

# BOB RENNIE'S UDI SPEECH

MAY 21, 2009



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## Speaking Notes

- BEFORE I START, I DO WANT TO SAY A COUPLE OF WORDS ABOUT MY FRIEND ARTHUR
- 2 YEARS AGO ARTHUR SAT WITH US HERE
- NORMAN FOSTER STORY
- PETER WALL STORY
- THIS IS HIS BUILDING
- IN 1997 - WE RAN A CAMPAIGN "ABOVE ALL ELSE"
- VANCOUVER'S TALLEST TOWER ONE WALL CENTER
- THEN IN 2002 - WE RAN A CAMPAIGN "ABOVE ALL" – VANCOUVER'S TALLEST TOWER "ON THE WATER – SHAW TOWER"
- THEN IN 2006 - WE RAN A CAMPAIGN "ABOVE" –VANCOUVER'S TALLEST TOWER SHANGRI LA
- LESSONED LEARNED
- PETER WALL GAVE US ALL THE CONFIDENCE TO LOOK AT THE CITY IN A NEW WAY
- AND THAT I AM SHAMELESS WITH WHAT APPEARS TO BE A VERY LIMITED VOCABULARY
- OKAY BACK TO THE SONG "HELP" - IF I WAS TO choose 1 line FROM THAT SONG THAT suits today's "NEW ECONOMY" - I would go with "HELP ME GET MY FEET BACK ON THE GROUND"
- IF I CAN LEAVE YOU WITH ANYTHING TODAY - IT IS THAT WE HAVE THE FUNDAMENTALS TO GET TO OUR FEET BACK ON THE GROUND.
- WITH LOW INVENTORY
- MEDIUM CONFIDENCE
- AND HIGH SALES NUMBERS coming through FOR MAY
- WE ARE GOING TO HAVE TO UNDERSTAND THE MARKET CONTINUES TO SEPARATE INTO 2 DISTINCT MARKETS THAT I CANNOT STRESS THE POINT ENOUGH THAT THE GVRD IS NOT ONE MARKET BUT THERE ARE 2 DISTINCT MARKET PLACES
- THE FIRST IS A MARKET THAT IS AT THE MERCY OF LOCAL INCOMES AND NOT DOWNTOWN VANCOUVER.

- THE SECOND IS A MARKET THAT IS NOT AT THE MERCY OF ONLY LOCAL INCOMES AND FUELED BY:
  - IMMIGRATION
  - CHINA
  - KOREA
  - IRAN (MIDDLE EAST)
  - EUROPE
  - HIGH NET WORTH INDIVIDUALS AND the investor as our rental supplier
- I THINK THAT DESCRIBES DOWNTOWN VANCOUVER AND MOST IMPORTANTLY THAT THE BUYING HABITS OF ALL DEMOGRAPHICS HAVE CHANGED FOREVER.
- I HAVE BEEN DOING THIS FOR 35 YEARS AND NOW MORE THAN EVER I'M RELY ON A SAYING THAT I WAS GIVEN WHEN I STARTED MY COMPANY
- "A MAN THAT ADHERES TO A POSITION PREVIOUSLY STATED WHEN TIMES CHANGE IS A FOOL"
- I TRY TO WRITE AN OPINION COLUMN ONCE A MONTH FOR BC BUSINESS AND IT IS VERY DIFFICULT FOR ME AS YOU HAVE TO SUBMIT IT 2 MONTHS IN ADVANCE, WHILE I TRY TO LIVE IN A WORLD WHERE WE CAN CHANGE DIRECTION DAILY, BASED ON NEW DATA AND NEW INFORMATION RECEIVED.
- I THOUGHT THAT I SHOULD LET YOU KNOW WHAT IS CURRENTLY INFLUENCING ME, MY COMPANY, MY CLIENTS AND MAYBE ALL OF US.....BECAUSE TIMES HAVE CHANGED.
- WE ARE ACTUALLY LIVING.....DURING ONE OF THOSE AMAZING TIMES ON THE PLANET
- A TIME THAT WILL BE MARKED IN HISTORY
- A TIME WHEN WE ARE RE-EVALUATING
- A TIME WHEN WE ARE CONSCIOUS AGAIN
- WE ARE ALL LIVING IN A TIME
- WHERE OUR CHILDREN .....GRAND CHILDREN.....AND GREAT GRAND CHILDREN WILL QUESTION "WHAT WAS IT REALLY LIKE"?

- WHEN AMERICA ELECTED ITS 1<sup>ST</sup> BLACK PRESIDENT OR TO LIVE DURING A WORLD ECONOMIC MELTDOWN?
- OR GRANDPA GREGOR WHY DID THEY EVER ALLOW CARS ON THE BURRARD STREET BRIDGE IN THE FIRST PLACE?
- I last spoke here May 15<sup>th</sup> 2008.....IN JUST 53 WEEKS
- Interest rates HAVE DROPPED FROM 5.5% TO 3.59% For a 5 yr mortgage: MAKING MONTHLY PAYMENTS ON A \$500K MORTGAGE \$532 DOLLARS PER MONTH LESS THAN LAST YEAR -- THAT'S EFFECTIVELY \$100K MORE BUYING POWER AND AT TODAY'S LOWER PRICE LEVELS
- BEFORE I GO THROUGH SOME COMPLETION AND INVENTORY STATS ALL OF MY NUMBERS WILL BE ON THE UDI WEBSITE ON MONDAY SO THERE IS NO NEED TO TAKE NOTES.
- VANCOUVER DOWNTOWN:
  - FOR 2007
    - THERE WAS 3268 CONDOMINIUM COMPLETIONS
    - WITH 3259 SOLD AS A PERCENTAGE FOR 2007 AT 99% SOLD
  - FOR 2008
    - THERE WAS 2264 CONDOMINIUM COMPLETIONS
    - WITH 2234 SOLD OR 99% SOLD FOR 2008
  - FOR 2009
    - 2307 COMPLETIONS
    - WITH 2234 SOLD OR 97% SOLD FOR 2009
  - FOR 2010
    - THERE ARE ONLY 535 COMPLETIONS
    - 518 SOLD
    - THAT'S 97% OF 2010 INVENTORY ALREADY SOLD
  - FOR 2011
    - 953 COMPLETIONS
    - 837 SOLD OR 87% SOLD FOR 2011
    - THIS INCLUDES JAMESON HOUSE - CURRENTLY UNDER CREDITOR PROTECTION WITH 30 UNSOLD OF 144 HOMES.
    - SOMETHING ONLY COLIN BOSA AND DARYL SIMPSON CAN CONFIRM WHETHER THE PROJECT IS 100% ON TRACK OR NOT. MY BET IS YES!
  - FOR 2012
    - THERE ARE ONLY 549 COMPLETIONS
    - 228 SOLD OR 41% SOLD ALREADY FOR 2012 AND OF THE 549 COMPLETIONS FOR 2012 - 228 ARE AT AQUILINIS RICHARDS ON RICHARDS SITE WHICH I BELIEVE WILL BE THIS YEAR'S FIRST DOWNTOWN PRE SALE LAUNCH ON JUNE 23<sup>RD</sup> WITH REVISED PRICING OF \$585 PSF.

