



News Release

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RECESSION NOT QUITE “OVER” IN CANADA’S COMMERCIAL REAL ESTATE MARKET

- Transaction volumes and foreign investments lag in the first half of 2009, according to a report by CB Richard Ellis Limited -

(TORONTO, ON) – Monday, August 17th, 2009 – Despite the Bank of Canada’s most recent economic forecast that the current recession is over, diminished transaction volume in the country’s commercial real estate sector remains a key indicator that Canada is not yet on the road to recovery.

According to a Mid-Year National Investment Report released today by CB Richard Ellis Limited (CBRE), Canadian commercial real estate transaction volumes from January through June shrunk by 51 per cent, year-over-year, from \$10 billion halfway through 2008 to \$4.9 billion halfway into 2009. Mid-year through 2009, the number of commercial transactions was 1,569, down from 2,542 transactions completed half way through 2008.

“The global recessionary impact on the commercial real estate market has yet to run its course,” explained John O’Bryan, vice-chairman, CB Richard Ellis Limited. “The size and number of investment transactions across most Canadian markets have declined since last year, dragging Canada’s overall transaction volume down so far in 2009.”

Overall, Canada’s commercial real estate market remains closely tied to global economic conditions. While some markets have fared better than others, transaction volume and foreign investment activity have been predictably affected by the global recession almost nationwide.

“While transaction volumes are certainly well off their highs of 2007, it is anticipated that sales levels will still reach approximately \$10 billion in Canada for 2009,” added O’Bryan. “2008 marked the end of an exceptional period of growth in the real estate industry, right across the country – conditions we will not likely see again until more sustained foreign and domestic economic activity is restored.”

In the first half of 2009, activity in **Vancouver’s** commercial real estate market made up approximately 25 per cent of Canada’s entire investment transaction volume, totalling approximately \$1.2 billion. Asset liquidity, limited new development (among the lowest in the country), and the perceived value of Vancouver’s downtown office space by both foreign and domestic investors all contributed to stable first-half market activity.

“The sale of Bentall V to German investment firm Deka Immobilien Investment GmbH for an all cash deal of \$297 million was by far the most significant in the Vancouver market; notably, it was also the largest in Canada thus far in 2009,” said Mark Renzoni, managing director, CB Richard Ellis Vancouver. “Other significant transactions included office sales at 1200 Burrard and the partial sales of 409 Granville and 1138 Melville. As a result of these and other transactions, Vancouver’s office market will likely be the strongest in Canada for 2009.”

Commercial real estate activity in **Toronto** remained closely tied to national trends in the first half of 2009. In the first half of this year, 287 deals closed, generating \$1.3 billion in transaction volume – the highest of any Canadian market surveyed. A lack of attractive asset portfolios coupled with an unwillingness by many institutional investors to part with ‘devalued assets’ contributed to reduced commercial activity and transaction volume in the first half of the year. In contrast, by mid-year 2008, transaction volumes in Toronto totalled \$3.7 billion.

In **Montreal**, transaction volume in the first half of 2009 totalled \$849 million, down from \$1.1 billion at mid-year 2008. The number of multi-residential and land deals (130 and 78, respectively) so far in 2009 have made those sectors among the most active in Montreal’s commercial market. Available financing from the Canadian Mortgage and Housing Corporation (CMHC) and multi-residential property development in and around Montreal are cited as reasons for activity in those specific sectors.

Mid-year office space transactions totalled \$79 million in Montreal’s core office market, down from \$191 million in 2008. Diminished institutional investor appetite for these transaction types contributed to this decline.

Activity in Canada’s other major markets included:

Mid-Year 2009	Vancouver	Calgary	Edmonton	London	Waterloo	Toronto	Ottawa	Montreal	Halifax
# Of Deals	470	149	120	30	66	287	81	342	24
Volume (millions)	\$1,199	\$471	\$547	\$58	\$167	\$1,267	\$250	\$849	\$77

Mid-Year 2008	Vancouver	Calgary	Edmonton	London	Waterloo	Toronto	Ottawa	Montreal	Halifax
# Of Deals	778	281	138	31	89	676	62	464	23
Volume (millions)	\$1,545	\$2,163	\$634	\$86	\$289	\$3,701	\$322	\$1,074	\$153

About CB Richard Ellis

CB Richard Ellis Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2008 revenue). The Company has more than 30,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 300 offices (excluding affiliates) worldwide. CB Richard Ellis offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. CB Richard Ellis has been named a BusinessWeek 50 "best in class" company and Fortune 100 fastest growing company two years in a row.

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– 30 –

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