last year, from \$86 million to \$177 million. Non-residential value is down 26 per cent from \$136 million to \$100 million.

Year-to-date, total permit values are down 24 per cent to \$2.4 billion from \$3.2 billion for the same period last year.

"We have continued to see a steady climb in residential permit values over the past several months. Although permit values are down 24 per cent year-to-date, they are up 25 per cent over the same period last year, which is a good sign," said David Watson, general manager of planning, development and assessment for the city.

Notable projects for the month include a \$30-million parkade for Mount Royal University, the \$21-million Rocky Ridge Retirement Residence and the \$10.8-million Lowe's retail store in Shepard.

The building permit numbers show a promising trend, said Richard Pootmans, business development manager for real estate at Calgary Economic Development.

He also said it was encouraging that three of the top four projects during the month were from the private sector.

"In the longer-term picture, we're still a relatively healthy economy, in particular in the context of the North American economy," added Pootmans.

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MARKETWIRE

Primaris Retail REIT Issues Additional \$11.25 Million of Convertible Unsecured Debentures Pursuant to Exercise of Over-Allotment Option

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Dateline: TORONTO, ONTARIO

TORONTO, ONTARIO--(Marketwire - Oct. 9, 2009) -

NOT FOR DISTRIBUTION IN THE UNITED STATES OR OVER UNITED STATES WIRE SERVICES

Primaris Retail REIT (TSX:PMZ.UN) announced today that it has successfully closed the issuance of an additional \$11.25 million aggregate principal amount of its 6.30% convertible unsecured subordinated debentures due September 30, 2015 (the "Debentures") following the exercise in full of the over-allotment option granted by Primaris Retail REIT to the underwriters in connection with the previously announced offering of \$75 million aggregate principal amount of the Debentures, which closed on October 6, 2009. The gross proceeds from the offering, including the proceeds from the exercise of the over-allotment option, are \$86.25 million. The Debentures are listed on the Toronto Stock Exchange under the symbol PMZ.DB.B.

The net proceeds from this offering (after deducting the Underwriters' fee and estimated offering expenses) will be used to fund future property acquisitions, the redevelopment of the REIT's existing properties and for general trust purposes.

The syndicate of underwriters was co-led by RBC Capital Markets and CIBC World Markets Inc., with RBC Capital Markets acting as bookrunner.

This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities being offered have not been and will not be registered under the U.S. Securities Act of 1933 as amended and may not be offered or sold in the United States absent registration or pursuant to applicable exemption from registration.

Forward-Looking Information

The press release contains forward-looking information based on management's best estimates and the current operating environment. These forward-looking statements are related to, but not limited to, the REIT's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or

implied by such forward-looking statements.

Although the forward-looking statements contained in this press release are based on what management of the REIT believes are reasonable assumptions, forward-looking statements involve significant risks and uncertainties. They should not be read as guarantees of future performance or results and will not necessarily be an accurate indicator of whether or not such results will be achieved. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results to differ from targets, expectations or estimates expressed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, economic, competitive and commercial real estate conditions, unplanned compliance-related expenses, uninsured property losses and tenant-related risks.

Primaris Retail REIT owns 26 income-producing properties comprising approximately 9.3 million square feet located in Canada. As of September 30, 2009, the REIT had 62,477,749 units issued and outstanding.

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INDUSTRY: FSIO, FSIS, FSPF, RECR, RERR

SUBJECT: FNC

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Speedy recovery unlikely: ECB; Rates stay at 1%

Fri Oct 9 2009

Page: FP6

Section: Financial Post

Byline: Nigel Tutt

Dateline: VENICE, Italy

Source: Reuters

Illustrations: Color Photo: Giuseppe Aresu, Bloomberg News / Jean-Claude Trichet, president of the European Central Bank, warns economic recovery is likely to be uneven.

The European Central Bank cautioned against hopes of a speedy economic recovery after leaving benchmark interest rates at a record low 1.0% yesterday for the fifth month in a row.

Jean-Claude Trichet, the ECB president, also turned up the heat on governments to rein in ballooning budget deficits, and said he saw hopeful signs of a normalization in money markets given lower demand for central bank loans.

But overall, the assessment of the 22-member Governing Council--meeting in Venice in the second gathering outside its Frankfurt headquarters this year -- was little-changed from last month, he said.

"Current rates remain appropriate," Mr. Trichet told journalists at his news conference, cementing expectations that the ECB will not change rates until the third quarter of 2010.

"The incoming information and analysis since our last meeting in early September have confirmed our previous assessment."