- THERE WILL BE 105 CONDOS UNDER \$350,000
- THE EXACT INVENTORY THE MARKET WANTS
- BEYOND 2012
  - AT THE DEVELOPMENT APPLICATION STAGE THERE ARE 4100 CONDOMINIUM FOR OTHER IDENTIFIED DEVELOPMENT SITES IN THE CORE. WE COULD ONLY IDENTIFY ANOTHER 1675 CONDOS AS 2785 CONDOS FOR DELIVERY AFTER 2012 ARE TERRY HUI'S OF CONCORD PACIFIC.
- WITH THIS CONTROLLED SUPPLY THIS PROBABLY ISN'T ENOUGH TO GET US THROUGH TO 2013 WITH EVEN MODEST CONFIDENCE RETURNING TO THE MARKET AND NOW WITH BRENT TODERAIN'S METRO CORE JOB STUDY PASSING A COUPLE OF WEEKS AGO. YOU ARE NOT GOING TO SEE RESIDENTIAL IN THE CORE WITHOUT ONE HELL OF AN ARGUMENT FOR HERITAGE SOCIAL OR PUBLIC USE. WE CAN ALL agree with ON is saving sites for office space for the future, BUT LET'S CLEARLY UNDERSTAND THAT WE ARE GOING TO HAVE TO VENT THE RESIDENTIAL TO THE SHOULDERS OF DOWNTOWN.
- AND NOW WE REALLY HAVE TO PAY ATTENTION TO AS MUCH DENSITY AS POSSIBLE ALONG SKYTRAIN ROUTES ESPECIALLY ALONG THE CANADA LINE -LIKE PCI'S MARINE AND CAMBIE SITE. WE CANNOT HAVE OUR OFFICE TOWER WORKERS TOTALLY RELIANT ON PEOPLE TRAVELING TO WORK WITH A CAR.
- AGAIN JUST LIKE LAST YEAR AND EVERY YEAR PREVIOUSLY ALL OF THE INVENTORY NUMBERS ARE PREPARED BY SANDRA CAWLEY AND HER TEAM AT BURGESS CAWLEY SULLIVAN AND ASSOCIATES.
- IT WAS ONLY 53 WEEKS AGO..... BUYERS WERE SUING DEVELOPERS TO COMPLETE AT PROJECTS LIKE THE SOPHIA AND TOWNHOUSES IN PORT COQUITLAM. IT WAS THE TOPIC OF THE MOMENT CAROL TAYLOR WAS ON CKNW ASKING FOR AN INQUIRY.
- Today Developers are suing THE BUYERS TO COMPLETE.
- THIS WAS THE TOPIC OF THE MOMENT.
- IF YOU REALLY WANTED TO ISOLATE THE PROBLEM - THE TOPIC IS GENERATED FROM SALES THAT OCCURRED BETWEEN SUMMER 2007 AND SUMMER 2008. IN THOSE YEARS, THEY HAD COMPLETIONS IN THE LAST ¼ OF 2008 AND THE 1<sup>ST</sup> HALF OF 2009 AND AS WE ARE RETURNING TO A BALANCED MARKET AND CONFIDENCE → THIS WON'T EVEN BE A TOPIC!
- A few other things that have CHANGED OVER THE LAST 53 WEEKS:
- If you invested with BERNIE MADOFF your moneys GONE

- Wachovia GONE
- Bear Stearns GONE
- Lehman Brothers GONE
- I THINK IT IS AN IMPORTANT OBSERVATION THAT ON SUN SEPT 15<sup>TH</sup> 2008 – ½ THE FRONT PAGE OF THE VANCOUVER SUN READ LEHMAN BROS BANKRUPT WHILE THE OTHER ½ READ 50 TENANTS LINE UP FOR A 1 BEDROOM RENTAL.
- I DO NOT BELIEVE THAT THERE WOULD HAVE BEEN ANOTHER NEWSPAPER IN NORTH AMERICA CARRYING SUCH DIVERSE ECONOMIC COMMENTARIES.
- OKAY LEHMAN'S GONE
- Sam Sullivan's GONE
- CAROL TAYLOR'S GONE
- Judy Roger's GONE
- Ted Roger's GONE
- Bush's GONE
- SARAH PALIN'S GONE
- Bottled Water at Vancouver City Concessions GONE
- \$800,000 income FROM THE SALE OF BOTTLED WATER AT VANCOUVER CONCESSIONS GONE
- BURRARD STREET BRIDGE 1 CAR LANE GONE
- RITZ-CARLTON GONE
- THE HILLS GONE
- EBAY GONE FROM VANCOUVER
- Assignments PROBLEMS almost GONE
- SURREY'S SKY TOWERS GONE
- CAROL JAMES GONE.....
- Come on "AXE THE TAX" -- FROM THE LEFT.....I'M IN THE MARKETING BUSINESS AND THIS is AN example of a branding slogan BECAUSE IT RHYMES AND that THIS was made up at a cocktail party by

someone that simply did not have any fundamental understanding of the voter's conscience when it comes to THE GREENING OF THE PLANET.

- GORDON CAMPBELL -- NEVER LEFT - GET IT -- HE IS NEVER LEFT
- THE REALITY IS:
  - The LEFT IS GONE
  - The RIGHT IS GONE
  - The CENTRE IS HERE
  - BUT I THINK ROB MACDONALD KINDA – SORTA – OF MAYBE SAID SIMILAR WHEN HE SPOKE HERE LAST.
- Chrysler is almost GONE
- GENERAL MOTORS.....SHOULD BE GONE
- No income no job NINJA LOANS GONE
- 406 OR 4.5% REALTORS GONE (DID YOU REALIZE THAT 44% OF REALTORS HAVE BEEN ACTIVE FOR 6 YEARS OR LESS?)
- OVER THE PAST 53 WEEKS
- CONFIDENCE WAS GONE
- TODAY CONFIDENCE IS ALMOST BACK
- GREGOR ROBERTSON IS HERE
- BARACK OBAMA IS HERE
- YOU KNOW.....When MCCAIN decided that his platform would be to attack BARACK OBAMA for “SPREADING THE WEALTH” - I believe the THAT EVEN THE KLU KLUX CLAN got together and said “SPREAD THE WEALTH” – LET’S TAKE OFF OUR HATS .....WE ARE WITH OBAMA
- SMALL - LIKE \$10 DOLLAR SMALL POLITICAL CAMPAIGN DONORS ARE HERE. THIS WILL CHANGE POLITICAL AND CHARITABLE FUNDRAISING FOREVER.
- PENNY BALLEM IS HERE
- SHANGRI-LA IS HERE.....
- OPRAH's NOT THERE.....YET
- THE NEW Convention centre is HERE
- THE NEW BC PLACE ROOF WILL BE HERE

- PIXAR IS HERE
- BURRARD STREET BRIDGE 1 BIKE LANE HERE
- I'm HERE and YOU'RE HERE.... 745 OF YOU ARE HERE
- IF YOU ARE GOING TO BE IN ANY REAL ESTATE RELATED FIELD ANYWHERE ON THE PLANET.....THERE IS SERIOUSLY NOWHERE YOU WOULD RATHER BE THAN VANCOUVER AND THE GVRD.
- WE believe that in this NEW ECONOMY.....A TERM THAT WE USE A LOT
- EVERY DEMOGRAPHIC FROM THE 1<sup>ST</sup> TIME BUYER TO THE HYPER LUXURY BUYER WILL CHANGE THE WAY THEY CONSUME, WHAT THEY VALUE AND WHAT THEY DON'T VALUE.
- THINK ABOUT WAL-MART'S GROWTH COMPARED TO AMERICAN EXPRESS REPORTING CARDHOLDER SPENDING OFF BY 56%.
- LOOK AT THE recent G20 summit - Where we SAW the WORLD LEADERS FROM THE US, RUSSIA, KOREA, and CHINA ALL SMILING AND all in the same photo. UNPRECEDENTED!
- AND THIS IS EXACTLY WHAT THIS ROOM IS GOING TO HAVE TO DO TO CLEARLY UNDERSTAND THE VARIABLES OF OUR NEW ECONOMY AND THAT IS EXACTLY WHAT OUR DEVELOPMENT COMMUNITY DID.
- WHEN THE OLYMPIC VILLAGE WAS RECEIVING A LITTLE TOO MUCH MEDIA ATTENTION - THEY GOT TOGETHER WITH MILLENNIUM AND THE CITY THEY CAME TO THE CONCLUSION THAT "EVERYTHING IS GOING TO BE ALRIGHT".
- REALIZING THAT MILLENNIUM WATER .....THE OLYMPIC VILLAGE IS AN UNIMAGINABLE COMPLEX SET OF SO MANY MOVING PARTS.
- JUST THINK ABOUT 1.5 MILLION SQ FT DEVELOPED IN 25 MONTHS INCLUDING URBAN FARE AND LONDON DRUGS, 250 NON-MARKET HOMES AND 110 MARKET RENTAL HOMES AND 735 CONDOMINIUMS THEN THROW IN LEED GOLD, A NET ZERO SENIORS BUILDING, A LEED PLATINUM COMMUNITY CENTRE, FORTRESS AN AMERICAN HEDGE FUND AS THE LEAD LENDER AND LET'S MAKE IT THE POSTER CHILD FOR OLD ECONOMY CONSTRUCTION PRESSURES.
- PETER AND SHARAM MALEK WITH HANK JASPER AT THE HELM HOLDING HANDS WITH PENNY BALLEM, MAYOR GREGOR ROBERTSON AND THE CITY ARE ALREADY HANDING OVER FINISHED HOMES TO VANOC FOR THE ATHLETES OF THE 2010 GAMES 5.5 MONTHS AHEAD OF SCHEDULE.
- THIS IS WHAT DEVELOPMENT IS ALL ABOUT.

