
Nightmare in the Eurozone



Topics

- Investment
- Retail
- Office
- Industrial



Investment

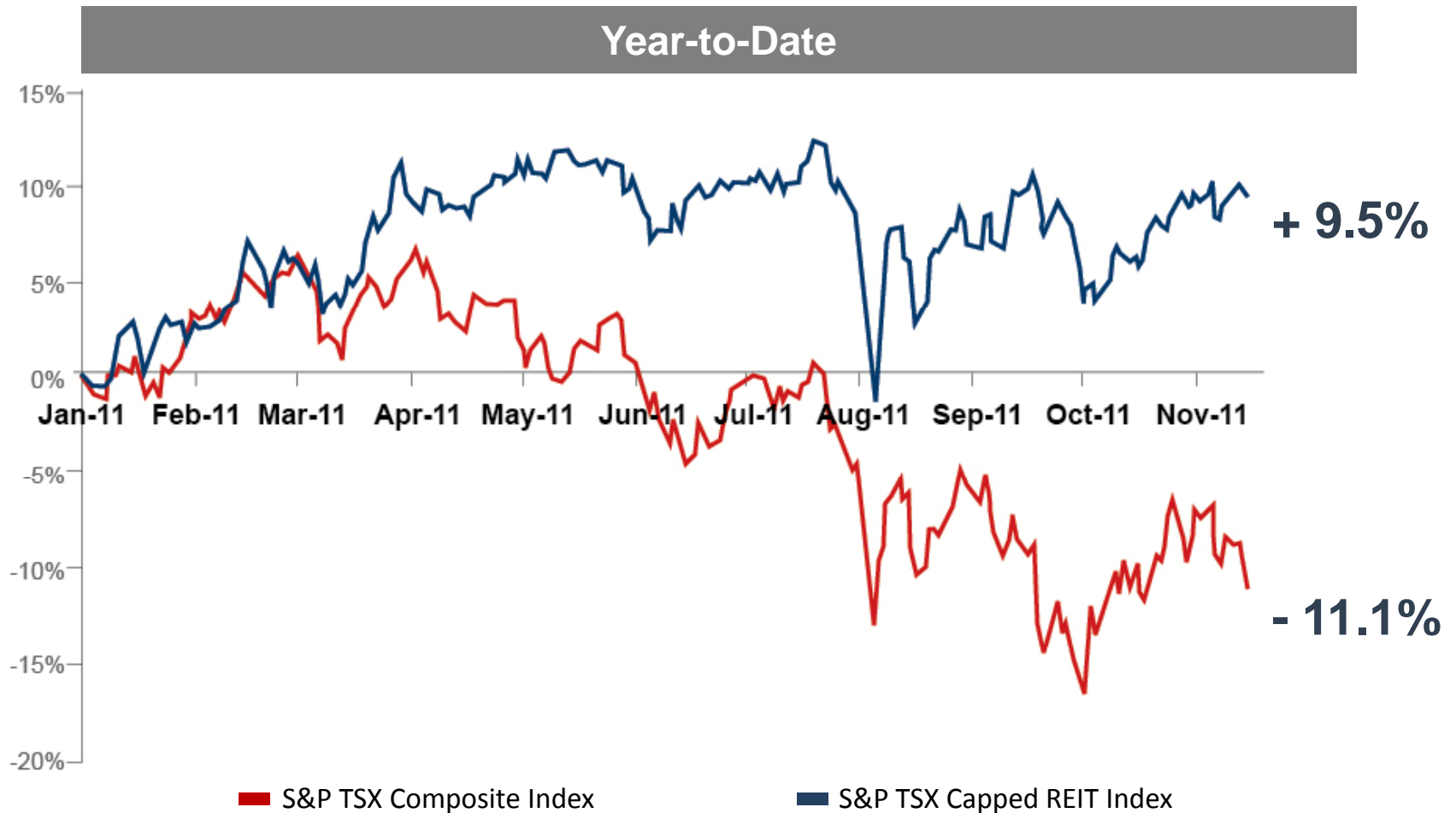


Investment

What are the fundamentals telling us?

