

# Facing up to the challenges of 2008

**We asked some local business and civic leaders to take a walk on the wild side and tell us how they think 2008 will play out for the local economy. Here are the results**

**Mayor Doug Craig,  
City of Cambridge**

There are exciting new projects ahead for Cambridge, from rejuvenation and restoration of the core areas to the development of new industrial parks. The new City Hall will open in February combining the historical City Hall with a fresh new building that enhances the workplace and offers more high-performance "green" amenities. There is potential for the highest certification from Leadership in Environmental Design (LEED) experts making it the first City Hall in the country to achieve this recognition.

The City's next industrial development project of the Boxwood Subdivision is underway. Core area development continues to boost the downtown skyline with the very best mix of luxury condominiums, affordable housing, and new retail.

The American Standard building, the Royal Hotel, and the Old Post Office, will all be getting a new lease on life, and plans are underway for the former Kressview site which could include a conference centre for 2009. Overall, Cambridge stands at the forefront of economic development that has not only enriched our quality of life, but also moved the community confidently ahead in the 21st century."

**Mayor Karen Farbridge,  
City of Guelph**

A number of major local manufacturers and businesses announced expansions in 2007, creating more than a thousand new jobs, and industrial building permits were up 150 per cent in the first eight months alone compared to 2006.

In the year ahead, we want to continue to grow and diversify our economy so that even more Guelph residents can find good jobs in the community in which they live. Our ability to diversify and grow jobs will become more challenging and critical as Canadian manufacturers and the automotive sector in particular, continue to face challenges.

**Iain Klugman, president and CEO  
of Communtech**

We're going to see more, more, more in 2008 – more startups, more entrepreneurs, and more great technology. Waterloo Region will be the place to watch.

**Peter J. Hall, senior vice-president/managing director CB Richard Ellis Limited, Waterloo Region Office**

The global monetary crisis is already affecting the investment market as cap rates rise and lenders are not lending as freely as in the past. The high cost of the Canadian dollar will result in more manufacturers closing their operations thus freeing up real estate for other uses. In the past NCR, Lazy Boy, and Michelin properties were quickly snapped up by the development/investment community, given the shortage of industrial/commercial land in Waterloo Region. Properties that become available today may face increasingly longer marketing programs to find a new purchaser.

The good news for Waterloo Region is that the GTA is tight on industrial land at prices north of \$600,000/acre which means that companies in the market for reasonably priced land will look to Waterloo Region where land can be purchased from \$250,000 to \$300,000+ per acre depending on location and exposure to Highway 401.

**Susan Cudahy, the new general manager of the Waterloo Regional Tourism Marketing Corporation**

It will be a challenging year for the tourism industry with the Canadian dollar removing the perceived discount value of Canadian travel and the consumer confusion around passport regulations. This will be the

year that Canada, Ontario, and the Region of Waterloo begin selling our destinations on their true value as a place to visit. Our local opportunity is immense with the new tourism marketing organization underway and focused on raising the awareness of our region. Together, our industry will weather the storm.

**Gerry Remers, president & COO  
Christie Digital Systems**

We need to live in the "now", and not live a life of fear and trembling. Christie is focused on managing those elements that are in our control today: managing costs, managing our purchasing and vendor strategies, and focusing on longer term sales opportunities. That said, we are concerned about the state of the economy in the year ahead. It's not just about the rising Canadian dollar. The stabilization of exchange rates will also be a key issue for Canadian manufacturers, and just as important is overall economic activity. A lower U.S. dollar, coupled with continued low interest rates in the U.S. will hopefully stave off a significant downturn in economic activity in the U.S. (by increasing demand for U.S. made products, lowering the trade deficit, and by allowing the credit markets to adjust for low quality loans).

We need to face up to our current realities, and that is one of increased global competition. Christie remains bullish on our opportunities – both in digital cinema and in the high end performance products and solutions sectors, in general. While there will likely be economic upheaval related to currency and credit markets, we believe we are appropriately "hedged" against these risks. We are still hiring."

**Tania Benninger, president  
Kitchener-Waterloo Real Estate Board**

Our local economy is great, and by all accounts will continue to be so in 2008. Real estate is a local business and as long as our local economy thrives and interest rates remain low, our housing market will continue to be strong in 2008. We are still more affordable compared to many other metro areas across the country and the

province, and consumers in Kitchener-Waterloo have a strong appetite for home ownership.

**John Vickery, marketing and leasing manager, Cora Group**

The economic outlook for the commercial real estate markets across Waterloo Region remains very high for 2008 even in the face of the slightly lower expectations for the province and the rest of Canada (which remain cautiously optimistic now forecasting only marginal gains in both occupancy and rental rates).

Occupancy rates for first class office space across Waterloo Region are now approaching 93 per cent, putting upward pressure on rental rates in all segments of the market.

**John Whitney, president DTZ  
Barrick Whitney Ltd.**

Real estate in the Waterloo/Wellington Regions will continue to stay strong throughout 2008. The Places to Grow legislation has changed the real estate fundamentals in Ontario. Development activity will surpass what we saw in 2007. The larger Ontario developers have found their way to this region and have a huge appetite for buying land and building "spec" product. Prices will continue to increase in both values and rental rates while vacancy rates will stay even through 2008 as more product will be brought to the market.

**Hudson Merritt, senior sales representative for CB Richard Ellis Ltd.**

I think 2008 is going to be a good year. There will be a bit of a credit crunch for sure, and I don't think anybody really knows where the Canadian dollar is going to end up relative to the American dollar. But this is a strong area with lots of immigration and lots of business.

I also think we're in the process of shifting from an all manufacturing mode in this area, to more service-oriented business. One of the best examples is Imperial Tobacco moving out of Guelph and Synnex Canada moving in to their facility. I think we're going to see a lot more of that.