# PANAMERICAN

REAL ESTATE CAPITAL & SERVICES

Photo: *Render of Urban Project Estación Central in Bogotá, Colombia.*

# Quarterly Newsletter

**The Marketplace for Investors, Lenders and Developers of the Americas.**

4th Quarter, 2013

## Macroeconomic Figures

| COUNTRY |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|
| POPULATION *(MM)* | 197 | 115 | 17 | 47 | 30 | 316 | 35 |
| UNEMPLOYMENT | 5,2% | 5,0% | 5,8% | 7,8% | 5,8% | 7,0% | 6,9% |
| BENCHMARK INT. RATE | 10,0% | 3,5% | 4,5% | 3,25% | 4,0% | 0,25% | 1,0% |
| FDI – 2012 (*USD Billion*) | 65.3 | 12.7 | 29.3 | 16.9 | 11.0 | 174.7 | 45.3 |
| GDP - 2012 (USD Billion) | 2.477 | 1.153 | 268 | 366 | 200 | 15.685 | 1.736 |
| GDP – 2012 (*Growth*) | 1,0% | 4,0% | 5,2% | 4,0% | 6,3% | 2,2% | 1,8% |
| GDP – 2013 (Est. *Growth*) | 2,5% | 1,5% | 4,2% | 4,3% | 5,2% | 1,6% | 2,0% |
| INFLATION 2012 | 5,4% | 3,57% | 1,5% | 2,44% | 2,65% | 2,1% | 0,8% |

### Residential Sales in São Paulo Increased by 33%

*According to data given by Secovi, 25,591 units were sold from January to September. This represents a 33% increase over last year same period, a favorable scenario for the residential sector.*

*Page 3*

### Asset Chile raises first residential fund for rent

*The new fund has already one building in its portfolio and is negotiating to close the acquisition of two other properties in Santiago. The initial size of the fund is US$50 million.*

*Page 5*

IN THIS ISSUE

### Westfield to buy World Trade Center Retail Stake

*Australia's biggest shopping mall operator, Westfield Group, announced it will be acquiring the remaining 50% stake of the New York's World Trade Center retail area for US$800 million.*

*Page 8*

### Lima: US$120 million mall will open in Gamarra

*Gamarra Moda Plaza will be one of the major investments in a new concept of modern retail, with a total construction of 121,600 sq. ft., including 24,800 sq. ft. of small stores and a Power Center.*

*Page 7*

### Consorcio Ara and O'Connor plan mall sale in Mexico for more than US$380 million

*Consorcio Ara SAB, Mexico's biggest homebuilder, and O'Connor Capital Partners plan to sell nine shopping malls for more than US$384 million.*

*Page 4*

# The Market for Building Retrofit

Column by Gonzalo Castro – Founding Partner at *Panamerican Real Estate Capital & Services*

In the major cities of South America, real estate investors and developers have found a new niche business in the last years: buying old and devalued office buildings to modify their floor plans, improve finishings, update systems to make them more energy efficient, embellish facades and then sell or lease at higher values. This process known as "building retrofit" has many benefits. The cities recover places with good infrastructure, recycle concrete and there is a value creation for both the investor and the surrounding neighborhood.

The business is attracting more professional and institutional investors as Previ, the largest pension fund in Brazil, which is investing heavily in the retrofit of its office building portfolio. That is the case of *Marques dos Reis*, built in 1940 in downtown Rio de Janeiro. Its 108,000 square feet distributed over 12 floors were modernized while maintaining the classic lines of traditional architecture. Nestled in the historic and business center and neighbor of the Candelaria Church, it offers the most modern and environmentally responsible technology, such as the capture and reuse of rainwater, energy efficient lighting and air conditioning, among others.

Another institutional investor who decided to bet heavily on this niche business in Brazil is the U.S. giant Blackstone Group, who partnered with construction firm Bueno Netto and Maxcap to form the developer BN Corp. One of its current projects in Sao Paulo, called *Paulista 2028*, is retrofitting a 16-story building located on the traditional Avenida Paulista, installing large windows with high thermal capacity, intelligent elevators, air conditioning and a green rooftop, among others. The building was originally built in 1976, when it was the preferred area for corporate offices, and is applying for the Green Building label.