Investment

Canadian REIT Performance Q3 - 2011

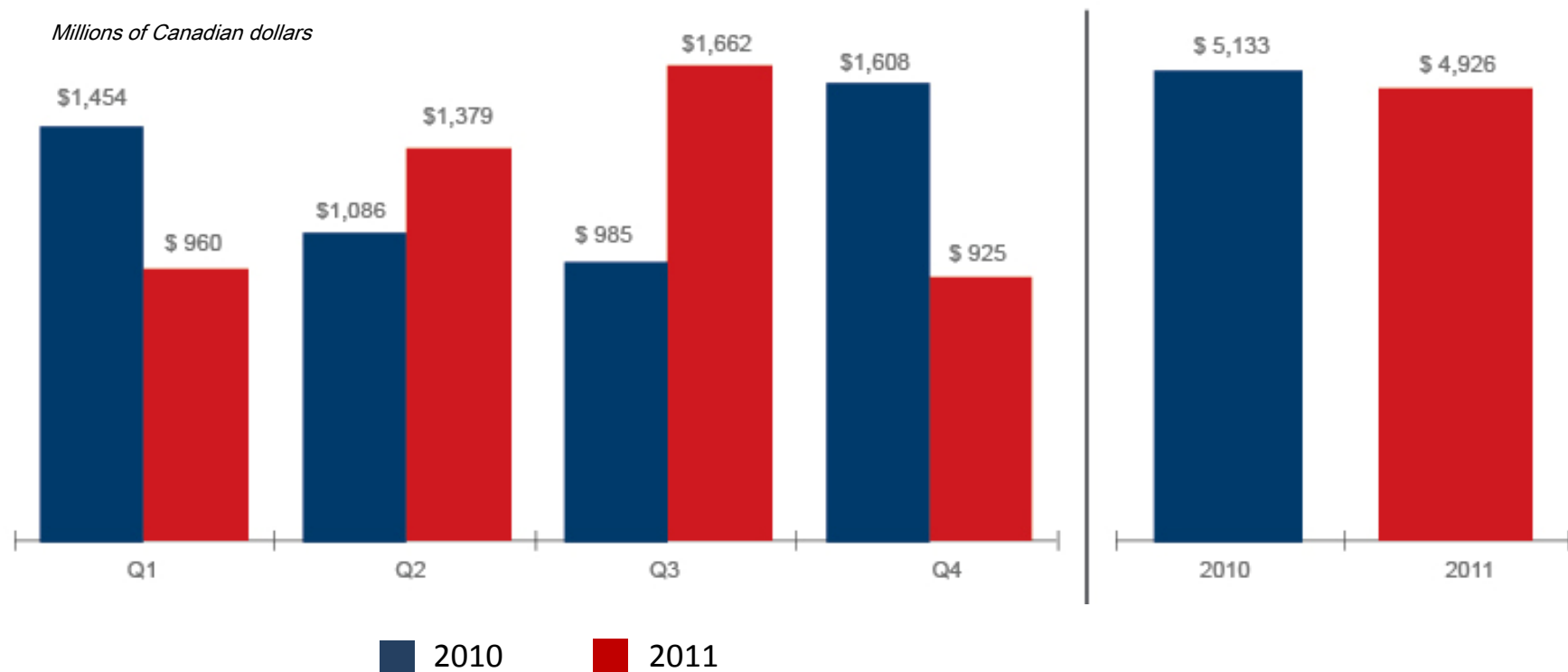


Source: TD Securities

Investment

Real Estate Equity Capital Markets in Canada

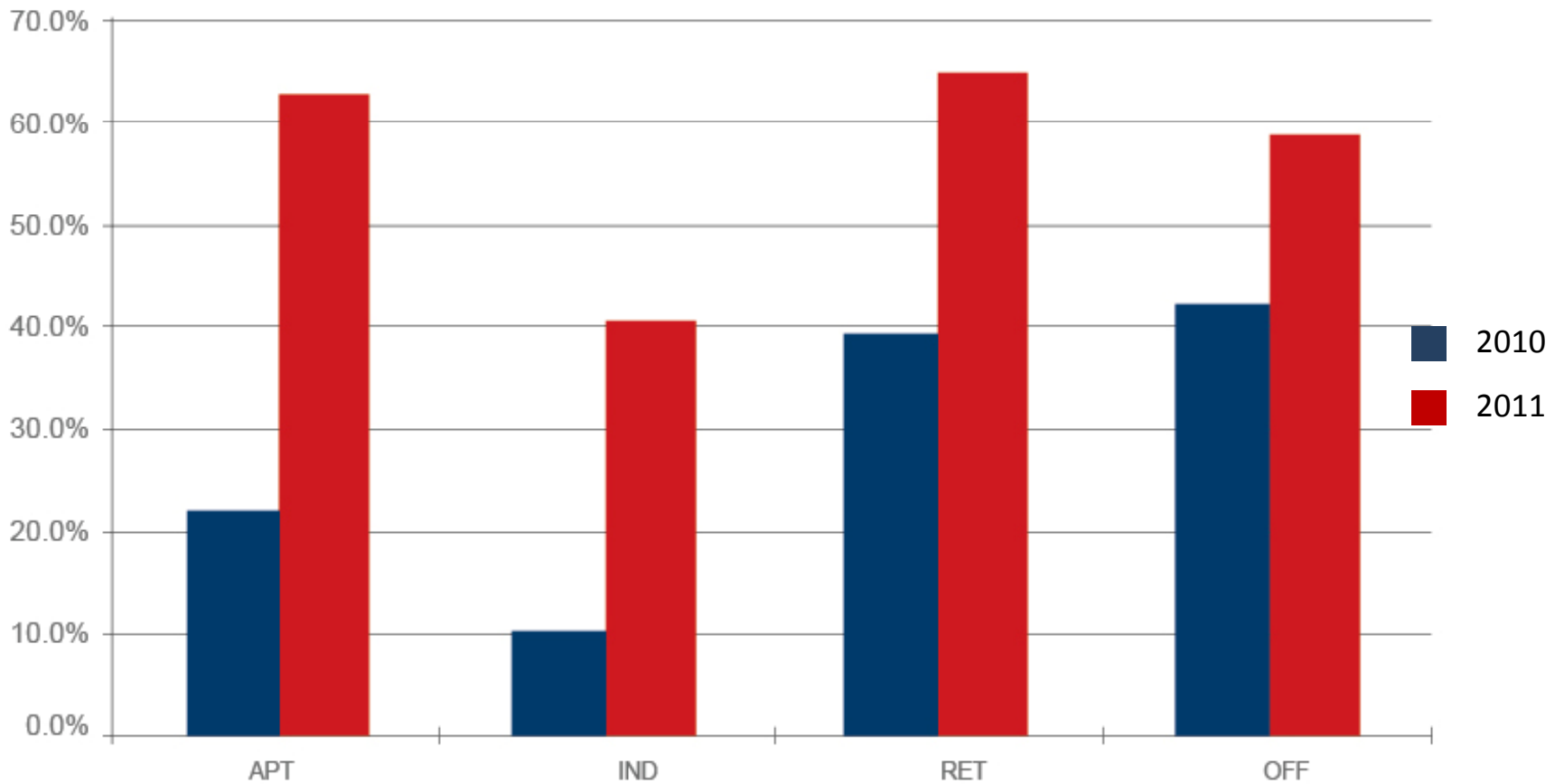
Total Equity Raised In Public Markets for REITs / REOCs ⁽¹⁾



Source: TD Securities

Investment

Public Sector Purchases by Asset Class 2010 & 2011



Sources: RCA and Cushman & Wakefield



Investment

What are the underlying factors?

Investment

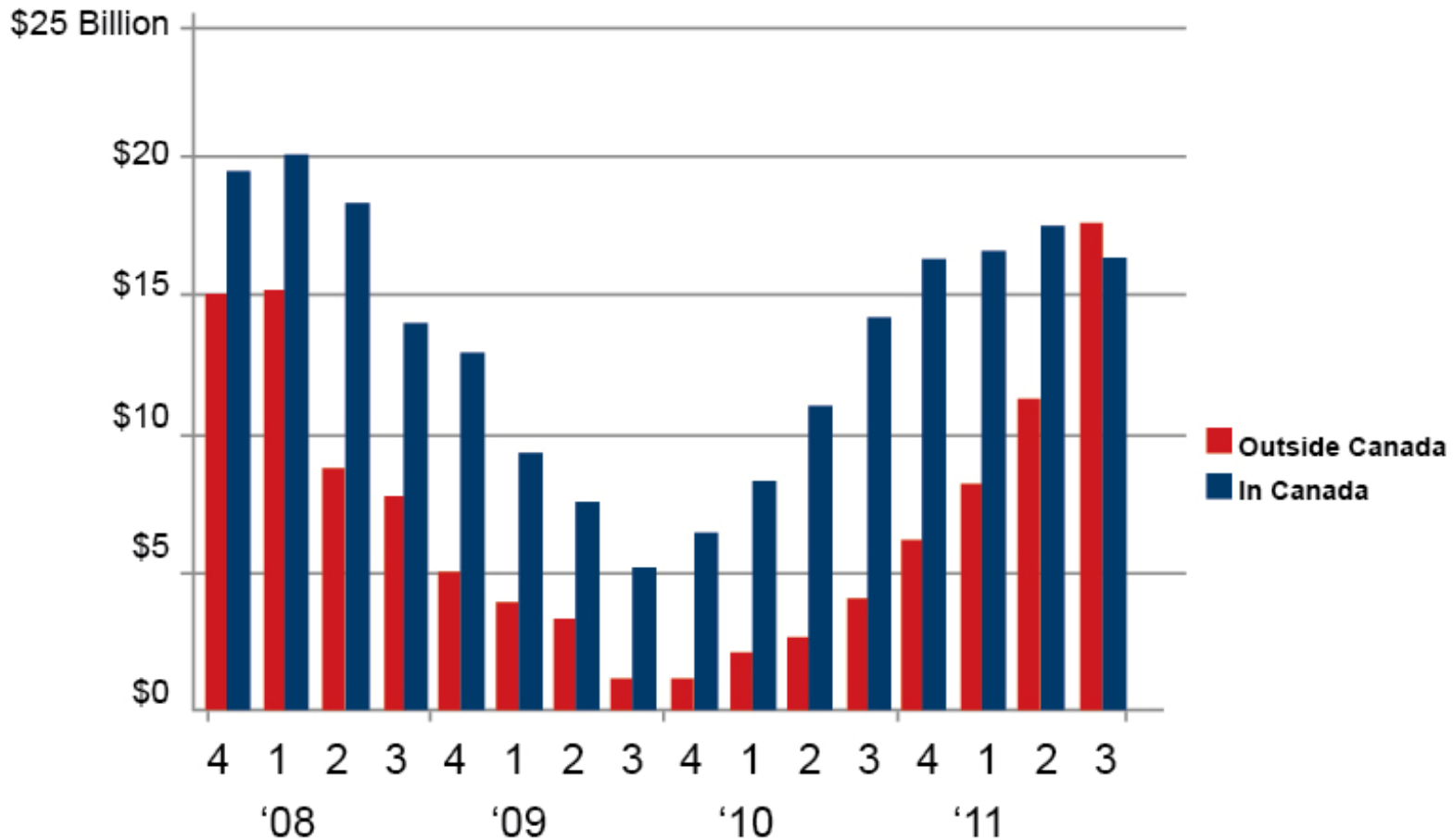
Canadian Debt Capital Market Update REIT Sector

Issue Date	Issuer	Rating	Amount (\$MM)	Coupon	Term	Spread
17-Jan-11	RioCan REIT	BBB(high)BBB-	\$225	4.499	5	190
17-Jan-11	First Capital	BBB/Baa3	\$150	5.480	9	230
20-Jan-11	H&R REIT	BBB	\$150	4.778	6	205
22-Mar-11	First Capital	BBB/Baa3	\$110	5.600	9	239
03-Jun-11	First Capital (Reopening)	BBB/Baa3	\$65	5.600	9	237
15-Aug-11	Calloway REIT (Retail Offering)	BBB	\$90	4.700	7	270
27-Oct-11	H&R REIT (Retail Offering)	BBB	\$100	4.900	6	296

Source: TD Securities

Investment

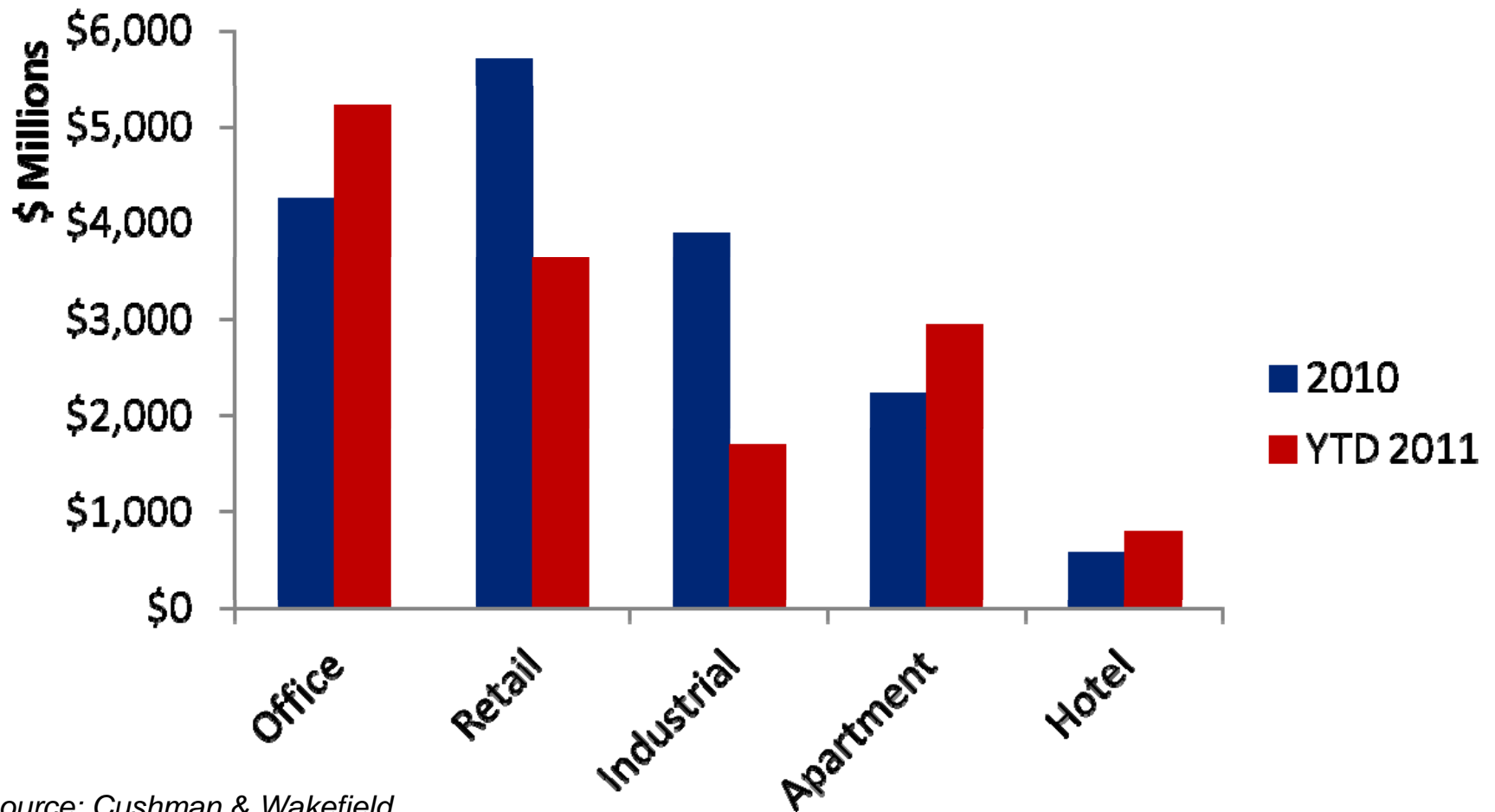
Property Acquisitions by Canadian Investors 12 Months Rolling Total