- I SHOULD ALSO MENTION A \$1 MILLION COMMITMENT TOWARDS THE “B.O.B.” - BUILDING ON BUSINESS EMPLOYING DTES WORKERS CONTRIBUTION.
- NOT ONLY IS MILLENNIUM WATER THE LARGEST DEVELOPMENT GOING ON IN NORTH AMERICA
- EVERY AD FOR EVERY DEVELOPMENT IN THE AREA WILL READ ACROSS FROM THE OLYMPIC VILLAGE.
- THIS IS A LEGACY PROJECT THAT WILL STAND AS A SOCIAL AND ENVIRONMENTAL BEACON TO WHICH ALL OTHERS WILL BE MEASURED.
- I HAVE ARRANGED WITH SECURITY, THE CITY AND MILLENNIUM TO INVITE ALL 745 IN ATTENDANCE AND A GUEST FOR AN ON-SITE TOUR ON JUNE 27 AND JUNE 28.
- YOU WILL SEE THAT THERE IS A GOLD INVITE AND A \$7 PIN AT EVERY SEAT.
- SPEAKING IN MY ROLE AS AN OLYMPIC AMBASSADOR I FEEL THAT YOU OWE IT TO YOURSELF TO TOUR MILLENNIUM WATER AS AN OFFICIAL OLYMPIC VENUE AND ALSO TO EXPERIENCE A COMPREHENSIVE WATERFRONT DEVELOPMENT OF THIS MAGNITUDE.
- WHILE IM TALKING ABOUT MILLENNIUM WATER, WE SHOULD LOOK AT THE SEFC INVENTORY
  - FOR 2009
    - THERE WILL BE 173 COMPLETIONS INCLUDING POLYGON'S FOUNDRY BUILDING WHICH IS 100% SOLD AT \$725 PSF AND OWNERS ARE MOVING IN NOW
    - RMS IS NOW MARKETING PCI'S BRICK AND BEAM HERITAGE BUILDING CALLED THE EXCHANGE AND WE WILL OPEN IN JUNE WITH ITS REMAINING 39 HOMES
  - FOR 2010
    - THE OLYMPIC VILLAGE IS THE ONLY SEFC INVENTORY FOR COMPLETIONS FOR THE 1<sup>ST</sup> PHASE.....OF 487 CONDOS. WE RELEASED THE AFFORDABLE PART OF THE VILLAGE 1<sup>ST</sup>. WE ARE CURRENTLY AT 265 SALES OR 54% SOLD.
    - AS WE APPROACH THE WATER AND BUILDINGS THAT WE WILL TAKE YOU THROUGH IN JUNE THERE ARE 468 HOMES TO SELL.

- MILLENNIUM WATER WILL BE POSITIONED VERY WELL WITH WATERFRONT AND MOVE IN RATHER THAN PRE-SALE PRODUCT -- SOMETHING THAT WE HAVE NOT SEEN IN OUR MARKET FOR A LONG TIME.
- SURROUNDING THE OLYMPIC VILLAGE
- THERE ARE 13 SITES OR 1833 CONDOS THAT WILL START PRE-SELLING FROM THIS SUMMER FORWARD EVERYTHING FROM WALL'S REDESIGN TO INCORPORATING THE MAYORS INCENTIVES WILL BE GOING ON IN SEFC.
- HERE IS ANOTHER EXAMPLE OF WHERE THE DEVELOPER HAD BETTER BE 100% SURE THAT THEY ARE ADDRESSING TODAY'S CONSUMER - WE CAN'T HAVE EVERYBODY BUILDING THE SAME PRODUCT AT THE SAME TIME.
- I JUST WANT TO TOUCH ON GREEN FOR A MOMENT
- IF WE ASK A DEVELOPER TO INCLUDE EXCESSIVE OPTIONS IN A NEW BUILDING LIKE 2 SUB ZEROS, 12 FOOT CEILINGS, WOOL CARPET AND MARBLE EVERYWHERE -- THE COMMON ANSWER IS WHO'S GOING TO PAY FOR IT AND WE END UP WITH A COMPROMISE, ONE SUB ZERO, 9' CEILINGS, AND A LITTLE BIT OF MARBLE AT THE ENTRANCE AND THE CARPET IS NYLON INSPIRED POLYESTER.
- GREEN ..... REALLY IS STILL FOREIGN LANGUAGE. I THINK THAT WE ARE RUNNING THE RISK OF LOADING UP THE DEVELOPER WITH MORE THAN THE CONSUMER CAN PAY FOR AND IF WE ARE GOING TO BURDEN THE CONSUMER WITH MORE DEBT THAT REQUIRES THEM TO WORK LONGER AND DRIVE FURTHER, RATHER THAN LIVE IN THE COMMUNITY THEY WORK IN.
- WE ARE ACTUALLY DEFEATING THE WHOLE PURPOSE BY FURTHER CONTRIBUTING TO THE CARBON FOOTPRINT AND NOT TO MENTION THE DAMAGE TO THE FAMILY SOCIAL STRUCTURE. SOMEONE BETTER START ASKING SOME OF THOSE TOUGH GREEN QUESTIONS.
- PRIOR TO 1 YEAR AGO, WE BELIEVE THAT EVERYONE IN THIS ROOM FOR 6 OR 7 YEARS CAPITILIZED ON AND BENEFITED BY ALL THE POSITIVE MEDIA COVERAGE.
- THAT POSITIVE MEDIA COVERAGE CONTRIBUTED TO A REAL INCREASE IN REAL ESTATE VALUES OF AT LEAST 2% AND WE CANNOT SAY THAT THE MEDIA HURTS VALUES WHEN THEY ARE NEGATIVE AND NOT CREDIT THEM FOR ADDING VALUE WHEN THEY ARE POSITIVE.
- SINCE I STOOD HERE 1 YEAR AGO, I WOULD HAVE TO SAY THEY TOOK IT ALL BACK AND THE 2% INCREASE THAT IS.

- DO YOU KNOW THAT IF ALL 745 OF US IN ATTENDANCE HERE TODAY SPENT ONLY 10 MINUTES A DAY VOICING NEGATIVE OPINIONS ABOUT THE ECONOMY OVER THE PAST YEAR THAT WOULD BE A STAGGERING 45.320.83 HOURS OF NEGATIVE OPINIONS AND WE WOULD STILL HOLD UP THE VANCOUVER SUN AND CRY FOWL.
- THE MEDIA IS ONLY A MIRROR REFLECTING OUR NEGATIVE OPINIONS OR OUR POSITIVE OPINIONS AND WHAT WE CAN DO IS LET THE MEDIA KNOW EVERYTIME YOU SEE OR EXPERIENCE SOMETHING POSITIVE THAT CAN HELP EVERYONE ELSE REGAIN CONFIDENCE.
- WE ALSO BELIEVE THAT OVER THE PAST YEAR IT HAS BEEN VERY DIFFICULT TO GET ACROSS A POSITIVE VIEW BECAUSE NOBODY WANTED TO HEAR IT. WE ALSO BELIEVE THAT THE TIDE HAS TURNED IN THE PAST 60 DAYS.
- Is GM in trouble because of the ECONOMY
- Or is GM in trouble because it is making 8 TRACK PLAYERS when the world is already buying IPODS.
- IPODS ARE ALREADY CHANGING TO KEEP PACE WITH THEIR BUYING DEMOGRAPHIC; WE THINK THAT THERE ARE 2 DIVERSE DEMOGRAPHICS OUT THERE.
- THE FIRST IS..... I KNOW WHAT AN 8TRACK IS AND I DON'T OWN AN IPOD AND I STILL LEAVE PHONE MESSAGES.
- THE SECOND DEMOGRAPHIC THAT WE HAVE NOT FIGURED OUT YET OWN AN IPOD.....AND HAS NOT GOT A CLUE WHAT AN 8 TRACK IS....THEY ONLY TEXT, NO PHONE MESSAGES.
- GENERAL MOTORS WAS A PRIME EXAMPLE OF A COMPANY THAT WAS WAITING FOR YESTERDAY TO RETURN RATHER THAN UNDERSTAND THEIR CHANGING CONSUMER DEMOGRAPHIC. WE SHOULD ALL ASK OURSELVES ARE WE RUNNING OUR BUSINESS LIKE GM WAITING FOR YESTERDAY?
- I had to ask myself this question last SEPTEMBER - Tough as the decision was we went on to advise AND AGREE WITH developers THAT if you not pregnant let's hold off .....ABSTAIN UNTIL WE ARE ON STEADY GROUND and IF YOU HAVE NOT STARTED .....THEN DON'T START.
- WE went back over previous URBAN DEVELOPMENT INSTITUTE talks and back in 2004 I said that "THE CONSUMER IS TIRED OF THE UNCERTAINTY OF THE STOCK MARKET".
- I don't know IN 2004 whether WE WERE being optimistic, opportunistic or realistic BUT WHAT WE DID UNDERSTAND IS THAT GOOD OLD FASHION