Local developer Sao Carlos Empreendimentos, is also making inroads in this area; a good example is the project *Centro Empresarial Regiao Portuaria*, which is part of Phase 1 of Porto Maravilha (a public project to revitalize the port area of Rio de Janeiro). The project involves a complete renovation, preserving the structure and concept of the original facade and following the most modern concepts of sustainability. In addition to the extensive network of public transport - bus and subway stations – it will have tax and infrastructure benefits, according to the guidelines established by the Porto Maravilha Project.

In the historic financial center of Santiago, in front of the Stock Exchange, local entrepreneur Isaac Hites acquired *Edificio Ariztia*, the first “skyscraper” built in Chile's capital in 1921. A noble building, by then it was the tallest in the city. After a long retrofitting process, which transformed its 10 floors in open floor plans, modernizing elevators and air conditioning, now it is fully occupied and leased to leading companies. It also has very good tenants in the street front retail stores, including a Starbucks coffee. The estimated amount invested was US$15 million.

Not far away, the facade of the historic building of El Mercurio newspaper was preserved and in its interior was built a mixed-use project called *Espacio M*. The project was developed by Banmerchant and once completed was sold to three different investors: the office tower was acquired by the real estate investment fund Independencia, the 4 story shopping center was acquired by Rentas Latinoamericanas and the underground parking was bought by another investor.

In Peru, it is worth to note the *Centro Civico*, a government office tower built in the 70’s in Lima’s downtown, an area that depreciated so much in the following years. After winning the concession for a 30-year operation, Urbi Properties, the real estate arm of Interbank Group, started building Real Plaza Centro Civico. It was opened in 2010 next to the old tower, with department stores, supermarket, smaller shops, food court and banks. The investment was more than $ 45 million.

Undertaking a retrofitting project is not a risk-free process. Planning is more difficult, permitting can take longer especially in the case of heritage buildings and both construction and specialized professionals are few.

The advantages are a lower total cost compared to a new project and more investment alternatives in areas with no land available to build new towers.

That way investors and developers can make a contribution to our cities, revaluing historic centers and everyone wins. Given that retrofitting old buildings generates positive externalities, authorities should begin to develop policies to encourage such investments.

Central governments may offer a temporary income tax reduction for those companies that decide to relocate their offices to a building that has undergone a retrofit, by allowing a deduction of the rent from their income tax base. Also, local governments could provide a temporary exemption from property tax for this type of investments. The truth is that retrofitting is here to stay.

# Iguatemi Acquires 50 Percent of Galleria Shopping Center in Campinas

*Source: Iguatemi Empresa de Shopping Center S.A.*

**Iguatemi Empresa de Shopping Centers SA (IGUATEMI) announces it has acquired the remaining 20% of the Galleria Shopping of his partner Anhumas, in the same conditions as when it announced the acquisition of 30% of the same mall from his partner Luis Roberto Coutinho Nogueira. The transaction was approved by CADE and from now on Iguatemi owns 100% of the mall and its adjacent land.**

Galleria Shopping will generate NOI of US$10 million in 2013. Considering the overall assets of US$124 million, the implied acquisition multiple was 11.9x of the NOI in 2013. It is important to remember that in 2012, the "Galleria" underwent expansion adding 22.5 % of GLA which is now in its second year of maturity. The acquisition reinforces the strategy of Iguatemi to raise participation in malls that are already part of their portfolio, increasing revenue and generating a dilution in costs. The adjacent land will enable the densification around the shopping center of a future expansion. Additionally, Iguatemi now intensifies its presence in the city of Campinas, one of the major consumer markets of Brazil and the third largest economy in the State of São Paulo, with GDP per capita of US$14,600.

The Galleria Mall has 192 shops, 1,996 parking spaces and 33,236 square meters of GLA, spread over 3 floors. The project was launched in October 1992 and Iguatemi acquire 50% of the mall in May 2007. Since the acquisition, Iguatemi has completely reshaped the Galleria Shopping Center. In 2012, Iguatemi expanded the Galleria in 80,730 sq. ft. of GLA, improving the mix of stores and bringing a new concept of innovation.

Since Iguatemi took control, sales of Galleria showed average growth of 24.1% per year (CAGR) and revenue from the mall grew up to 29.4% annually, result that comes from an improved mix and renewed equipment.

***Galleria Shopping Center is located in Campinas, state of São Paulo, Brazil.***

## ABC Paulista is intended to Logistics

*Source: ABC Imovel*

**Location, easy access, interesting prices and many businesses in the neighborhood are some of the factors that have caused the sheds grow in the region.**

A rapidly growing sector according to agents operating in the region and that should grow even more. That's the prediction and expectation of the real estate agents operating in the *Great ABC* area. ABC is an industrial suburb in Sao Paulo Metropolitan region, whose name comes from the initial of its main three districts (Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul).