Source: RCA

Investment

Sales Under \$5 Million 2010 vs. 2011 Year to Date



Source: Cushman & Wakefield

Investment Summary

What is the prognosis?

- Canadian real estate remains an off-risk haven for investors seeking yield and lower volatility
- Investors will have to go up the risk spectrum to get product
- The prime differentiator will continue to be the price of individual equity

Insatiable demand for yield.



Retail

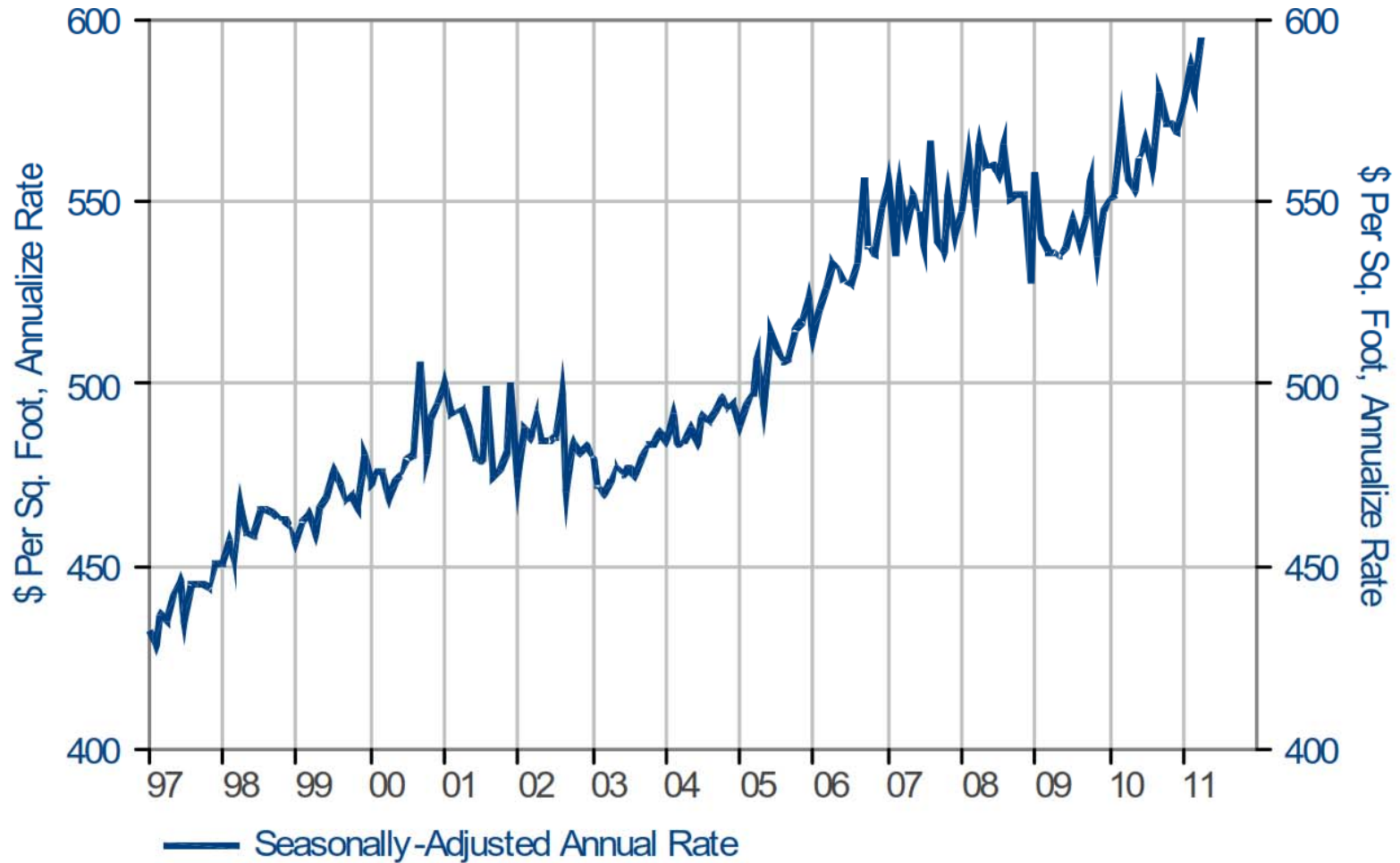


Retail

What are the fundamentals telling us?

Retail

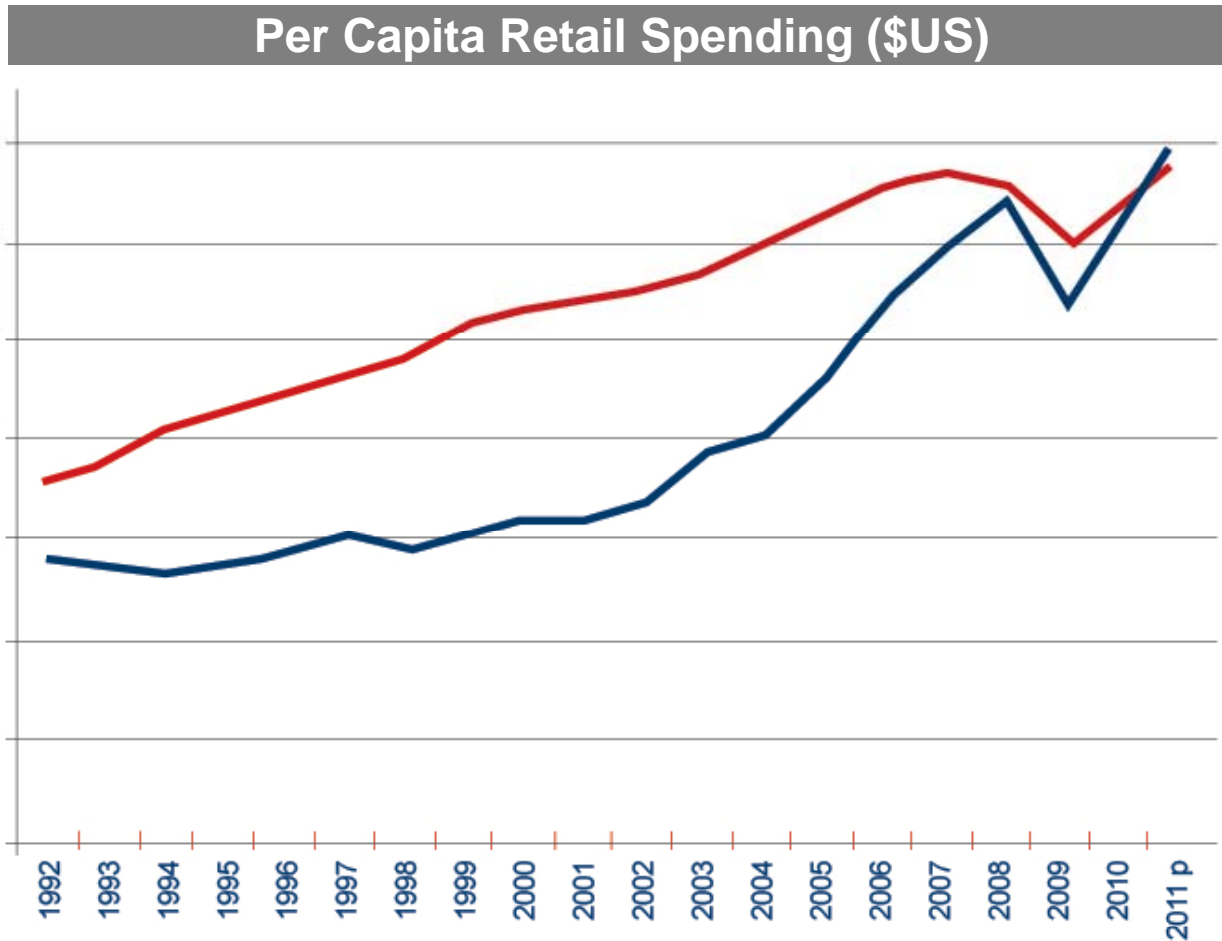
Retail Productivity - Canadian Malls Approximately \$590 psf



Source: ICSC Research

Retail

Canadian Retail Market Spending Per Capita



Source: Deloitte



Retail

What are the underlying factors?