- DO NOT LET YOUR OWN PERSONAL PORTFOLIOS INFLUENCE HOW YOU ADVISE OTHERS.
- I have less than \$10,000 dollars invested in the stock market.....Down just A TOUCH from 4 million invested.....Seriously..... I have zero invested in the stock market.... I WENT WITH ILLIQUID ART.
- Let's look at the impact of these statements whether it is TECK.....CITIBANK.....GM.....OR.....KRISPY KREME.
- WITH CITIBANK DO YOU REALIZE THAT AMERICA OWNS 36% OF CITIBANK - take your STOCK pick:
- What happened to those companies and what happened to those that invested in them is very similar to what happens when you are skiing.
- When do most accidents happen? Most accidents happen "ON THE LAST RUN OF THE DAY".
- WHEN WE ARE ALL UNCONSCIOUS and BELIEVE WE ARE MORE CAPABLE THAN WE REALLY ARE AND FULL OF BRAVADO AND TAKE ON THE RISK OF THE DOUBLE BLACK DIAMOND OUT OF BOUNDS NO MARKERS RUN, EVEN WHEN THAT THE LITTLE VOICE INSIDE SAYS DON'T.....NOPE, WE'RE DOING IT.....AND WE'RE DOING IT DRUNK.....BAM....WHAT WERE WE THINKING?
- THE REALITY IS ....
- FOLLOW ME HERE...
- GRANDMA had THESE TYPES OF STOCKS OCUPPYING A disproportionate portion OF HER PORTFOLIO AND the family fortune.....THE children 50 YEARS OF AGE -- "BOOMERS" BORROWED on it -- "MARGINED" it .....
- YOU CAN JUST HEAR THE DINNER CONVERSATION....."WE WILL JUST MARGIN IT A BIT"
- Mom - COME ON.....well buy 2 places at Whistler, sell one just before the Olympics and get one for free AND THE GRANDCHILDREN can use WHISTLER when they're home from Harvard.....WHICH BY THE WAY thank you for paying their TUITION .....Uh oh stock drops 81% -- MARGIN CALL.....WHISTLER'S GONE.....THE KIDS....WELL THEY'RE TAKING A COUPLE YEARS OFF FROM HARVARD to earn money for tuition TO A GOOD COMMUNITY COLLEGE.
- When did TECK OR CITIBANK OR THIS FAMILY REALLY screw up? On its last investment in our "OLD ECONOMY". They bet the farm and then borrowed on the farm with FULL OF TOTALLY UNCONCIOUS BRAVADO.

- MADOFF WAS GREEDY and MAYBE HIS CLIENTS WERE TOO.
- INFLATION USED TO BE THERE TO HIDE EVERY WRONG DECISION
- LET'S RE EVALUATE THE DEMOGRAPHIC THAT WE ALL RELY ON THE BABY BOOMERS.
- THE BOOMERS ARE BORN 1947 to 1964. Today they are 45 to 62 years old.....BOOMERS have been massive consumers. BOOMERS DID NOT HAVE TO SAVE -- THEY CONSUMED AND WE COUNTED ON THEM CONSUMING. BOOMERS WILL CONTINUE COSUME.
- WE BELIEVE THAT IT WILL BE SOCIALLY ACCEPTABLE TO ACQUIRE YET ACQUIRE CAUTIOUSLY.
- WE ALL KNOW SOMEONE WHO GOT FINANCIALLY HURT AND THIS AFFECTS OUR THINKING.
- LET'S UNDERSTAND THAT THE BOOMERS MAY NOT BE ABLE TO RELY ON THEIR INHERITENCE SO THAT WE CANNOT RELY ON THEM AS HEAVILY AS A DEMOGRAPHIC. TO SAY THAT THIS DEMOGRAPHIC DOESN'T HAVE TO BE RE-ADDRESSED DIFFRENTLY - WOULD BE AN INSANE CONCLUSION.
- LAST YEAR WE SAID REAL ESTATE IN AMERICA WILL NOT TURN AROUND UNTIL you could arrive at dinner with friends and say that you bought a condo and that your friends would encourage you rather than discourage you
- This would be the tip of the iceberg we call confidence.
- CNN AND FOX ARE ALREADY TRADING THEIR MARKET UNDERMINING AND OVER SENSATIONAL REPORTING OF HOMEBUYERS LOSING HOMES THAT THEY SHOULD NEVER HAVE BEEN ALLOWED TO BUY IN THE FIRST PLACE.
- OR THE TREASONOUS RUSH LIMBAUGH PRAYING THAT OBAMA WILL FAIL.
- NOW CNN AND FOX ARE REPORTING LOWER INVENTORY.....FEWER FORCLOSURES AND INCREASED HOME SALES.
- DO YOU REALIZE THAT IN THE US HOUSING STARTS ARE AT A 50 YEAR LOW?
- AMERICA IS IN THE SHALLOW END OF THE POOL and THEY CAN SEE THE BOTTOM.
- MY COMPANY tracks consumer trends. WE track EVERY BUYING HABIT POSSIBLE FROM EVERY DEMOGRAPHIC, but YOU KNOW WHAT WE OVERESTIMATED? WE OVERESTIMATED CONSUMER CONFIDENCE..... I THINK WE ALL DID and I thought that "WE" as in

Canada WERE insular from America AND THE EROSION OF CONFIDENCE IN AMERICA.

- WE HAVE ALL THE FUNDAMENTALS THAT AMERICA LACKS. We have real deposits!
- DEVELOPMENTS LIKE The Fairmont which is coming up for completion end of this year IS sitting with an average of 20% deposits... over \$105 million dollars IN NEIL KORNFELD'S TRUST ACCOUNT - ABSOLUTELY UNHEARD OF IN AMERICA.
- OUR OLD ECONOMY ADS FOR THE FAIRMONT READ CANADA'S MOST EXPENSIVE ADDRESS AND WE CHARGED \$10,000 JUST TO VIEW THE PRESENTATION CENTER. I DON'T THINK I'LL BE TAKING OUT TRADEMARKS ON THESE GEMS.
- THE FAIRMONT HAD 175 HOMES AND WAS TARGETED AT A VERY RAREFIED DEMOGRAPHIC JUST LIKE THE ROLLS ROYCE WHEN YOUR BUYING A BUICK A KIA OR A MERCEDES -- YOU DON'T POINT TO A ROLLS ROYCE AS A COMPARISON.
- WOODWARD'S SOLD ALMOST A QUARTER OF A BILLION DOLLARS IN CONDOMINIUMS IN 2006 AT \$565 PSF.
- BE BOLD OR MOVE TO SUBURBIA
- BEFORE I START: RICH COLEMAN and JIM GREEN story.
- WOODWARD'S CLOSINGS WILL START MID JUNE SITTING with average deposits of 17% and we had 560 Woodward's buyer's family and friends through on February 14<sup>th</sup> and 15<sup>th</sup> FOR A HARDHAT TOUR.
- IF you had stood there watching the buyers EXPERIENCE THE VIEWS, THE 42<sup>ND</sup> FLOOR CLUB W AND THE FINISHINGS. You would agree with me that we will see 98% completions.
- Something I find unusual about our industry is that we forget that even in a boom market .....Buyer's go through job losses...divorces and FINANCING PROBLEMS.
- Even with our Big deposits ..... ON 2400 recently audited RENNIE sales our average deposit was just under 18%. Even with our Low inventory - WHICH YOU HAVE ALREADY HEARD SOME and cautious banking practices - EVEN WITH BUYERS closing with 25 -35% equity. WE WERE NOT INSULAR FROM THE CONFIDENCE THAT ERODED THROUGHOUT THE REST OF THE WORLD.
- NOW - What will cause our LOCAL CONSUMER to arrive at dinner with friends and say that THEY bought a condo and that THEIR friends would encourage THEM rather than discourage THEM?