The general feeling is that this sector will grow by the end of the year up to 20% more than in 2012, growth due to one main type of property: industrial and logistics condominiums. According to Herzog Commercial Real Estate, the ABC must receive projects for over 80 million sq. ft. If we consider the current total of approximately 3,939,600 sq. ft., this growth is substantial.

According to the market survey, the average rental for this type of property is US$0.9 per sq. ft., with a vacancy rate of 4.1%, a low percentage considering any other region for the property type. What most attracts investors is the location of ABC, which is close to the Port Santos and of course the prices, which are comparatively lower than the capital.

## Residential Sales in São Paulo Increased 33%

**In a time of uncertainty about Brazil experiencing a real estate investment crisis, data released by Sindicato da Habitação de São Paulo (SP - SECOVI) show exactly the opposite: a favorable scenario.**

From January to September 25.591 units were sold, while in the same period of 2012 the properties sold reached 19.204 units.

In terms of Global Sales Value (PSV), the increase was 44.5% representing $US6,22 billion. In 2013, it was sold on average a volume of US$174 million per week.

# Ara plans mall sale with O'Connor above US$380 million for the end of the year

*Source: Bloomberg*

**Mexico's biggest homebuilder, Consorcio Ara SAB, and real-estate firm O'Connor Capital Partners plan to sell nine shopping malls for more than US$384 million.**

The companies are pushing for a sale agreement by the end of the year. While most of the malls are jointly owned by Ara and O'Connor, the sale includes some properties held separately.

The mall sale would allow Ara to focus on its main business at a time when the collapse of competitors including Desarrolladora Homex SAB and Corp. Geo SAB has opened opportunities for growth, according to Javier Gayol, an analyst with brokerage Corporativo GBM SAB. Obtaining financing from banks or the bond market has become more difficult, so the sale of assets is the best way to raise funds, he said.

"They should take advantage of opportunities that present themselves," Gayol said in a telephone interview from Mexico City. "They could accelerate development in areas where competition had previously been an obstacle."

Chief Executive Officer German Ahumada Russek said in an Oct. 23 conference call that the company had hired Morgan Stanley to explore a possible mall sale.

## Largest Builder

Ara has turned into Mexico's largest builder based on market capitalization and third-quarter earnings as output plummets at its three main competitors, including Urbi Desarrollos Urbanos SAB. Third-quarter revenue fell by 15 percent from a year earlier to US$102 million, compared with a 99 percent drop at Homex.

Government programs created under former President Felipe Calderon to subsidize and finance housing backfired over the past two years as homeowners weary of hours-long commutes abandoned the communities in mass. The government has since shifted policies to favor urban construction, crushing the value of builders' land inventory.

Ara's sales were less dependent on subsidies, and it was the least indebted of the four biggest publicly-traded homebuilders. Ara shares have surged 43 percent this year, even as the Habita index of Mexican homebuilders lost 76 percent.

The malls may attract interest from real-estate investment trusts that are flush with cash from stock offerings, Gayol said.

Ara's Chief Executive Officer, Ahumada Russek, said in the conference call he expects the company to net at least US$100 million from its portion of the mall sales after paying associated debt.

## Kimco Completes Industrial Portfolio Sale

***Source: Business Wire***

Kimco and its joint venture partner, American Industries, together sold their ownership interests in 84 Mexican industrial properties, totaling approximately 11 million sq. ft., to Terrafina, a leading Mexican industrial real estate investment trust, for a gross price of US$603.5 million, including US$301.2 million of mortgage debt. The acquisition increases Terrafina's portfolio in terms of GLA by more than 50 percent, a milestone achievement for the firm's growth strategy in the Mexican industrial real estate market.

## Fibra Macquarie Acquires Five Different Properties in Mexico City

*Source: Macquarie*

**Fibra Macquarie Mexico finally announced the acquisition of five properties (from a total of six) which had been previously agreed from Grupo Inmobiliario Carr and their partners during the third quarter. The closure of the sixth property, Valley City Shops, should occur early 2014, once the project is completed.**

FIBRAMM agreed an acquisition price of approximately US$215.2 million, excluding transaction costs, for the six properties, with an additional contingent payment (earn-out) for a total of US$6.4 million based on additional lease contracts. The total payment for the properties, including transaction costs and taxes on real estate acquisition, is approximately US$225.6 million.