Retail

Deloitte 2011 Holiday Outlook Survey The Canadian Consumer is Cautious

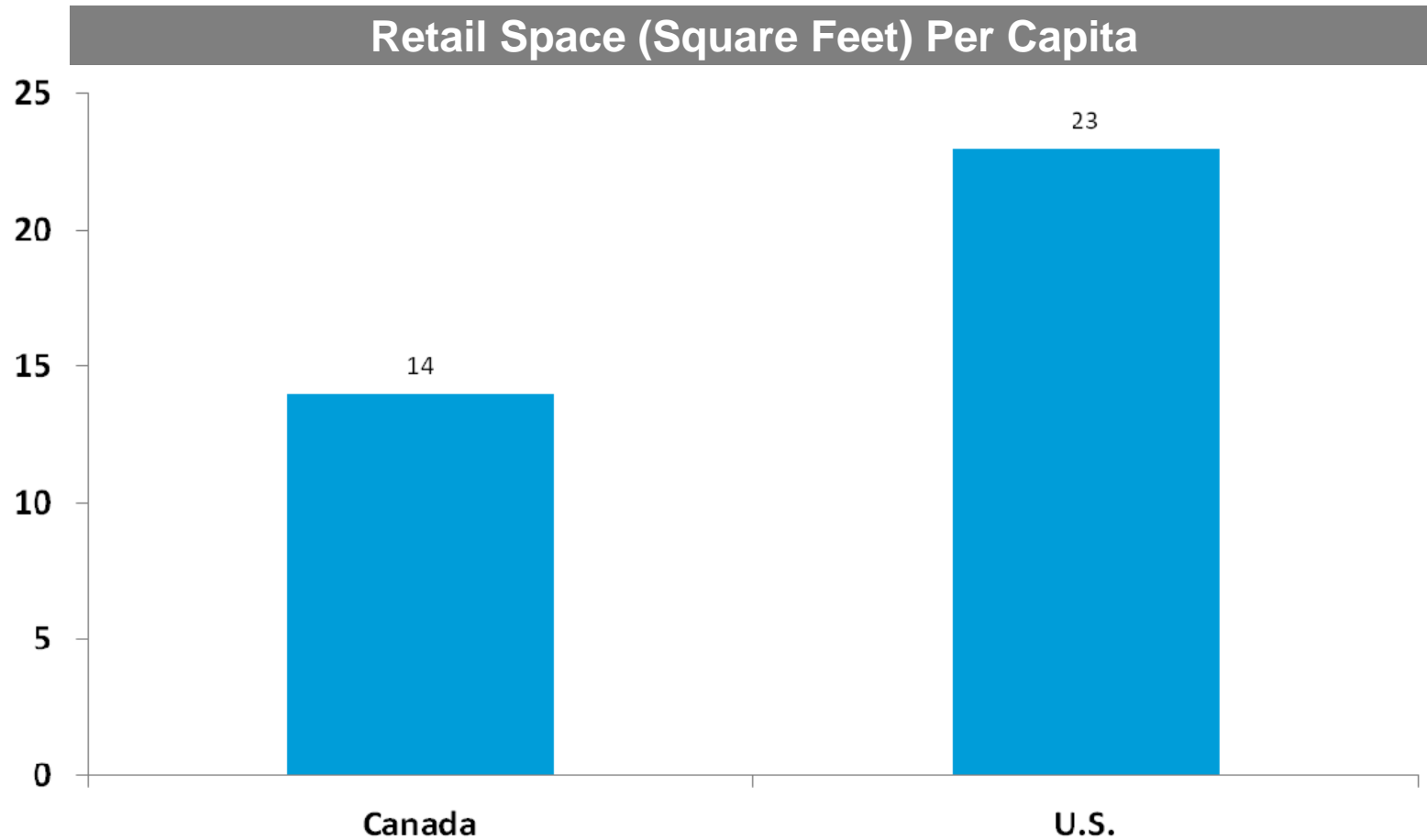
Deloitte.



1. Consumer confidence has declined
2. Consumers have higher debt to income ratios
3. Gasoline, transportation & food costs have increased

Retail

Canadian Retail Market Retail Space Per Capita



Source: Deloitte

Retail

Consumption Changes Driving Innovation



- Demographics & immigration
- Urban lifestyle formats
- Sustainability & healthy living
- Connecting & socializing
- eCommerce & mobile marketing



Retail

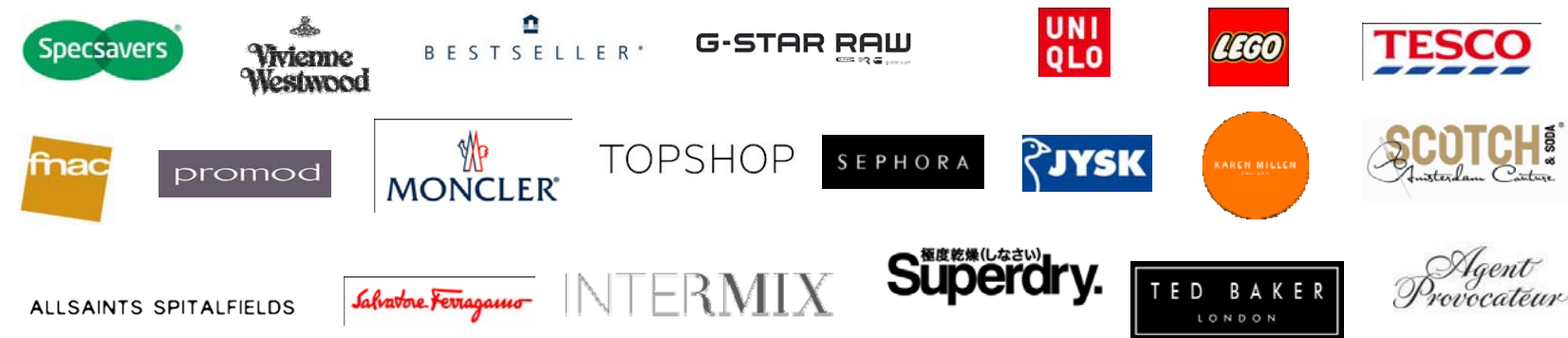
Americanization of Canadian Retail

Recent Arrivals or Expressing Interest in Canada

American Retailers



European Retailers



Retail Summary

What is the prognosis?

- Consumer remains cautious
- Retail sales growth driven by immigration
- Americans continue Canadian expansion

Retail continues to be a high performance asset class.