- And it's actually JUST STARTING TO HAPPEN...AND WE CAN SEE MORE THAN THE TIP OF THE ICEBERG OF CONFIDENCE FROM WHAT WE ARE SEEING. I BELIEVE THAT MAY SALES FIGURES WILL SURPRISE US ALL and ALL SUPPORTED BY THE FACT DEVELOPER RAN QUICKER FROM DEVELOPING THAN THE HOMEBUYER RAN FROM BUYING.
- Remember the developer was RUNNING AS FAST AS HE COULD TO KEEP UP TO HIS BANKER AS LONG AS HOUSING STARTS CONTINUE TO DECLINE LARGELY DUE TO TIGHT MONEY LENDING POLICIES.....
- INVENTORY WILL CONTINUE TO DECLINE and PRICES WILL STABILIZE AND EVENTUALLY CONSTRUCTION WILL PICK UP AGAIN.....
- FOR NOW STOPPING THE CONSTRUCTION CYCLE AS DIFFICULT AS IT SOUNDS IS ACTUALLY THE RAPID ROAD TO STABILIZING INVENTORY and THE BIG CAUTION IS THAT THIS IS NOT the cure for AFFORDABILITY.
- LET'S LOOK AT look at Real population growth. I ASKED ANDREW RAMLO .....DAVID BAXTERS PARTNER OVER AT URBAN FUTURES TO COMPILE SOME POPULATION AND CONSUMER DEMAND STATS FOR ME.
- OVER THE PAST 10 YEARS 1999-2009 FOR THE GREATER VANCOUVER REGIONAL DISTRICT. The Population growth has averaged OVER 22 000 PER YEAR AND WILL AVERAGE 35 445 PER YEAR OVER NEXT 10 YEARS.
- THERE WAS A REAL DEMAND FOR APARTMENTS OF 7600+ per year FOR 1999 THROUGH 2009. APARTMENTS ARE DEFINED FOR THIS PURPOSE AS CONDO AND RENTAL.
- THIS IS WHERE THE INVESTOR AS OUR RENTAL SUPPLIER REALLY SHOWS UP.
- IN 2001 DEMAND WAS FOR 7000 and completions were less than 4000. DEFINITE UNDERSUPPLY AND WE SAW PRICES START TO MOVE.
- Jump ahead to 2007 where demand was 7875 and completions were at over 8400.
- STILL ALMOST IN BALANCE - THIS IS FOR THE GVRD AND NOT BREAKING OUT DOWNTOWN AND THE SUBURBS WHICH REALLY CREATE OUR 2 DISTICTIVELY DIFFERENT MARKET PLACES.
- Something I find very interesting in the 20/20 hindsight department is that FROM 1972 TO 2010 IN 38 years it had THE LOWEST CONSTRUCTION COMPLETIONS that OCCURRED IN 2000 that is RIGHT AFTER 1999'S NASDAQ COLLAPSE WHEN WE THOUGHT IT WAS ALL OVER.
- CONSTRUCTION STARTS WERE AT THEIR 38 year low IN 2000 and EVEN Cameron MUIR OF CMHC was quoted RECENTLY saying "DONT YOU WISH YOU HAD BOUGHT IN 1999".

- THE QUESTION IS.....IS 2009 the new 1999?
- SO IT WASN'T JUST A WORLD ECONOMIC MELTDOWN, WE DID GET A LITTLE AHEAD OF OUSELVES. Not since 94 and 95 had we seen over 10 000 completions.
- IN 2008 WHERE COMPLETIONS WERE 13 400 AND A DEMAND OF 7200, BUT JUMP AHEAD TO 2011 AND DEMAND IS 7968 AND SUPPLY IS 4700.
- SIMILAR TO 1999 - THIS IS WHERE THE DEVELOPER RUNNING TO THE SIDELINES QUICKLY BRINGS BALANCE TO THE MARKET BASED ON THE INVENTORY STATISTICS, POPULATION AND REAL DEMAND - THE FRIGHTENING UNKNOWN HERE IS THAT THESE STATISTICS DO NOT TAKE INTO CONSIDERATION HOW MANY DEVELOPMENTS HAVE BEEN POSTPONED.
- CREATING FAR LOWER COMPLETIONS THAN ESTIMATED. SO WHETHER IT'S THE THIRD QUARTER OF 2010 OR THE SECOND QUARTER OF 2011, WE WILL HAVE A COMPLETIONS AND INVENTORY SHORTAGE AND THAT'S ONLY 15 TO 21 MONTHS AWAY. THESE ARE NOT MY NUMBERS - I JUST ADVISE BASED ON THEM.
- OKAY MORE STATS:
  - **EAST VANCOUVER**
    - FOR 2008 - THERE WAS 674 CONDOMINIUM COMPLETIONS WITH 647 SOLD AS A PERCENTAGE FOR 08 - 96% SOLD.
    - LEAVING ONLY 28 CONDOS UNSOLD FROM 08 DELIVERY
    - FOR 2009 - LAST YEAR I REPORTED: 432 COMPLETIONS SLIGHTLY UP THIS YEAR TO 530 AND @ ONLY 6 MONTHS INTO THE YEAR that is 67% SOLD.
- YOU CANNOT EVEN MENTION THESE LOW INVENTORY AND HIGH % OF SALES FIGURES IN AMERICA BECAUSE NOBODY WOULD BELIEVE YOU.
  - FOR 2010 - THERE ARE 513 COMPLETIONS FOR 2010 and that is 15% SOLD. DOWN FROM LAST YEARS 1070 PROJECTED COMPLETIONS. THIS NUMBER DROPPED SIGNIFICANTLY AS THE ELDORADO SITE THE HILLS AT KINGSWAY AND NANAIMO IS IN A HOLDING PATTERN WITH NEW OWNERSHIP.
  - FOR 2011 FORWARD – COMPLETIONS ARE ESTIMATED AT 4761 ALSO DOWN DRAMATICALLY AS PARKLANE'S FRASERVIEW ESTIMATE IS BEING USED AS 4000 HOMES RATHER THAN THE 7275 THAT I REPORTED LAST YEAR.

- ALSO THE LITTLE MOUNTAIN SITE HAS TO BE CONSIDERED IN THE EAST VANCOUVER NUMBERS. I WOULD USE 2500 + CONDOS. THIS SHOULD BE THE POSTER CHILD FOR OUR NEW DEMOGRAPHIC AND TRULY GREEN AND SUSTAINABLE CAUTIOUSLY GREEN! MORE PEOPLE LIVING ON LESS LAND AND GIVEN THE PROXIMITY TO QUEEN ELIZABETH PARK – this is A REAL ALTERNATIVE TO THE WEST SIDE. GIVEN THE DEMOGRAPHIC THAT HAS ESTABLISHED THE MAIN STREET DISTRICT ALREADY.
  - JOO KIM FROM HOLBORN, NORM HOTSON, THE CITY, MR. COLEMAN AND RENNIE MARKETING WILL BE MEETING VERY SOON TO START THE REZONING PROCESS.
- **RICHMOND**
  - FOR 2008 - 397 COMPLETED with 354 SOLD OR 89% SOLD and ONLY 43 UNSOLD.
  - FOR 2009 - THERE ARE 1340 CONDOS COMPLETING AND CURRENTLY THERE ARE 833 SOLD OR 62% SOLD.
  - BUT LOOK AT INVENTORY UNDER CONSTRUCTION FOR 2010 FORWARD
  - FOR 2010 –THERE'S ONLY 384 UNDER CONSTRUCTION and 342 ALREADY SOLD OR 89% FOR 2010. That is INCLUDING WALL CENTER RICHMOND WHICH IS 100% SOLD.
  - THAT IS A VERY BALANCED MARKET for RICHMOND, THROUGH TO THE END OF 2010 WITH UNDER 600 CONDOS UNDER CONSTRUCTION AND UNSOLD.
  - OTHER THAN THAT FOR 2011 going FORWARD - RICHMOND WILL HAVE 4876 POTENTIAL CONDOS NOT UNDER CONSTRUCTION YET AND OVER 2000 WILL BE AT A.S.P.A.C.'S RIVER GREEN AND 3 OTHER DEVELOPMENTS OF OVER 400 UNITS EACH.
  - RICHMOND SHOULD BE ABLE TO RUN AN ORDERLY MARKET WITH MASTER PLANNED COMMUNITIES and THERE IS ALWAYS AN ORDERLY REALEASE.
  - I AM ALSO TAKING INTO CONSIDERATION ACCORDING TO SANDRA CAWLEY THAT THE # 3 AND SEA ISLAND WAY 2000+ CONDO SITE HAS BEEN SHELVED.
- ALSO AS CHINA SEES SOME SLOW DOWN -WE WILL SEE IMMIGRATION PICK UP FROM CHINA.