The 1,244,382 sq. ft. of gross area includes four commercial properties, mixed-use property (commercial, office and hotel) and an office building. Five of the properties are located in the metropolitan area of Mexico City (and have an occupancy rate of 95.1% (at October 2013).

FIBRAMM estimates the portfolio will generate a NOI of US$18.8 million and about US$12 million funds from operation (FFO) for 2014.

## Sura Enters Real Estate Funds with the first product focused on Retail Customers

*Source: El Diario Financiero*

**Proceeds will be used to acquire existing Class A/A+ office buildings for rent in Santiago.**

The Colombian group Sura, who entered Chile in 2011 after acquiring the assets of ING, continues to expand into new businesses in the Chilean market. His latest venture is a real-estate investment fund that will target the office market.

This will be the first real estate fund in the market that will focus exclusively on retail customers since its inception, and therefore its minimum entry ticket is US$66,100, with a 1% commission. "There is no fund on the market that charges less. Therefore, not only we are giving our customers access to a very good asset, but we are also delivering the retail market a product that is usually focused on institutional investors", mentions Renzo Vercelli, CEO Sura Broker Exchange

Currently the fund is being raised, but the goal is to obtain between US$22 million and US$44 million, with Sura contributing between 15% and 20%. The objective is to invest 25% of the fund before the end of 2013 and, ideally, 100% by June 2014.

***Sura's Real Estate Fund will be aimed to retail customers.***

## Asset Chile raises the first Residential Fund for Rent and Prepares Acquisitions

*Source: El Diario Financiero*

**The fund management team has already one building operating and expects to close the acquisition of two other properties. The initial outlay for the investment will be around US$50 million.**

Asset Chile partner, Felipe Swett said that so far they are the only ones in the local market that manage a residential income fund, and the interest of investors was high. In fact, about 80% of the contributors are insurance companies present in Chile, while the rest are mostly family offices.

As pointed Rodrigo Espinoza, member of the management team funds Asset Chile, "one of the attractions of the fund has to do with the changes to the DFL 2, since tax benefit allowed any department less than 1,507 sq. ft. not to pay income taxes, neither capital gains, paid discounted contributions and also was exempt from the inheritance tax. But these benefits are now restricted to natural persons allowing a maximum of two properties per individual. This fund is an alternative way to invest in a traditional and low risk sector."

**First Acquisitions**

In December, the company completed the purchase of its first building which is currently operating and generating flows, located in the area of Santa Isabel, whose pricing is around US$16 million. Nevertheless, they expect to close the purchase of two properties in the following months.

According to Swett, each future building acquisition will be worth "between US$15 million and US$20 million, and by 2016 we expect to have 3 buildings operating in Santiago".

Asset Chile partner explains that, in theory, rent prices in the medium term follows a similar trend to sale prices. "In Chile for the last few years the selling prices have gone up, but the rent prices have not done so to the same extent. Therefore we expect them to re- align, a phenomenon that already occurred in eastern sector of Santiago. We are betting on the center and its surroundings, as demand for rentals will continue to grow, probably a significant supply shortage will show up in the coming years."

**Stock Market**

For next year, the team anticipates a new capital raise for another US$50 million. "We hope to acquire at least 15 properties in the next seven or eight years," said Swett.

According to Swett, "unlike the rest of the world, where residential funds for rent have been in place for a while, in Chile this business has not yet developed in a professional manner," mainly because "there aren't apartment buildings operating that you can purchase them completely".

Pablo Ruiz-Tagle, also a member of the fund team, explains that although 90% of revenues come from the rent flow, there is also a 10% is explained by additional services that could be provided, such as laundry, housekeeping, Internet, etc.".

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# Central Station as a Public Initiative for an Urban Modernization and Transportation System

*Source: El Espectador*

**Promoted by the Urban Renovation Company of Bogotá (ERU), an organization linked to the Department of Habitat, and involving the Mayor and TransMilenio, the first renovation plan of Bogota's 'Estación Central' was approved by the middle of this year. The total investment will be around US$287 million.**

Mayor Gustavo Petro signed the decree that gives green light to the most important renovation project in Bogota, Central Station, which is the first plan of public sector initiative approved by the city. The Central Station construction will include not only transportation services, but also different stores, offices, apartments, amongst others.