Office

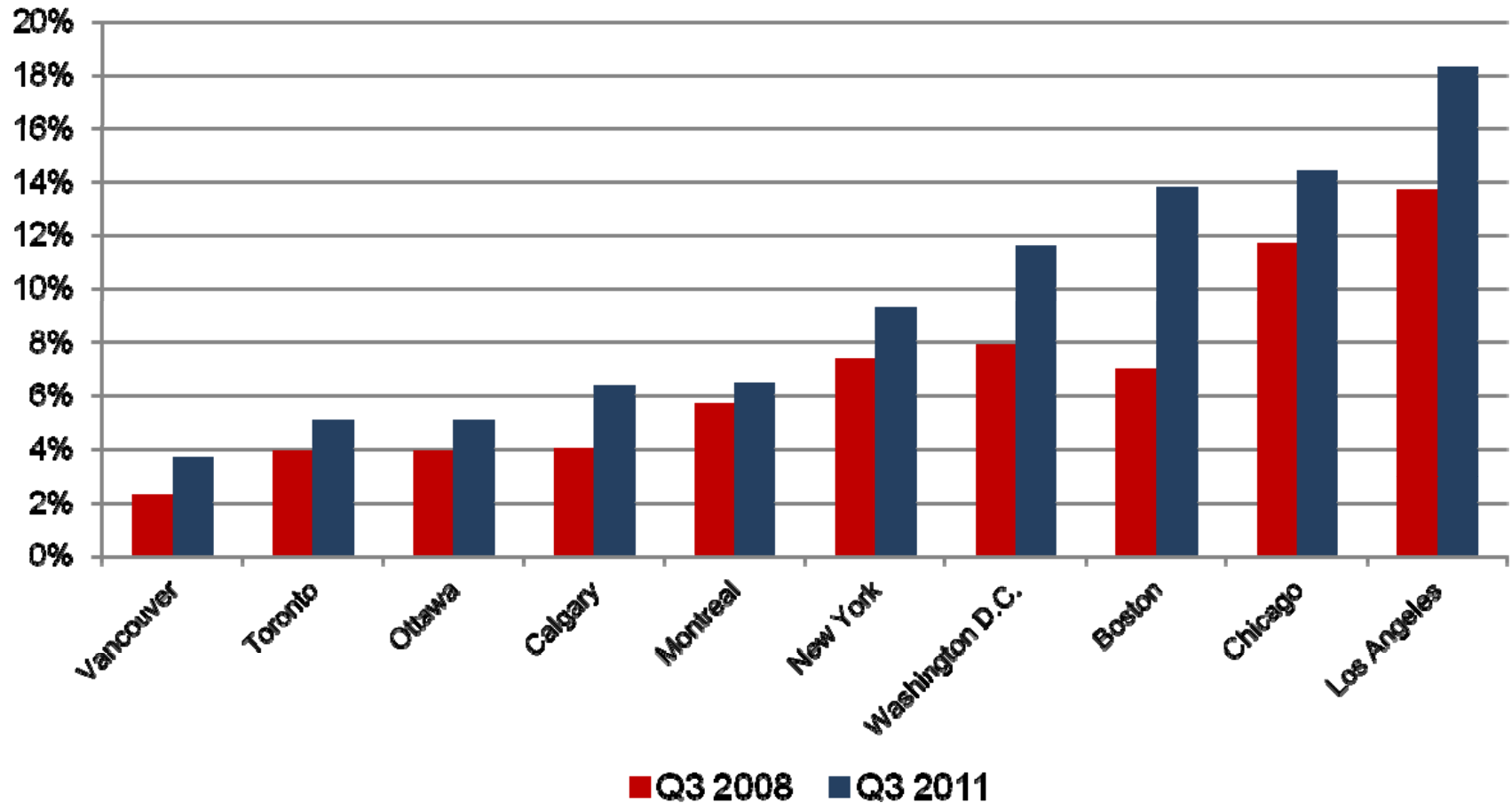


Office

What are the fundamentals telling us?

Office

Central Area Vacancy Rates Q3 2008 vs. Q3 2011

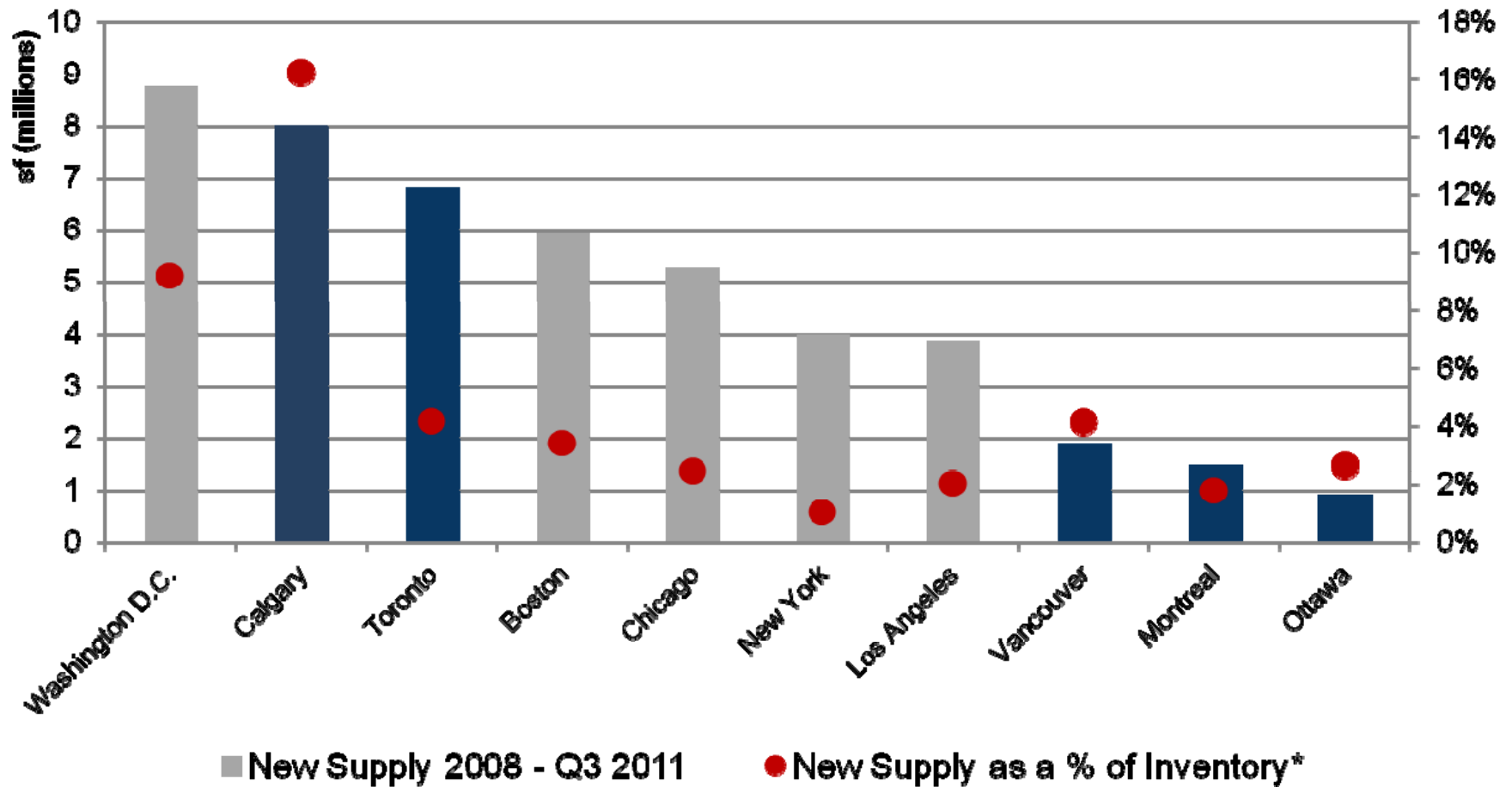


Source: Cushman & Wakefield

Note: New York includes Downtown, Midtown, and Midtown South

Office

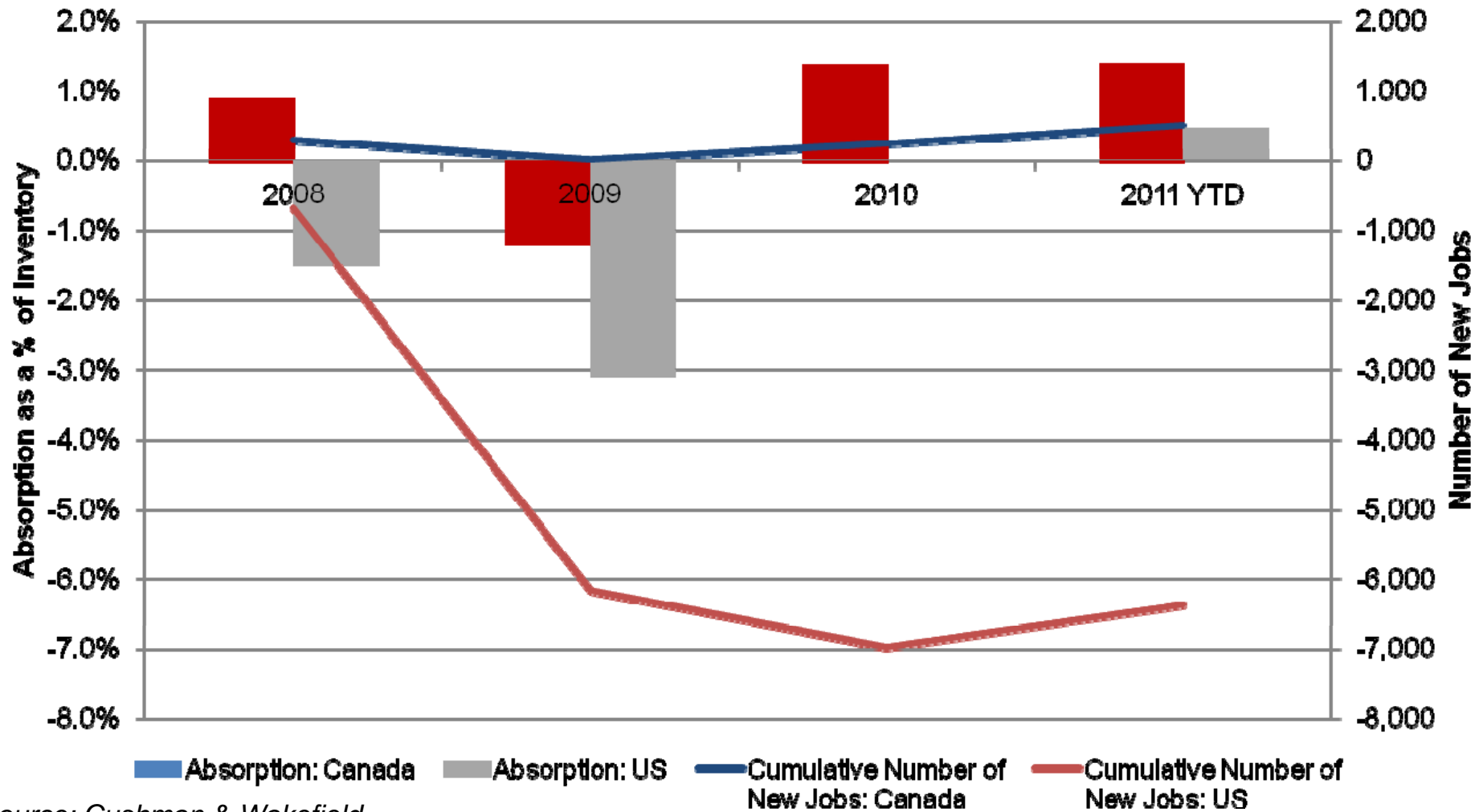
Construction Completions 2008 vs. Q3 2011