- AS CHINA SLOWS THEY NOW HAVE TIME TO FOCUS ON FAMILY LIFE AND DIVERSIFY. VANCOUVER and RICHMOND ARE ABSOLUTELY AT THE TOP OF THE LIST WITH ALL OF OUR FUNDAMENTALS AND WITHOUT THE STRESS OF AMERICAN IMMIGRATION AND FLIGHT TRAVEL. WE ARE AT THE TOP OF MANY COUNTRIES LISTS TODAY MORE THAN EVER.
- LAST YEAR, WE REPORTED TO YOU THAT FOR SURREY/WHITE ROCK FOR 2008 - 3281 COMPLETIONS AND ONLY 42% SOLD.
- DID ANYBODY CATCH THAT LAST YEAR? TODAY THAT 2008 INVENTORY SITS AT 803 VACANT NEW CONDOS OR 73% SOLD. NOW .....CLEANING UP VERY NICELY.
- FOR 2009 AND 2010 DELIVERY - 5760 CONDOMINIUM COMPLETIONS and TODAY with 3276 SOLD OR 56% SOLD INCLUDED ARE THE 698 SOLDS AT THE INFINITY - NOW A TERRY HUI CONCORD DEVELOPMENT.
- WITH A POTENTIAL INVENTORY OF .....12,872..... FOR 2011 FORWARD AT THE DEVELOPMENT PERMIT AND DEVELOPMENT APPLICATION STAGE WHAT WE HAVE TO TAKE FROM THIS IS THAT WE CANNOT KEEP BUILDING THE SAME PRODUCT AS YESTERDAY.
- YOU HAD BETTER START DISSECTING AND UNDERSTANDING YOUR BUYER DEMOGRAPHIC, YOUR COMPETITION AND INVENTORY RELEASE.
- IT'S TIME TO REINVENT OURSELVES. WHAT WILL TOMORROW'S STARTER CONDO LOOK LIKE?
- IT IS BACK TO BASICS. I MEAN BACK TO A BASIC AFFORDABLE MODEL. I DO NOT THINK THAT WE CAN RELY ON THE INVESTOR DRIVEN DEMOGRAPHIC AS MUCH AS WE HAVE BEEN FOR HIGHRISES IN THE SUBURBS.
- BACK TO THE FUNDAMENTALS THAT WILL PROTECT US ON THE RECOVERY SIDE. Vancouver is named #1 in N / S America for Quality of living. Vancouver is #4 in world behind Zurich Vienna and Geneva for BEST CITY in the WORLD.
- I OFTEN GET CRITICIZED FOR CALLING VANCOUVER - WORLD CLASS. MY DEFINITION OF WORLD CLASS IS HAVING A DEFINIBLE DIFFERENCE AND THAT DEFINIBLE DIFFERENCE SHOULD ALWAYS BE HARD TO DESCRIBE.
- THE WORLD ECONOMIC FORUM RANKED CANADA AS THE #1 safest banking system....IN THE WORLD With the USA 40th AND BRITAIN 44<sup>th</sup>. I LIKE TO NOTE THAT # 1 CANADA ISNT IN Iraq AND 40 AND 44 ARE.
- WHEN IT COMES TO BANK LEVERAGE: CANADIAN BANKS ARE LEVERAGED 18-1//USA 26-1//EUROPEAN BANKS 61-1//. NOT ONE CANADIAN BANK HAS FACED A FAILURE OR GOVERNMENT INTERVENTION. In USA there have been ---33---failures.

- EVERYBODY SAYS.....CASH IS KING. My personal opinion is that CASH IS KING .....FOR NOW, However when I see that the US will exceed \$15 Trillion in Debt in the next couple of years and that they are printing money beyond anyone's wildest expectations combined with the knowledge that HSBC told me that GENEVA AND ZURICH have simply run out of vaults for GOLD BULLION storage then add into MIX THAT IN January 2000 there was \$1 TRILLION sitting on the sidelines in MONEY MARKET ACCOUNTS.
- January 2007 there was \$1.7 TRILLION sitting on the sidelines in MONEY MARKET ACCTS. 24 months LATER.....Today there is over \$3.7 TRILLION sitting on the sidelines in MONEY MARKET ACCTS. \$3.7 TRILLION EARNING CLOSE TO ZERO. I BELIEVE MONEY THAT IS LOOKING TO COME OFF THE SIDELINES.
- My bet is 30 to 48 months from now you are going to want your money anywhere .....IN ANY ASSET CLASS.....other than money. YOU WILL WANT HARD ASSETS.
- WHERE'S JOE SEGAL? Joe's got money. I THINK THAT Joe's got a lot of money..... Joe SEGAL has gotten more deals than most of us will ever make. But what did Joe do with SOME OF his money last month..... HE BROUGHT IT OFF THE SIDELINES.....OUT OF THE MONEY MARKETS. JOE bought the Grosvenor building.....IS this the bottom?
- OR IS JOE SMART ENOUGH TO REALIZE THAT AS THE MARKET TOUCHES THE BOTTOM TOO MANY OTHERS WILL BE RUSHING IN. WHEN I CALLED JOE...JOE SAID "BOB YOU CAN NEVER BUY AT THE BOTTOM AND YOU CAN NEVER SELL AT THE TOP".
- I KEEP HEARING THESE TERMS: IS THE MARKET RECOVERY A "V".....OR IS IT A "W" OR A NIKE CHECK MARK?
- BUT IN EVERY FORCAST ...THE COMMON DENOMINATOR IS THE WORD **RECOVERY.**
- I BELIEVE THAT THE WORLD IS GOING TO STOP MANUFACTURING PROBLEMS BY THE END OF 2009 OR AT WORST HAVE A REAL HANDLE ON IDENTIFYING THE PROBLEMS.
- AND THE OPPORTUNITIES THAT YOU SEE TODAY.
- JUST LIKE THE GROSVENOR BLDG WILL NOT BE REPEATED. AS JOE HAS PROVEN TO US TODAY...CASH IS KING. WHAT I THINK Joe has also proven to me is that HARD ASSETS will be KING again!
- THERE WAS A PERCEPTION OUT THERE THAT THE SOLD PRE-SALE CONDOS JUST WON'T CLOSE. Reality is buildings are closing. I KNOW THAT THERE IS a difference IN Water Cooler conversation FROM 60 days ago and today.