This construction will be made from a transport infrastructure and will be located at the point where TransMilenio buses converge in three main streets: Carrera 10, Avenida Caracas y Calle 26. It will basically consist of the renovation of more than 10 hectares and the construction of approximately 2,520,000 sq. ft., located in one of the most strategic points of the city, composed by an underground TransMilenio station, about 220 homes, office, retail, hotel and parking.

"Central Station project aims to be a revitalization of high urban and social impact in which, beside the fact that generates 17,000 sq. ft. of public space and over 18,000 sq. ft. of assignments of local roads, it is aligned with the principles of the current development plan and becomes the first major intervention that gives a new face to the center, as it joins the airport with the international center and besides from being the entrance from Calle 26" said the District Administration.

The construction of this project consists of three different stages. The first one (already approved), will involve the construction of TransMilenio station, apart from offices, housing and trade. The second stage will be composed of a new hotel, restructuring the new building Fonade and university. And finally the third and last stage will be focused on social housing, a hospital and small retail.

***Photo: TransMilenio buses, the massive public transportation system of Bogotá, Colombia.***

## US$243 million mixed use development announced in Bucaramanga

*Source: El Tiempo*

**About 1,400 apartments and a shopping center will be built south of Bucaramanga.**

Construction firms Pedro Gomez and Co. and BP Builders are the two building companies in charge of assembling *Multicentro Bucaramanga*, three housing projects and a new shopping center on the capital city of Santander.

Pedro Gomez, company owner Pedro Gomez & Co., said that in five or six years the housing projects will be completed and from there on the medium size mall, *Multicentro*, should be finished. The housing projects will be developed on three different lands with areas of 165,000, 77,500 and 40,900 sq. ft.

*Multicentro* mall will have a total area of 182,000 sq. ft., which 107,640 of them will be in construction, three floors including four theater rooms, food court with 14 restaurants and about 100 commercial shops. To finance the whole project the firms require an investment of US$244 million.


***Photo: Render of the "Multicentro" to be constructed in Bucaramanga.***

## Gamarra Moda Plaza will Invest US$120 million to Build a Class A Mall

*Source: Gestión*

**The commercial area of Gamarra is ready to receive its first shopping center with world class standards, which will require a total investment of US$120 million and which will mix the concept of modern and traditional retail.**

Thus, following the initiative of Inversiones Gamarra Plaza SAC, consisting of ten entrepreneurs (traders), *Gamarra Moda Plaza* is located in an area of approximately 121,600 sq. ft., which is divided into diverse galleries and a *Power Center*. The galleries will include approximately 2.300 different types of stores, in which 25% of the capacity has already been sold. In terms of the *Power Center*, this will include two major retail stores and a supermarket, besides known brands in the field of telephony, banking, and restaurants, among others.

***Photo: Render of Lux Building located in Lince, Lima.***

## Inmobiliari about to Build the Tallest Residential Building in Peru

*Source: El Comercio*

**With 88 meters high and 33 floors, the future building *Lux* will begin its construction on May 2014 to be completed two years later. It will occupy an area of 23,680 sq. ft. between the avenue *Paseo de la República* and *Los Mirtos*, in Lince.**

According to Carlo Montoya Varas, CEO of the firm, the high cost of land in Lima is forcing developers to implement projects of greater height to be profitable. However, the height does no longer discourage buyers. "People in Lima are already used to buildings of 20 or more floors, frequently observed nowadays" he says. The height will continue to rise, warns the executive.

This is the sixth Inmobiliari project launched this year, which expects to sell around US$120 million. The company also owns the second-tallest building in housing, *Living Beyond- High* with 29 floors located in Surco.

## Successful Placement of Securitized Bonds of JW Marriott Hotel Lima

*Source: Scotia Titulizadora, Apoyo & Asociados, Panamerican*

***JW Marriott Hotel located in Lima, Peru.***

During the month of November, the first issue of bonds backed by the cash flows generated by the operation of the JW Marriott Lima hotel was finalized. The operation structured by *Scotia Titulizadora*, raised US$40 million with an effective rate of 7.3% for a 10 year period. Investors were mainly insurance companies and local pension funds.

The funds raised will be used to finance new hotels developed by Inversiones La Rioja, current owner of the JW Marriott in Lima and Cusco.

The most interesting thing about this method is the possibility of getting financing through long-term debt on hotels, considered the riskiest sector property assets.

With 300 rooms and a leadership position in the five star sector, the JW Marriott Lima generates revenues of US $34 million and has a 80% occupancy.

