



December 04, 2012

KEY RATES

Rates	December 03, 2012	October 25, 2012	September 27, 2012	August 22, 2012
Canadian Dollar	\$1.0073	\$1.0058	\$1.0161	\$1.0072
Prime Business Rate	3.00%	3.00%	3.00%	3.00%
30 Day BAs	1.14%	1.14%	1.14%	1.16%
Bonds				
5-Year Canada Bond	1.28%	1.43%	1.31%	1.39%
10-Year Canada Bond	1.70%	1.89%	1.75%	1.84%

Source: Bank of Canada, close of business 03/12/12

MORTGAGE RATES

Commercial Mortgages	December 03, 2012	Change	CMHC Mortgages	December 03, 2012	Change
3-Year Loan Term	3.12% - 3.72%	↑	5-Year Mortgage	2.16% - 2.66%	↓
5-Year Loan Term	3.23% - 3.83%	↑	10-Year Mortgage	2.79% - 3.29%	↓
10-Year Loan Term	3.67% - 4.27%	↑			

Source: Bank of Canada, close of business 03/12/12 and CMHC

COMMENTARY

Market fundamentals in every asset class have remained strong throughout the country. On the whole, this year is turning out to be a very favorable one for borrowers, with ample capital available for most debt structures. Domestic lender allocations continue to be strong for primary markets. Tertiary markets have been more difficult as some lenders have remained on the sidelines waiting exclusively for core deals. Overall, GoC bond rates have remained near historically low levels with some lenders quoting 5-year floors between 3.40-3.75% and 10-year floors between 4.10-5.00%.

The Canadian economy continues to expand, enjoying one of the best performances among G-7 countries, with the recovery creating more confidence and subsequent liquidity in the marketplace. Recent commentary from the Bank of Canada regarding personal debt levels and condo market lending practices seems to have been somewhat exaggerated in order to prevent problems in the future.

A number of new capital sources have emerged in Canada this year including international lenders, which has created more competition in the domestic lending market. Additionally, the rebirth of CMBS issuances has led to additional growth in this sector. We anticipate another 2-3 lenders expanding in this space over the next 12-24 months. Other capital sources including "B" lenders have been active this year on various debt deals, including remaining condo inventory, land and unstable redevelopment deals. Overall liquidity is at an all time high and we predict Q1-2013 to be a very active start to the year, both from a trading and debt perspective.

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