- YOU KNOW HOW I KNOW? REAL ESTATE AGENTS.....ARE NOT RETURNING CALLS AGAIN.
- ON NEW DEVELOPMENTS COMPLETING:
- Let's look at Crossroads PCI'S development at, CAMBIE and Broadway. The Canada line construction is all cleared up and Whole Foods is open.
- ITS SAFE TO DRIVE CAMBIE AGAIN and ON THE JOB FRONT -Whole Foods will now look to expand with more stores in OUR region EVEN AS WHOLE FOODS SLOWS THEIR GROWTH DOWN IN AMERICA. ESPECIALLY WITH THEIR WEST VANCOUVER STORE AT #7 IN NORTH AMERICA - CROSSROADS STORE REQUIRES 75-100 SUPPLY TRUCKS PER DAY AND THE BAKERY HAS ALREADY EXPANDED FROM A 5AM START TO RUN AT 24 HRS PER DAY.THIS IS TODAYS CONSUMER!
- THE 88 CONDOMINIUMS AT CROSSROADS WERE OFFERED FOR SALE in fall 06 AT 644 PER SQUARE FOOT and 84 sold and we have closed 83.....OVER THE LAST 45 DAYS.
- Let's look at Shangri la with 291 closings took place THE LAST QUARTER OF 08 and 59 OF 66 ESTATES ON LEVELS 43-61 SOLD. 57 CLOSED AT 2.5 -16 MILLION. In a much more suspect time of the market 6 MONTHS AGO WHEN NOBODY WANTED TO HEAR A POSITIVE.
- THEN THERE IS WALL CENTER FALSE CREEK.....53 WEEKS AGO 140 OF 204 SOLD IN THE 1<sup>ST</sup> PHASEFELL BACK TO 118 SOLD MET WITH NO MOMENTUM OVER 800\$ PER SQUARE FOOT. ALL DEPOSITS WERE RETURNED LAST NOVEMBER AND THE PROJECT IS BEING RE-DESIGNED FROM 400 TO JUST OVER 500 SUITES AND A DECISION BETWEEN RENTALS OR SALE HAS NOT BEEN DETERMINED.
- NOW TO HOLBORN'S.....RITZ-CARLTON. I AM GOING TO TALK ABOUT THE RITZ IN THE SAME WAY AS I WROTE IT PRIOR TO ARTHURS PASSING. I WAS PERSONALLY VERY PROUD OF GETTING ARTHUR ERICKSEN ON OUR SKYLINE 62 OF THE 123 CONDOMINIUMS SOLD AVERAGE OF \$2300 PER SQ FT. A RECORD! THE ROLLS ROYCE ANALAGY FITS HERE. JOO KIM THE NEW PRESIDENT OF HOLBORN HAD TO MAKE A BUSINESS DECISION. BUYERS MAY NOT BE THERE IN 3 YEARS FOR APPRAISALS FOR \$2300 PER SQ FT. THE PRAGMATIC BUSINESS DECISION WAS TO RETURN DEPOSITS AND RE-EVALUATE THE PROJECT AND WHETHER OR NOT THE CURRENT DESIGN WILL REMAIN HAS NOT BEEN DECIDED.
- THIS DOESN'T HURT HOUSE STOCK.
- THEN THERE'S THE BEASLEY.....WITH 170 SOLD OF 211 AVAILABLE - SETTING YALETOWNS HIGHWATER MARK AT 840 PSF. With low deposits in hand AND THIS WAS A COUPLE MONTHS AGO WHEN THE MARKET WAS NOT SHOWING THE CLARITY THAT IT IS SHOWING TODAY. AMACON went

back to all of the buyers with under \$600 per sq ft and secured lower construction costs and HIGHER DEPOSITS.

- This is one of those opportunities that will not be repeated and.....THE REMAINING INVENTORY CAUSED QUITE A STIR AND ACTUALLY SAW BUYERS LINE UP OVER NITE. TODAY IT'S A WIN. WIN.
- 30 months from now ALL the buyer's will come out the winner. Especially if the buyers are offered a 24 month cap on interest rates 24 months out from completion....
- Whether it's SURREY'S Sky Towers 900 units not going ahead, or the Ritz, WALL CENTER FALSE CREEK Or the realignment of the BEASLEY - All of these scenarios contribute to rapidly stabilizing THE MARKET. ALL OF THESE DEVELOPERS are addressing this "new economy".
- Cleaning up inventory by DELAYING & REDISIGNING projects or STABILIZING sales.
- THE REALITY IS that THE SUPPLY has been extremely well monitored GREG ZAYADI FROM OUR OFFICE HAS BROKEN DOWN THE MLS STATISTICS BY SUITE TYPE AND BY PRICE RANGES FOR 13 AREAS COVERING FROM THE WESTSIDE OF VANCOUVER THROUGH TO SURREY.
- HERE ARE A FEW NUMBERS THAT REINFORCE MY CONFIDENCE AS OF MAY 1<sup>ST</sup> IN DOWNTOWN VANCOUVER THERE ARE 28 STUDIOS & ON THE MARKET UNDER 10 YEARS OLD and THERE WAS ALSO 27 STUDIOS SOLD IN THE LAST 4 MONTHS. CONSIDERING SOME RENEWED CONFIDENCE THAT IS LESS THAN A 4 MONTHS SUPPLY FOR CONDOMINIUMS UNDER 10 YEARS OLD FOR ALL OF DOWNTOWN VANCOUVER THERE ARE ONLY 736 CONDOS FOR SALE. THE NUMBER TO WATCH IS THAT 438 CONDOS HAVE SOLD IN THE PAST 4 MONTHS.
- FOR THE VANCOUVER'S WESTSIDE THERE ARE ONLY 413 CONDOS ON THE MARKET UNDER 10 YEARS OLD. 224 SALES REPORTED IN PAST 4 MONTHS AND 400 CONDOS ON VANCOUVER'S WEST SIDE AVAILABLE OVER 10 YEARS OLD AND A STAGGERING 358 SOLD IN 4 MONTHS.
- AND CONFIDENCE IS JUST STARTING TO APPEAR.
- THERE ARE ONLY 90 CONDOS TOTAL UNDER \$900 000 AVAILABLE IN WEST VANCOUVER.
- EVELYN DRIVE is 16 ACRES ABOVE PARK ROYAL OWNED BY MILLENNIUM. We WILL SEE 372 CONDOS HOUSES AND DUPLEXES. THIS WEST VANCOUVER OFFERING SHOULD FILL THAT GAP BETWEEN LAST YEARS WEST VANCOUVER HOME PRICES AND TODAY'S VALUES FOR THAT MOVE DOWN BUYER.

- HERE IS ANOTHER EXAMPLE OF WHETHER IT IS WEST VANCOUVER OR PORT COQUITLAM: IT'S THE AFFORDABLE PRICE RANGE OF EVERY REGION THAT IS AND WILL SEE THE ACTIVITY. THIS MAKES SENSE SINCE IT IS THE REAL RICH GUY THAT GOT WHACKED..... THE AVERAGE 2 INCOME HOMES WERE SIMPLY NOT IN THE STOCK MARKET AND THE MOST IMPORTANT DEMOGRAPHIC REALIZATION IS THE YOUNG BUYERS DO NOT HAVE MUTUAL FUNDS AND ASSETTS THAT ERODED. THEY DID NOT HAVE ASSETS TO LOSE AND INTEREST RATES ARE ON THEIR SIDE. IT'S THE BOOMERS' THAT SAW PENSIONS, MUTUAL FUNDS AND INVESTMENTS DECLINE AND THEIR OPINIONS ACTUALLY RECEIVED THE MOST MEDIA ATTENTION.
- IN BURNABY: THERE ARE ONLY 936 CONDOS CURRENTLY LISTED AND A STAGGERING 600 SALES RECORDED IN THE LAST 4 MONTHS.
- THE REALITY IS THIS MARKET IS GOING TO BE RECOVERING FROM THE BOTTOM UP.
- PRE-SELLING HAS TAKEN THE RISK OUT.... BANKS HAVE PROHIBITED THE BUILD IT AND THEY WILL COME.....
- MY PREDICTION IS THAT we haven't seen ANYTHING yet WHEN IT COMES TO new construction loan criteria. The reality is that banks are going to become very tough and analytical on PRESALES. They will PROBABLY BE MOVING AWAY FROM 10% TOWARDS 20% MINIMUM DEPOSITS.
- BANKS WILL ALSO MOVE towards loan liquidity DEMANDING THAT 100% OF THE CONSTRUCTION LOAN BE COVERED BY PRE-SALES. This OBVIOUSLY IS ALREADY EFFECTING SOME DEVELOPMENTS.
- Housing starts in January were down 60% from a year earlier.
- WE HAVE ALL BEEN CONVERTING RENTERS TO HOME OWNERS FOR YEARS NOW.
- These 1<sup>st</sup> time buyers LEFT BEHIND AFFORDABLE RENTAL STOCK as they became homeowners OTHERWISE the majority of our rental supply came from THE INVESTOR AND WITH THE DEVELOPER ON THE SIDELINE AND THEREFORE THE PASSIVE INVESTOR ON THE SIDELINE BECAME
- THE INVESTOR RENTAL SUPPLY WON'T BE THERE.
- STIR PROGRAM: MAYOR GREGOR ROBERTSON INTRODUCED THE STIR PROGRAM - SHORT TERM INCENTIVES FOR RENTALS ALONG WITH CITY STAFF ON APR 25<sup>TH</sup> GATHERING 30 OR 40 concerned developers along with housing advocates and consumer groups. This was VERY MUCH A G20 SUMMIT LIKE BUT WITH DONUTS.
- WE WERE LOOKING AT WAYS TO ENCOURAGE DEVELOPERS TO INCLUDE SOME RENTAL PRODUCTION THEIR CURRENT APPLICATIONS

AND PROPOSED APPLICATIONS ACKNOWLEDGING THAT 48.5% OF RESIDENTS IN VANCOUVER ARE TENANTS AND YOU DON'T NEED BOTH HANDS TO COUNT THE NUMBER OF MARKET RENTAL DEVELOPMENTS BUILT IN THE LAST 10 YEARS.