Still, financial markets moved in reaction to Mr. Trichet's steady-hand message, especially since he failed to sharpen his tone on exchange rates and the strength of the euro. Mr. Trichet said in a Reuters interview on Monday that a rebalancing in the global economy did not mean the U.S. dollar should weaken against the euro, but when asked about currencies yesterday he stuck to his standard message that U.S. support for a strong dollar was important and excess FX moves unwelcome.

"It was actually what he didn't say that caused the market to buy the euro," said Matthew Strauss, senior currency strategist at RBC Capital Markets in Toronto, after the euro rose to session highs against the U.S. currency.

"Before Trichet's briefing, there was chatter in the market that he may give more forceful comments on having a 'strong' dollar. But Trichet just gave the standard language so we saw some relief rally for the euro."

The euro has gained roughly 3% against the dollar since the ECB's September rate meeting and about 16% in the past seven months.

Similarly, eurozone government bond futures rose to a contract high after Mr. Trichet sounded sanguine on inflation, which he said was expected to remain moderately positive over the ECB's policy horizon.

"It's rather what he hasn't said today," said Phil Jordan, a senior trader at Monument Securities in London. "He didn't labour [the point] that inflation would go up strongly."

Eurozone inflation fell 0.3% in September, more than expected, according to the flash estimate, after dipping 0.2% in August.

Mr. Trichet did adjust his language slightly on the pace of the recovery, predicting it would be "gradual" as opposed to "very gradual" after the September meeting. But he warned that the recovery would likely be rather uneven, and said uncertainty remained high.

The New York Times

Fed Is Split Over Timing Of Rate Rise

Fri Oct 9 2009

Page: 1

Section: Business/Financial

Byline: EDMUND L. ANDREWS

Dateline: WASHINGTON

Illustrations: PHOTO: The Fed chairman, Ben S. Bernanke, told economists in Washington on Thursday night that the central bank had the tools to reverse course on rates but gave no hint when he planned to begin. (PHOTOGRAPH BY KEVIN LAMARQUE/REUTERS) (B3)

Fissures are developing among policy makers at the Federal Reserve as they debate how and when to start raising the benchmark interest rate from its current level just above zero.

With Fed officials forecasting that unemployment will average 9.8 percent in 2010, nobody appears to be arguing that monetary policy should be tightened anytime soon. The central bank's official mantra continues to be that the overnight federal funds rate will remain "exceptionally low" for "an extended period."

But Fed officials have hinted at new disagreement in recent weeks. The arguments go beyond the traditional split between hawks, who worry that easy money will stoke inflation, and doves, who contend that unemployment is the top problem.

The more devilish debates are about how fast to act once the decision has been made, and how to carry it out. Beyond raising the overnight federal funds rate, the Fed also has to unwind \$2 trillion in special programs that prop up paralyzed banks and credit markets.

Where Ben S. Bernanke, the Fed chairman, stands in the emerging argument is a question mark. At a conference held by the Fed on Thursday evening, he assured economists that the central bank had a detailed list of tools to reverse course but offered no new hint of when he planned to begin his exit strategy.

"When the economic outlook has improved sufficiently, we will be prepared to tighten the stance of monetary policy and eventually return our balance sheet to a more normal configuration," Mr. Bernanke promised.

Any move to tighten monetary policy over the next year or so could set the stage for a clash between the Fed and the White House. The Obama administration has been outspoken in saying it does not want a quick end to stimulus policies, whether fiscal or monetary.

Policy makers are haunted by the results of previous miscalculations. Mr. Bernanke and others have warned that the central bank should not repeat its error in 1937, when it raised interest rates too early and helped extend the Depression for several years.

At the same time, officials at the Fed are acutely aware that it has been widely blamed for contributing to the housing bubble and the financial collapse by keeping the cost of borrowing too low for too long

after the recession of 2001.

One hint of the discord came Tuesday, in a speech by Thomas M. Hoenig, president of the Federal Reserve Bank of Kansas City.

Though he stopped short of calling for immediate rate increases, Mr. Hoenig made it clear that he was getting impatient.

"My experience tells me that we will need to remove our very accommodative policy sooner rather than later," he told an audience of business executives. "Even if we were to start immediately, much time would pass before incremental increases could be considered tight or even neutral policy."

Mr. Hoenig is not currently a voting member of the Fed's policy committee, on which the regional Fed presidents hold rotating seats, but he presents his views at all meetings.

And he is not alone.

Richard Fisher, president of the Federal Reserve Bank of Dallas, sent a similar message in a speech on Sept. 29. "That wind-down process needs to begin as soon as there are convincing signs that economic growth is gaining traction," he told a business group.