Source: Cushman & Wakefield

Office

Canadian vs. American Absorption & Employment 2008 vs. 2011 YTD



Source: Cushman & Wakefield



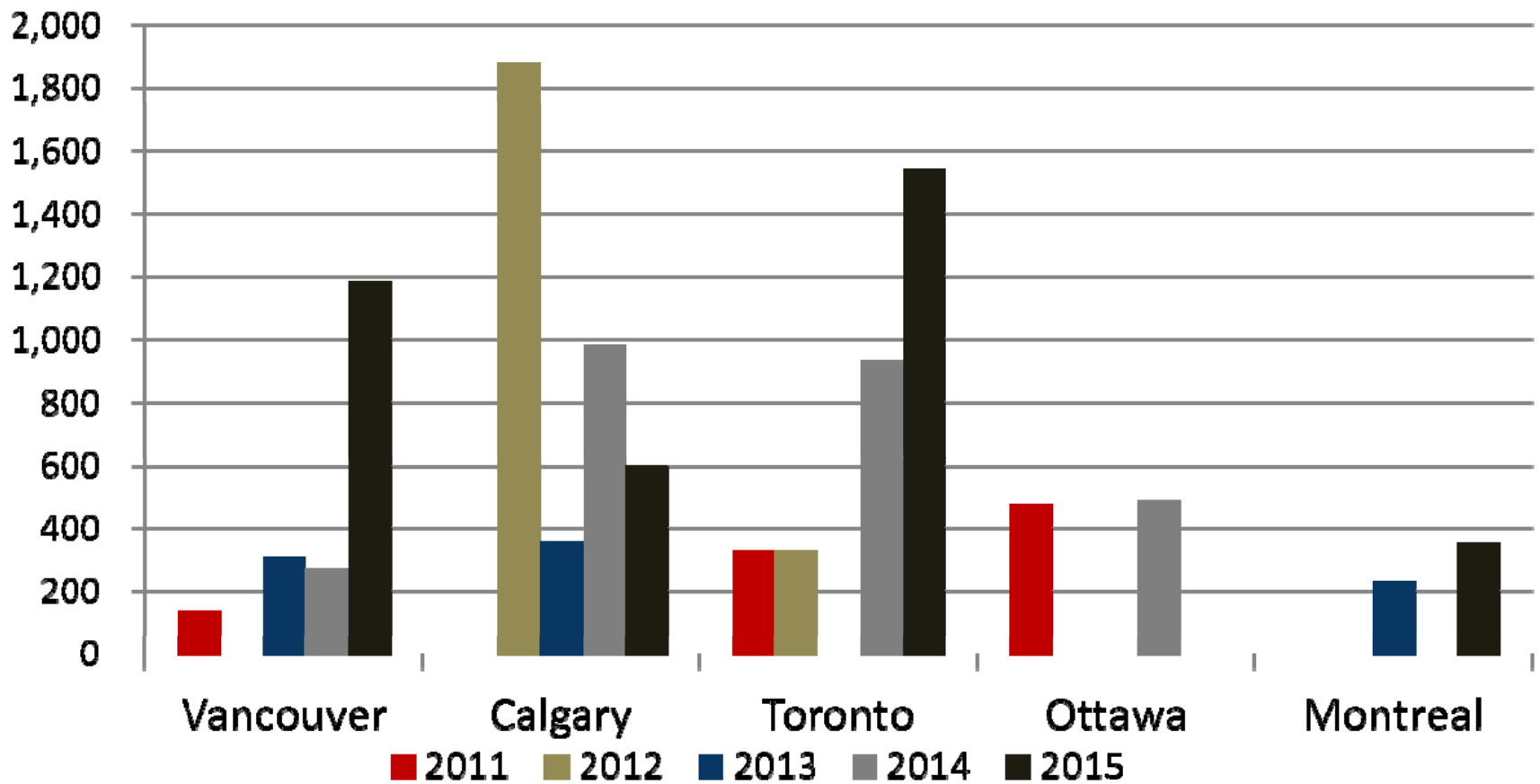
Office

What are the underlying factors?

Office

New Potential Supply by Market 2011-2015

SF (Thousands)



Source: Cushman & Wakefield



Office

What is the prognosis?

Office Summary

What is the prognosis?

- Public buyers dominated the market in 2011
- Canadian real estate appealing for off-risk investors
- Tremendous value remains locked in urban markets

Fundamentals are strong.

A blue-tinted photograph of a long industrial building with a corrugated metal roof and several windows. A white line graph with a jagged, upward-trending path is overlaid on the image, starting from the left and ending on the right. The word "Industrial" is written in large, white, sans-serif font across the middle of the image.

Industrial

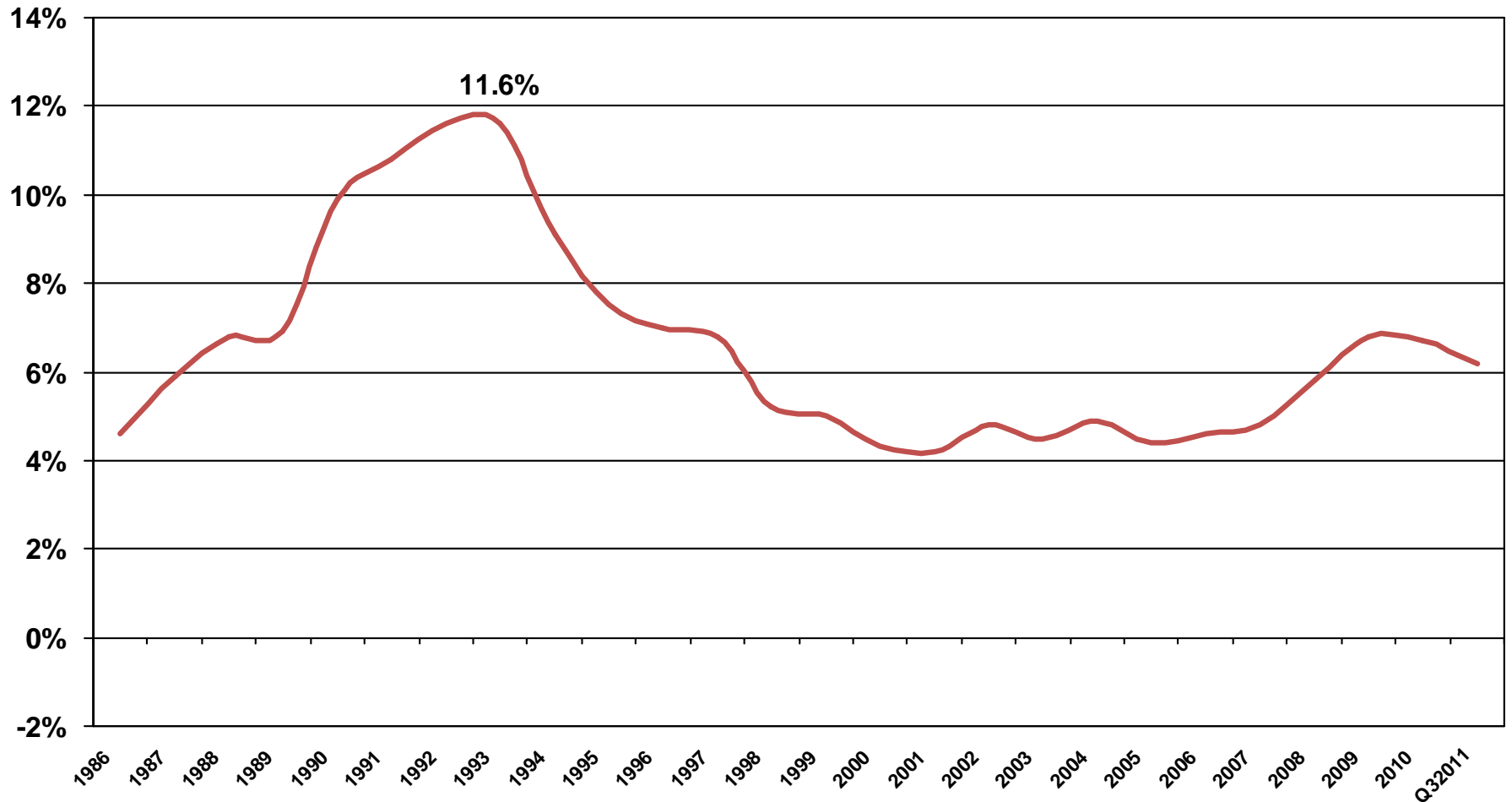
A photograph of a long, multi-story industrial building with a corrugated metal roof and several windows. A white line graph is overlaid on the image, showing a fluctuating but generally upward-trending line. The graph starts on the left, dips, then rises, dips again, and then continues to rise with some volatility towards the right side of the frame.