UNITED STATES

## Westfield acquires WTC's Retail Space

*Source: Bloomberg*

**Westfield Group (WDC), Australia's biggest shopping mall operator, will invest US$800 million to take full control of the retail space at New York's World Trade Center.**

The company agreed to buy Port Authority of New York and New Jersey's 50 percent stake in the retail part of lower Manhattan's World Trade Center site, bringing its investment in the property to more than US$1.4 billion, the Sydney-based company and the Port Authority said in separate statements yesterday.

The U.S. will account for two-thirds of properties managed by the new global business, Westfield Corp., and income from the assets will grow by as much as 6 percent in 2014.

"This is a great addition, and it's the type of asset and location that sits neatly with Westfield's strategy," Tony Sherlock, Sydney-based head of property research at Morningstar Australasia Pty. "There's not much risk to this project, and if you want valuation upside, you want it on your balance sheet, not someone else's."

This purchase comes one day after the company announced its plans to separate global retail assets from its Australia and New Zealand businesses, which will then be merged with Westfield Retail Trust (WRT) to form a new company.

The restructuring has been seen as a strategy to focus on the company's growth in U.S. and UK international assets, as traditional Australian retailers are struggling with slowing growth and a shift to online shopping.

## Does the U.S. tax foreign real-estate investors too much?

***Source: The State***

Republican Rep. Kevin Brady says he has a surefire plan to create thousands of jobs in his home state of Texas and across the country: Scrap the tax on foreigners who buy U.S. real estate.

"My personal goal is to repeal it entirely… This is all about American jobs," Brady, a veteran member of the House Ways and Means Committee, said in an interview.

The tax is part of a growing debate over whether the United States is doing enough to welcome foreigners and their money. While the tax, created 33 years ago, has added billions to the federal treasury, critics say it's a relic, hurting the country in the chase for more global trade.

Those who'd repeal the tax say the economy has evolved. For Kevin Crummy, an international real estate expert from Los Angeles, one comparison is telling: Asians invested nearly US$10 billion in commercial properties in London during the first 11 months of this year, more than they spent in the entire United States. Crummy's analysis used data from Real Capital Analytics, which follows trends in commercial real estate.

With a full repeal unlikely anytime soon, Brady wants to reduce the tax hit from the 1980 law, the Foreign Investment in Real Property Tax Act. It now requires the foreign buyer of a property to pay 10 percent of the sales price to the Internal Revenue Service, or up to 35 percent if the buyer is a corporation or partnership.

Analysts say ending the tax would cost less than US$1 billion per year, and Ronald Dickerman, president of Madison International Realty in New York, predicted that the revenue loss would easily be offset by the amount of foreign investment in the United States more than doubling, to US$40 billion or US$50 billion per year.

This doesn't help foreigners; they have lots of places to invest," he said. "We ought to be encouraging investment from around the world in commercial real estate. We're a great country to invest in".

CANADA

## Bayview Village sold for $500 million is the biggest property sale in Canada this year

***Source: Financial Post***

**It's a relatively small upscale mall in Toronto's north end but the US$500-million price being paid for Bayview Village is sending a strong message about the property market in Canada. Real estate prices in the right markets are still strong.**

In the biggest single Canadian property sale of the year, the Financial Post has learned that the 440,000 sq. ft. mall was conditionally sold to a group representing the British Columbia Investment Management Corp.

But it's not the only domino about to fall in the retail real estate market. The Canada Pension Plan Investment Board (CPPIB) is said to also have a tentative deal for six of its regional malls, selling them to a group of small pension funds in a deal worth about US$1.2 billion, multiple sources confirmed.

CPPIB is said to have been very interested in the Bayview Village deal, teaming up with publicly traded First Capital Realty Corp. on a bid that ultimately fell short.

The mall is said to have traded below a 4% capitalization rate. The deal for Bayview Village doesn't even include the Canadian supermarket Loblaws which is controlled by the retail chain.

## Canada Has Most Overvalued Housing Market: Deutsche Bank

***Source: The Huffington Post***

Canada has the most overvalued housing market among 20 developed countries, says a report from Deutsche Bank.

The new report comes as real estate giant Re/Max predicts an "exceptionally healthy" year for real estate in 2014.

Deutsche Bank estimates that house prices in Canada are overvalued by 60 per cent. That's an average of two different measures: Home prices compared to rent (88 per cent overvalued) and home prices compared to income (32 per cent overvalued). The analysis compares house prices to historical norms.

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