- THESE INCENTIVES AND SOLUTIONS CAN APPLY TO ANY JURISDICTION IN BC not unless civic governments can stimulate development.
- Look at SEFC alone I estimate that over \$80 Million dollars in expected and counted on development cost levies are on hold down there.
- Until all of the developments across from the Olympic Village go ahead and not to mention increasing our property tax base.
- WITHOUT STIMULUS PACKAGES.....INCENTIVES AND RELAXATIONS.... LOOK OUT RENTAL RATES.....
- ESPECIALLY IN THE under \$1250 per month sector. I BELIEVE THAT GREGOR'S PLAN WILL SEE PARKING RELAXATIONS AND A MORE AGGRESSIVE ABSORPTION OF HERITAGE DENSITY WITH REDUCED AND EXPIDITED APPLICATION AND LICENCING FEES.
- MAYBE EVEN TOUCH SOME SACRED VIEW CONES FOR DEVELOPMENTS THAT ACTUALLY START IN THE NEXT 12 TO 18 MONTHS.
- IT'S A SHORT TERM INCENTIVE,
- MY SOLUTION: WE COULD SIMPLY REGISTER A 10 YEAR RENTAL COVENANT ON ALL INVESTOR HELD CONDOS THAT RENT FOR LESS THAN \$1500 PER MONTH – WE REDUCE FOR THE INVESTORS THEIR PROPERTY TAXES. THIS WILL HELP STABALIZE THE RENTAL INVENTORY AND ALSO STABALIZE THE CONDO MARKET.
- LEADING THE WAY FOR CREATING JOBS IN THE DEVELOPMENT SECTOR.
- TOUCHING ON CONSTRUCTION AND JOBS. I BELIEVE THAT THE WEAKNESS OF NOT HAVING A MANUFACTURING BASE LIKE ONTARIO'S AUTO PARTS OR BEING A FINANCIAL HEAD OFFICE CITY HAS NOW BECOME OUR STRENGTH NOT BEING SINGLE SECTOR RELIANT IS ACTUALLY PROTECTING US.
- TIMBERWEST - ON THE TOPIC OF BEING SINGLE SECTOR RELIANT. IF THERE WAS EVER TIME TO WORK WITH VANCOUVER ISLAND COMMUNITIES AND FIND THAT WIN – WIN OF CREATING REAL JOBS. Its 2009 - I AM WORKING WITH TIMBERWEST. THE LARGEST LAND OWNER IN WESTERN CANADA AND THEIR NEW REAL ESTATE DIVISION "COUVERDON". TIMBERWEST OWNS 11% OF VANCOUVER ISLAND AND 40% OF THE LAND WHERE 94% OF THE POPULATION LIVE.

- COUVERDON IS YOUR BACK YARD WITH 134 THOUSAND ACRES THAT HAVE BEEN IDENTIFIED FOR HIGHER AND BETTER USE FROM A TOTAL OF 800 000 ACRES OF FREEHOLD LAND. THIS ISN'T CROWN LAND. THESE ARE FORESTRY communities THAT HAVE BEEN SO HARD HIT BY DECLINING HOUSING STARTS AROUND THE WORLD.
- CREATING NEW MODELS FOR VANCOUVER ISLAND FOR AFFORDABLE HOME OWNERSHIP AND MANUFACTURED HOME PARKS WITH ¼ ACRE HOMESTEAD LOTS AND 1 ACRE AND 5 ACRE AGRICULTURAL USES WHILE AT THE SAME TIME WORKING WITH EVERY COMMUNITY TO BROADEN THEIR PROPERTY TAX BASE WHILE INSURING THAT THE MOTHERSHIP.
- TIMBERWEST IS SUSTAINABLE AS FORESTRY COMPANY BY DIVERSIFYING. I IMAGINE RUNNING AN AD IN THE CALGARY HERALD SAYING THIS IS WHAT YOU WANTED TO RETIRE TO "120 000 LOTS AND HOMES UNDER \$399 000 NOT URBAN LUXURY"
- CONSTRUCTION COSTS HAVE COME OFF FROM \$275 to \$ 320 PSF - 18 MONTHS AGO TO \$200 to \$240 PSF. TODAY THAT'S 20-25%.
- TODAY'S CONSTRUCTION COSTS WILL INCREASE IF WE ALL COME OFF THE SIDELINES AT THE SAME TIME.
- This combined with Gordon Campbell's \$14 Billion transportation and infrastructure programs AFTER 2010.....I WOULD THINK THAT THIS SPENDING WILL BE ACCELERATED. MORE THAN EVER - Weigh that \$14 billion FIGURE against BARACK Obama's infrastructure program of ONLY \$80 billion for all of the USA.
- ON AFFORDABLE HOUSING STOCK - Remember as the cost of entry becomes onerous for the developer.....There is less supply for the consumer and WE SAID HERE IN 2006 ....THAT LOCAL WAGES CAN ONLY BE PUSHED SO FAR.
- On city planners in every jurisdiction -- Tougher zoning and entitlement processes will put pressure on housing AND MORE IMPORTANTLY ON AFFORDABLE HOUSING.
- IN CLOSING - THE NUMBERS SPEAK FOR THEMSELVES. I REALLY DO BELIEVE THAT THE WORLD WILL STOP CREATING PROBLEMS.
- THE OPPORTUNITIES THAT EXIST AT THIS TIME WILL NOT BE REPEATED.
- CONFIDENCE REALLY IS COMING BACK. WATCH FOR THE SIMPLE INDICATORS.
- YOU DON'T NEED STATS.

- KATHERINE KITS FROM WX CALLED ME THIS MORNING ABOUT TODAY'S TALK. SHE SAID EVERY HOUSE IN MY NEIGHBOURHOOD HAS A SOLD SIGN.
- WHEN I COME BACK NEXT YEAR - IF I'M INVITED (HELL I'M A DIRECTOR AND I HAVE ONE VOTE). THE OLYMPICS WILL HAVE COME AND GONE AND HOMEOWNERS WILL BE MOVING INTO MILLENNIUM WATER.
- WE HAVE TO BE THANKFUL THAT WE SPENT THE MONEY ON THE OLYMPICS AND WHEN WE HAD IT.
- WE ARE BRANDING VANCOUVER, BRITISH COLUMBIA AND CANADA.
- THIS INSURES TOURISM FOR OUR FUTURE AND GIVEN THE STATE OF THE WORLD – ECONOMICALLY, ENVIRONMENTALLY AND RACIAL UNREST.
- WE ARE ON THE RADAR and THE WORLD IS WATCHING AND THE IMMIGRATION NUMBERS - I THINK THEY ARE LOW.
- LET'S BE CAREFUL WITH DESIGNING INTO OLD MODELS
- 1<sup>ST</sup> TIME BUYERS.....LETS PAY ATTENTION TO THEM. THEY DIDN'T LOSE ANY MONEY!
- BOOMERS....LET'S PAY ATTENTION.....THEY MAY HAVE CHANGED!
- I AM RESTORING THE OLDEST BUILDING IN CHINATOWN FOR MY OFFICES AND TO HOUSE OUR ART COLLECTION. I HAVE BEEN GIVEN PERMISSION BY THE CITY OF VANCOUVER TO INSTALL A NEON ARTWORK AS PUBLIC ART. THE 6 STORIES ABOVE WEST PENDER - 75 'WIDE IN 30" LETTERS LIT WHITE NEON 24 HOURS A DAY. THE TATE MUSEUM IN LONDON HAS A YELLOW VERSION AND THE TRUSSARDI MUSEUM IN MILAN HAVE A BLUE VERSION AND YOU KNOW WHAT IT SAYS: "**EVERYTHING IS GOING TO BE ALRIGHT**".
- I'M DONE