Industrial

What are the fundamentals telling us?

Industrial

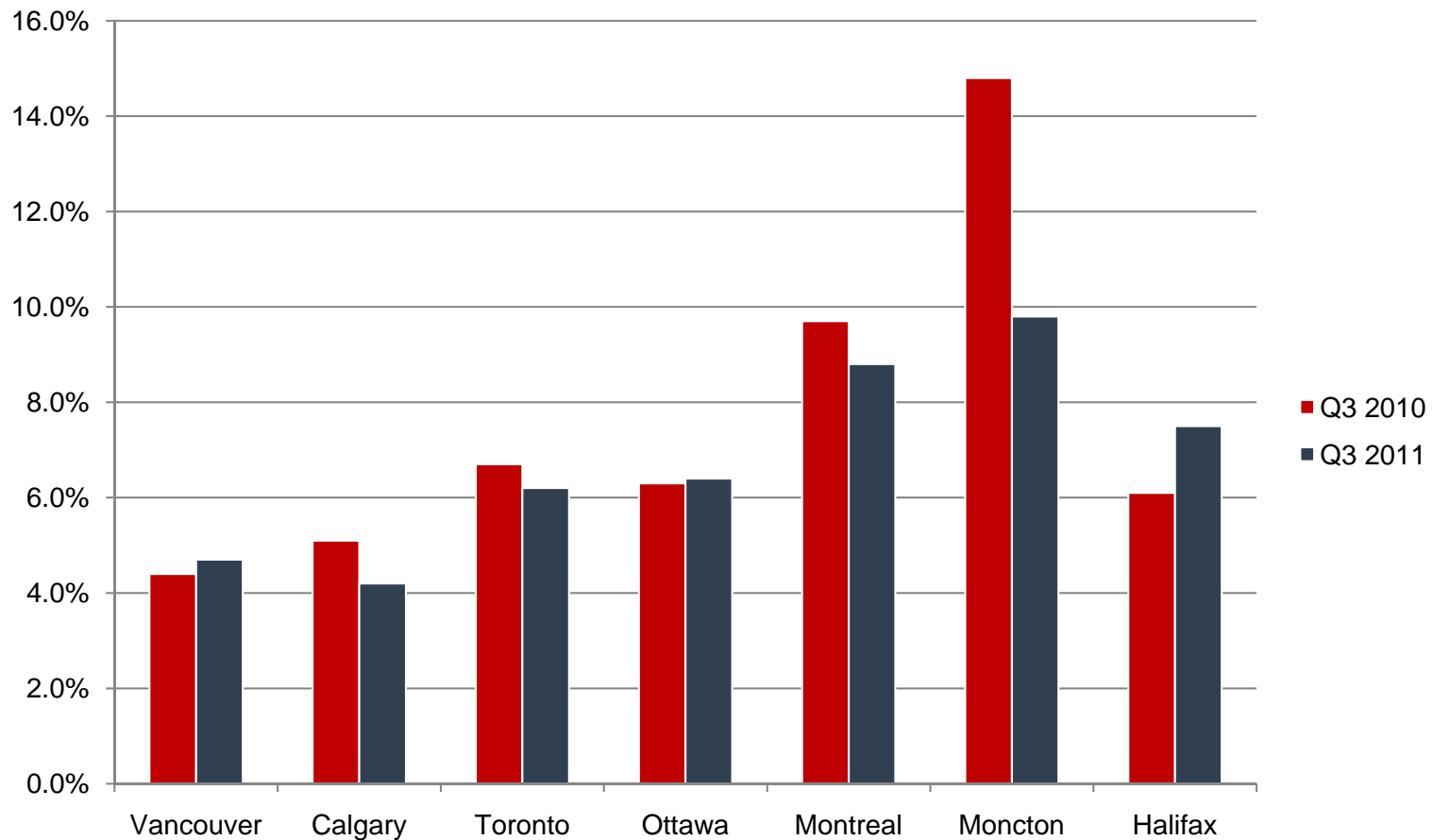
Canadian Industrial Market Vacancy Rate



Source: Cushman & Wakefield

Industrial

Canadian Industrial Markets Vacancy Rates



Source: Cushman & Wakefield

A blue-tinted photograph of a long industrial building with a corrugated metal roof and several windows. A white line graph is overlaid on the image, showing a fluctuating but generally upward-trending line. The graph starts on the left, dips, then rises, dips again, and then rises more steeply towards the right.

Industrial

What are the underlying factors?

Industrial

North America International Trade Responsible for 25% of GDP



Ports

New routes to move goods are opening up.

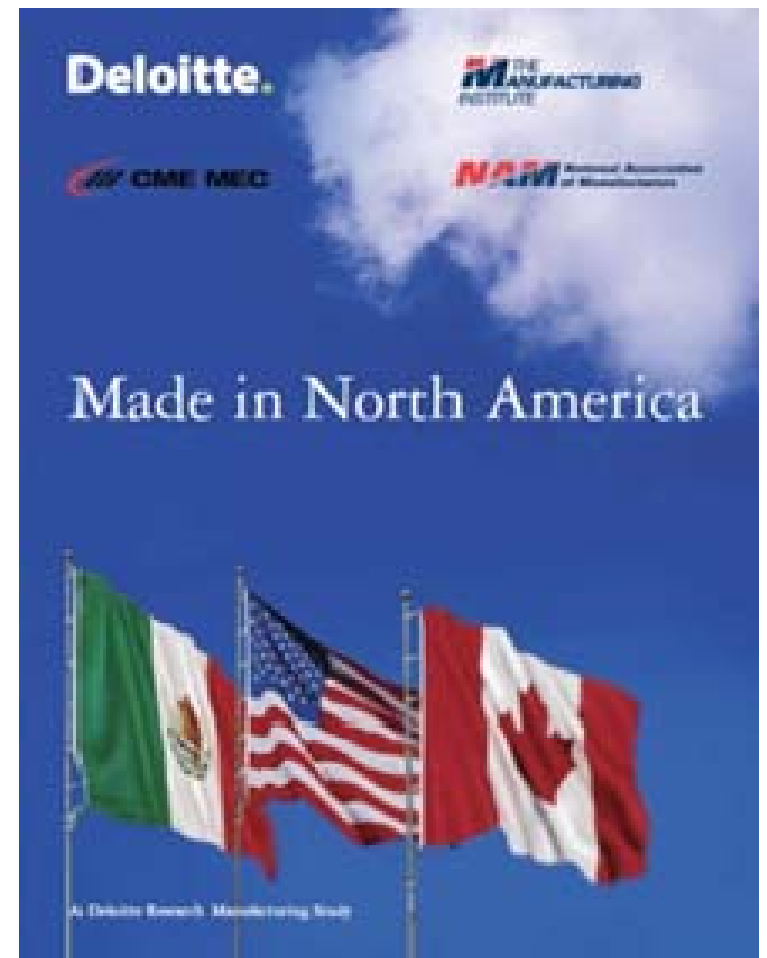
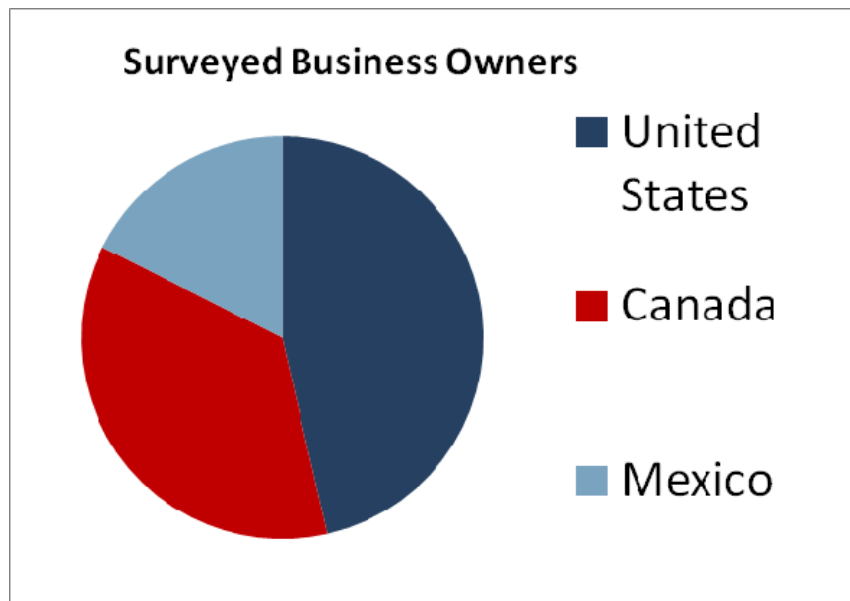
Inland Centers

Well positioned inland cities with infrastructure investments are becoming warehouse bigger players.