Other Fed officials with similar views include Jeffrey M. Lacker, president of the Federal Reserve Bank of Richmond; Charles I. Plosser, president of the Philadelphia Fed; and Kevin M. Warsh, an influential Fed governor.

By contrast, some top Fed officials in Washington and New York have repeatedly emphasized that the economy is still extremely weak and that unemployment, already at its highest level since the early 1980s, will probably climb above 10 percent and remain high for several years.

"The turnaround is certainly welcome, but it shouldn't be overstated," Daniel K. Tarullo, a Fed governor, said on Thursday in an address to a civic group in Phoenix. "The employment situation continues to be dismal."

William C. Dudley, president of the New York Fed, presented a detailed case that seemed aimed at responding to those calling for a quick end to low rates.

"Some observers are concerned that this expansion will ultimately prove to be inflationary," he told an

audience at the Corporate Law Center at Fordham University. "This concern is not well founded."

Mr. Dudley noted that unemployment among working-age men was 10.3 percent -- higher than in any other downturn since World War II.

On top of that, he said consumers were reeling from the "wealth shock" caused by the collapse in home prices and by losses to their stock portfolios. That could cause people to increase their saving rate, meaning less consumer spending in the short run.

Finally, Mr. Dudley cautioned that banks faced another wave of losses from loans tied to commercial real estate.

Beyond the disagreements about the relative dangers of rising prices versus rising joblessness, Fed officials are grappling with how to decide on the need for higher interest rates.

Mr. Bernanke and other officials want to see evidence that the economic recovery is self-sustaining, strong enough to generate jobs without the crutch of extremely low interest rates.

But Mr. Warsh, as a Fed governor, has begun arguing that the central bank cannot afford to wait for irrefutable evidence of a solid expansion. Mr. Warsh recently argued that the Fed should take at least some of its cue from stock prices and other financial indicators, which turn around earlier and more quickly than the underlying economy.

"If policy makers insist on waiting until the level of real activity has plainly and substantially returned to normal," he warned in a speech on Sept. 25, "they will have almost certainly waited too long."

Mr. Warsh and some other Fed officials also argue that when the time does come to change gears, the central bank may have to raise rates almost as fast as it slashed them when the crisis began.

It remains unclear whether Mr. Bernanke agrees with that idea, though he and other Fed officials have emphasized that they have planned carefully for the Fed's exit strategy and have all the tools in place to reduce the special support programs quickly.

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The New York Times

New Jobless Claims Fall to 8-Month Low

Fri Oct 9 2009

Page: 7

Section: Business/Financial

Byline: THE ASSOCIATED PRESS

Dateline: WASHINGTON

Illustrations: PHOTO: A class on jobless benefits in Arcadia, Calif. Almost nine million Americans are receiving aid. (PHOTOGRAPH BY DAVID McNEW/GETTY IMAGES) CHART: Jobless Claims: Weekly number of people who have filed for unemployment benefits for the first time. (Source: Labor Department, via Bloomberg)

The number of new claims for jobless benefits fell last week to the lowest level since early January.

The Labor Department said on Thursday that first-time claims for unemployment insurance dropped last week to a seasonally adjusted 521,000, from the previous week's upwardly revised total of 554,000.

That was better than the 540,000 that Wall Street economists had expected, according to a survey by Thomson Reuters.

The drop was the fourth in five weeks. The four-week average, which smoothes fluctuations, fell to 539,750, the lowest since Jan. 17.

Thursday's total was the second-lowest this year. Claims have been slowly declining since the spring, but remain well above the 325,000 that economists say is consistent with a healthy economy.

The number of people continuing to claim benefits declined by 72,000, to 6.04 million. Analysts expected continuing claims to rise slightly.

When federal emergency programs are included, the total number of jobless benefit recipients dropped by about 90,000, to 8.9 million, in the week that ended Sept. 19, the latest data available showed. Congress has added up to 53 extra weeks of benefits on top of the 26 typically provided by the states, and is considering adding another 13 weeks.

In another report, the Commerce Department said Thursday that wholesale inventories fell 1.3 percent in August, worse than the 1 percent drop economists had expected. That followed a 1.6 percent drop in July initially reported as a 1.4 percent decrease.

Businesses reduced inventories at the wholesale level for a record 12th consecutive month in August, evidence that companies continue to trim orders to factories. But in an encouraging sign, sales at the wholesale level rose a better-than-expected 1 percent, the fifth consecutive gain and the largest increase since June 2008.

