

REAL ESTATE ROUNDUP

Bulked-up Buildex Vancouver rings up registration increase in tough market

Optimism fast evaporating for Western Canada's contractors as 2009 business prospects get bleaker

Buildex brand expands

Buildex Vancouver took place last week, but the annual show for real estate contractors and property managers had new weight powering it this year.

Toronto-based Merchandise Mart Properties (Canada) Inc., whose Vancouver office organizes the event, acquired the HomeBuilder & Renovator Expo, B.C. Construction Show and Design Northwest from Mediaedge Communications West Inc. two years ago and combined the four shows under the Buildex banner. This year's edition of Buildex is the first to feature the combined offerings.

"There's just so much synergy between the four different shows that it made sense for them to be one show," said Mark Stephenson, vice-president of MMPI (Canada).

The bulked-up show boasted 550 exhibitors this year, about the same as last year, in 115,000 square feet at the



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Vancouver Convention and Exhibition Centre. The show has booked 150,000 for next year's show in the new convention centre.

Stephenson noted that in a tough real estate market, registration for the Vancouver show is up 7% over last year, topping 11,000 participants.

The show runs in Calgary, Edmonton and Seattle later this year.

Wells Fargo gloomy

Consolidation in the exhibition hall promises to make it



In transit: major projects such as the Canada Line (shown here at Cambie and Broadway) may be wrapping up this year, but recent reports indicate that non-residential construction holds some of the best prospects as the economy heads south

easier for contractors, but the market environment remains challenging.

Wells Fargo Construction recently released its forecast for 2009 indicating that Can-

ada's contractors may not be pessimistic, but they're much less optimistic about prospects for the coming year than they were moving into 2008.

In fact, optimism in B.C. and the rest of Western Canada is the lowest of any region Wells Fargo surveyed, sitting at a mere 22 on the company's 100-point optimism scale. Nationally, optimism stood at 32. The turnaround in Western Canada is stunning, not just because it represents a 65-point drop from last year (the biggest of any region in Canada), but because contractors in Western Canada have been the most optimistic for much of the last decade.

Just as intriguing, the survey indicates that 37% of contractors in Western Canada hold "high hopes" for commercial and non-residential construction in 2009 but more than half - 51% - expect "lo-

cal non-residential construction activity" to remain unchanged this year while 41% expect activity to decrease.

The mood isn't getting any better, either. Wells Fargo conducted its research in late October, but half the companies surveyed last month by the Independent Contractors and Businesses Association of B.C. expect business activity to decline this year and 38% expect it to remain stable - almost the opposite of what Wells Fargo found.

Construction employment stood at 196,300 as of January 31, 2009, a drop of 4.5% from the previous month.

Housing optimism low

While many developers are having success pricing products to sell (Onni and Morningstar being two prominent examples), one can't avoid the reports the so-called "dis-

mal scientists" of the banking and real estate industry are churning out.

Scotiabank confessed to bearish views (relative to the Bank of Canada) with respect to housing in a February 6 newsletter, noting, "house prices face considerable further downside risks that will bring added negative wealth effects to Canada on top of hits to portfolios at precisely the same time that job markets are rapidly deteriorating."

The same day, Scotiabank's Neil Tisdall in another bank report remarked that the West experienced the greatest decline in housing starts of anywhere in Canada in January as it comes off a strong boom. Canada Mortgage and Housing Corp. reports that B.C. housing starts fell from 1,491 units in December 2008 to 925 units in January 2009, with further weakness ahead.

In Vancouver, the year-over-year drop in starts was 54.3%.

Cameron Muir, chief economist with the B.C. Real Estate Association, said that conditions have worsened since November 2008, when he told the Urban Land Institute that housing markets in B.C. could be on the upswing by spring 2009.

Now he says housing activity will have to pick up steam if his most recent forecast of 62,650 unit sales this year is to be correct.

Muir said that consumer confidence, currently plumbing lows last seen in 1982, will be the determining factor in the housing market's recovery. ■
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