Industrial

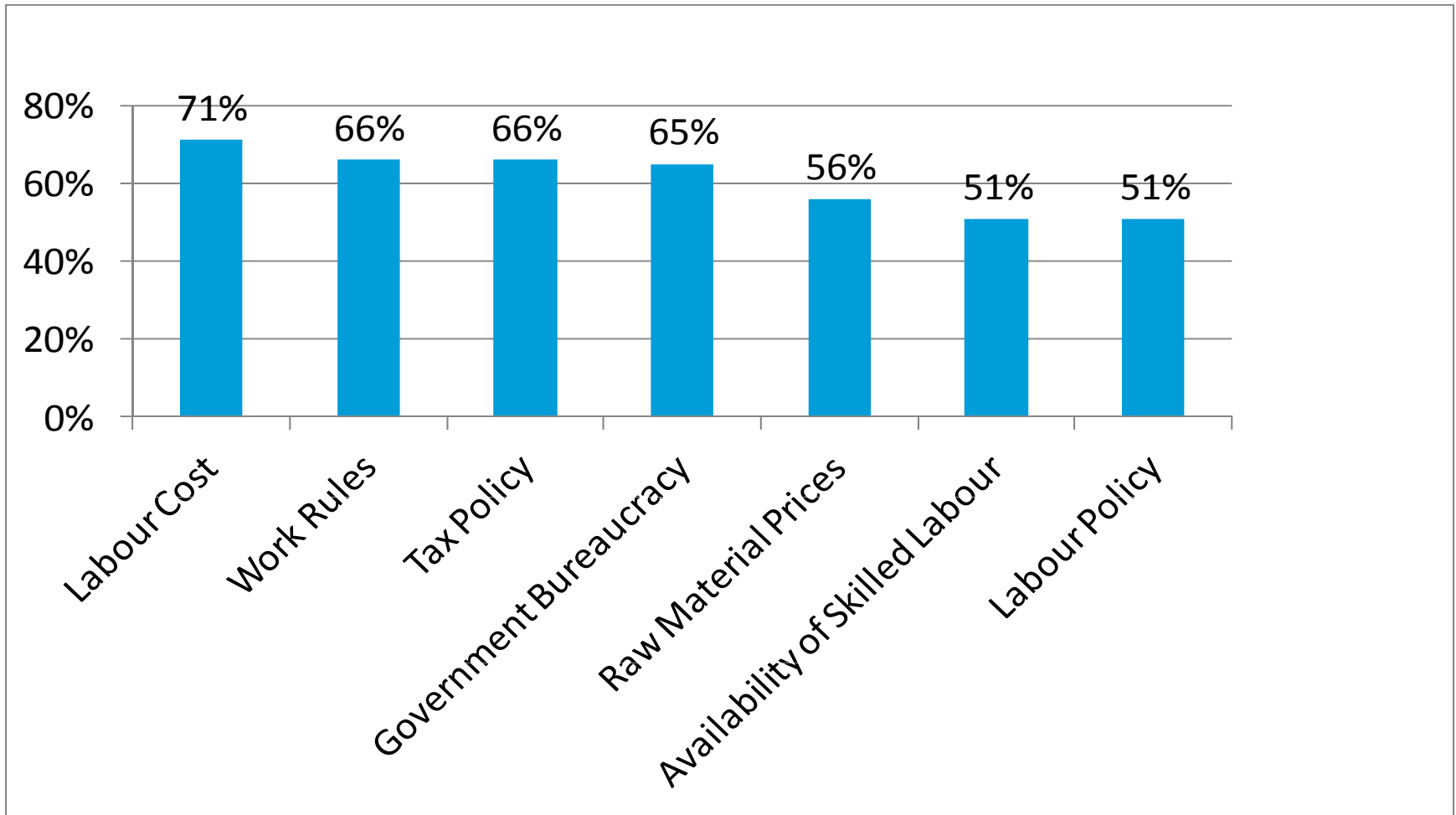
Deloitte Survey of Manufacturing Competitiveness

Surveyed 321 executives to obtain their perspectives on North American competitiveness.



Industrial

Deloitte: North American Manufacturers Competitiveness Top Barriers to Competitiveness

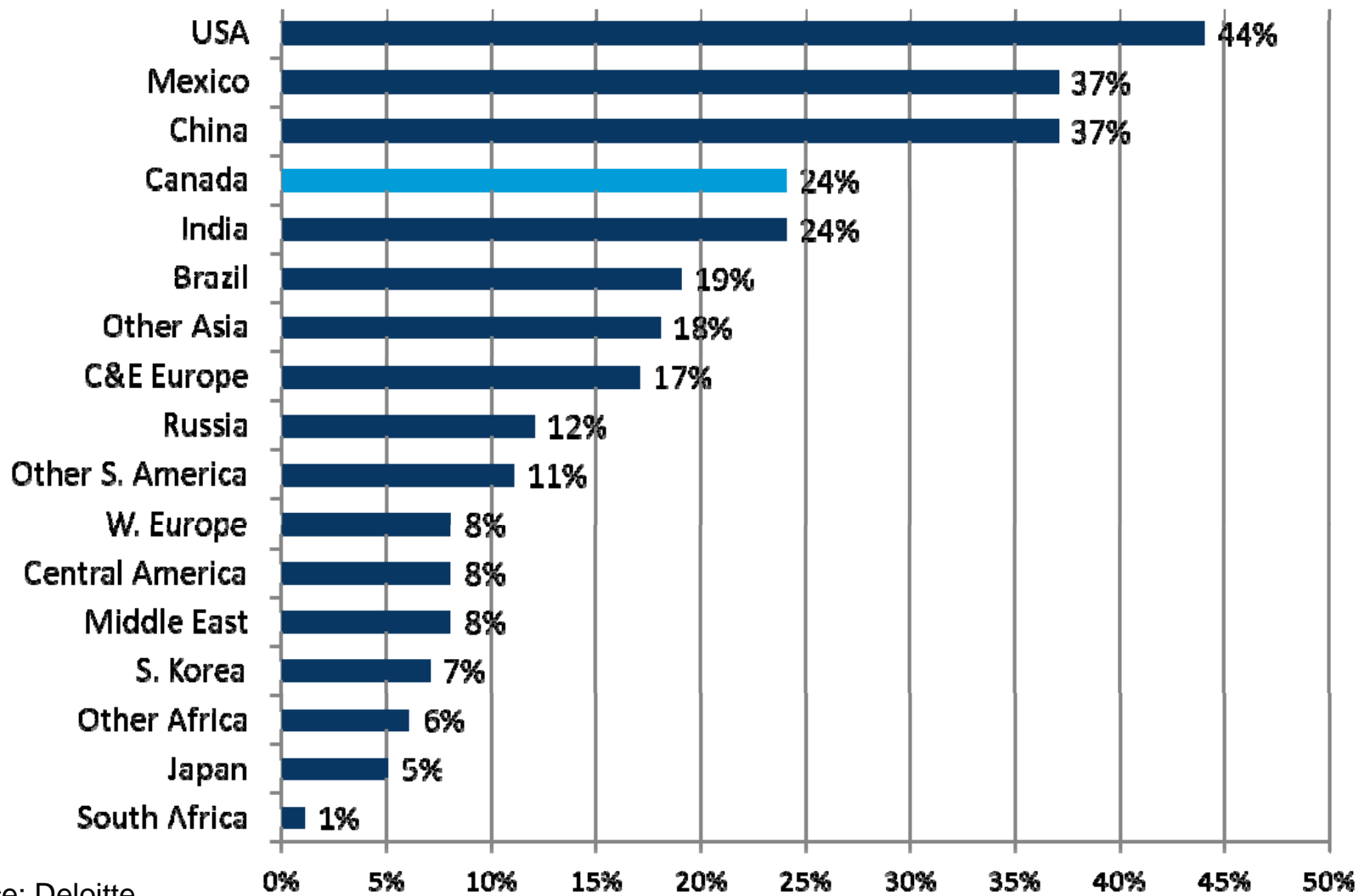


Source: Deloitte

Industrial

Deloitte: Expansion Plans of Manufacturers

Global Expansion Plans of North American Manufacturers



Source: Deloitte

Industrial Summary

What is the prognosis?

- Warehouse & distribution driven by consumer
- Manufacturing remains challenged
- Vulnerability around US demand
- Vacancy declines modestly to 6% range

Industrial remains a “just in time” performing asset class.

Summary

Investment

Insatiable demand for yield

Retail

Consumer demand continues to drive growth

Office

Fundamentals are strong

Industrial

Industrial remains a proven performing asset class

The background features a dark blue color scheme with various financial data points and line graphs. A prominent white line graph trends upwards from left to right. Scattered throughout are numerical values such as +52.00, -658.00, 432.00, 688.00, 882.00, 1032.00, 222.00, -338.00, -52.00, 25.00, 432.00, 888.00, 658.00, -432.00, +52.00, and -52.00. The text 'CHEAP DEBT' is centered in a large, bold, light blue font.

CHEAP DEBT

DRIVING LIQUIDITY
& INVESTMENT



Deloitte.