Economists say they hope the rising sales will encourage businesses to begin restocking their depleted shelves, a switch that would raise factory production and help bolster broad economic growth in coming months.

As businesses start restocking shelves, analysts said that would provide support for rising factory

production and translate into faster economic growth. The concern is that consumer spending, which accounts for 70 percent of economic activity, could falter as the impact of various government stimulus programs begins to wane.

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The Washington Post

Mortgage Plan Gaining Steam But Foreclosure-Prevention Program May Not Be Enough, Report Says

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Byline: Renae Merle

The Obama administration touted progress on its foreclosure-prevention program Thursday after hitting an interim target of signing up 500,000 borrowers three weeks ahead of schedule. But in a report to be released Friday, a congressionally appointed oversight panel questioned whether reaching that goal would be enough to slow down the foreclosure crisis.

The program, known as Making Home Affordable, got off to a bumpy start when it was launched in March with homeowners and consumer advocates complaining about the difficulty of reaching lenders, long telephone wait times and documents that were repeatedly lost. But senior administration officials said Thursday that the program is now gaining momentum.

Under the \$75 billion government program, lenders are paid to lower borrowers' mortgage payments; the administration has said the program was aimed at helping up to 4 million borrowers before expiring in 2012. It is part of a larger government effort to revive the housing market that senior administration officials said has also kept mortgage rates low and prompted millions of borrowers to refinance their loans.

"The broad signs that you see in the housing market . . . are encouraging," said Treasury Secretary Timothy F. Geithner. It is still early, and "we're still living with some risks that housing is going to be a source of weakness for the broader economy and that you still face a . . . large number of families across the country still at risk of losing a home they can afford to stay in."

The industry trumpeted its progress so far. Wells Fargo nearly doubled the number of modifications it started last month to 62,989, or about 20 percent of its delinquent borrowers eligible for the program, according to government data released Thursday. Bank of America helped about 95,000, or 11 percent of its eligible borrowers, and company officials said the bank is on track to help 125,000 by November.

"We feel really good about the momentum," said Steve Bailey, Bank of America's home retention strategies and policy executive.

Despite the recent progress, economists expect millions of borrowers to lose their homes over the next few years. The government program has likely reduced the number of foreclosures by about 7 percent to 8 percent during the past six months, said Paul Dales, U.S. economist for Capital Economics. But some of the borrowers helped by the program

may have been able to avoid foreclosure on their own while others may still default on their loans later, said Dales.

"What it won't do is stop foreclosures from rising," Dales said. "It will just rise by less."

A draft report by the Congressional Oversight Panel, which is monitoring the government's Troubled Assets Relief Program, noted that the foreclosure effort is not set up to tackle two of the most pressing causes of mortgage delinquencies: rising unemployment and risky home loans known as option adjustable-rate mortgages, which reset to significantly higher payments. Over the next few years, millions of those loans are scheduled to shift to potentially higher interest rates, creating the prospect of a new wave of foreclosures.

"It increasingly appears that [the government program] is targeted at the housing crisis as it existed six months ago, rather than as it exists now," the report said. Acknowledging the Treasury's near-term goal of reaching 500,000 borrowers, the report said, "the achievement is relatively small in relation to the magnitude of the foreclosure crisis."

The modifications started so far have lowered borrowers' median interest rates to about 2 percent from 6.85 percent, according to the report, and reduced their payments by \$500, to \$849.31.

In a statement, Treasury spokeswoman Meg Reilly said "constructive feedback" from the panel is welcome and noted that the administration is already studying more ways to help unemployed homeowners. "The housing crisis was never going to be fixed overnight. Instead, it requires a comprehensive strategy focused on providing sustained support for American homeowners," she said. "We believe that the Making Home Affordable program is an important part of that strategy."

Not all parts of the government program are operational. After announcing in April that borrowers with a second mortgage could see payments on those loans reduced significantly as part of the program, the administration has yet to sign contracts with lenders to implement it. Homeowners and consumer groups continue to complain that qualified borrowers are being rejected by lenders and that there isn't a clear appeals process.

The government program "had many obstacles, problems, and operational and technological challenges getting started and . . . is just now gaining momentum," Richard H. Neiman, superintendent of

banks for the New York State Banking Department, said in a statement included in the report.

It is also unclear how many borrowers will make enough payments to survive the trial period of a modification, the first three months, or might redefault on their loans later. The conversion rate to permanent modifications has been low so far, according to the report, and the Treasury has not released data on how many redefaults it expects.

"Redefaults mean that foreclosures have been delayed, rather than prevented," the report said.

Staff writer Binyamin Appelbaum contributed to this report.

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