

COMPETITION BUREAU

BCE Inc. must sell off some pay and specialty television channels if it wants to buy Astral Media's assets, **S10**



BUSINESS

Market watch

| | | | |
|----------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|
| S&P/TSX COMPOSITE 65.71 to 12,707.41 0.51% | CANADIAN DOLLAR 0.06¢ U.S. to 97.30 \$1 U.S. = \$1.0277 | DOW JONES INDUSTRIALS 38.16 to 14,127.82 0.27% | OIL 56¢ U.S. a barrel to \$90.12 |
|----------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|

Bank of Montreal cuts mortgage rate

DANA FLAVELLE
BUSINESS REPORTER

Bank of Montreal cut its five-year fixed mortgage rate to 2.99 per cent Monday as Canada heads into the important spring housing market. The move comes amid signs mortgage debt growth is slowing, a trend that could crimp bank profits this year, bond rating agencies have warned.

The announcement prompted little initial response from BMO's rivals, who

Move raises concerns that Ottawa might tighten lending rules

said they feel they're already competitive in the marketplace.

However, the move raised some fears Ottawa could further tighten mortgage lending rules if rate cuts lead to an increase in consumer borrowing.

Both Bank of Canada Governor Mark Carney and federal finance minister Jim Flaherty have expressed concerns about Canadians' record high household debt loads.

"Our government has taken action

several times to make sure the housing market remains sound," Flaherty said in a statement emailed to the Star on Monday.

"As for decisions by individual banks, as I have said repeatedly before, my expectation is that banks will engage in prudent lending — not the type of 'race to the bottom' practices that led to a mortgage crisis in the United States," the statement from Flaherty's office also said.

BMO said its announcement meets Flaherty's objectives by allowing Canadians to pay off their debt loads sooner.

BMO is lowering the rate on its five-year fixed low-rate mortgage to 2.99 per cent from 3.09 per cent, effective immediately, the bank said in a statement Monday.

The amortization period on the loan is 25 years.

RATE continued on S12



DAVID COOPER/TORONTO STAR

Shoppers will find out how much flat-screen TVs will cost at Target's pilot store in Guelph when it opens 8 a.m. Tuesday.

Target set to open first Canadian stores

Ontario locations in Guelph, Fergus and Milton serve as pilot stores

FRANCINE KOPUN
TORONTO STAR

GUELPH, ONT.—U.S. discount giant Target is set to open its first stores north of the border Tuesday.

The first Target store in Canada opened to the press for a limited media tour early Monday morning and three stores will open to the public at 8 a.m. Tuesday in Guelph, Fergus and Milton.

By the end of this year, Target plans to be operating 124 stores in 10 provinces across Canada, employing 27,000 people, said Target Canada president Tony Fisher, at a news conference at the Guelph store.

More stores will open throughout the

month of March, with an official opening in April, he said.

The three Target pilot stores that will open Tuesday at 8 a.m. are at 175 Stone Rd. W. in Guelph, Milton Mall Shopping Centre and Gates of Fergus.

In all, 24 stores will be opened across Ontario in March, with 124 Target stores opening in 10 provinces by the end of 2013.

Although hours may fluctuate as the testing process continues, the pilot stores are expected to be open 8 a.m. to 10 p.m. Monday to Saturday and 8 a.m. to 9 p.m. on Sunday.

TARGET continued on S13

Demand for luxury homes drives prices to record levels

SUSAN PIGG
BUSINESS REPORTER

Rizwan Dhanji has the ultimate trophy for the growing number of billionaires and millionaires now scouring the world for that perfect place to call home.

At least, a home while their private jet is parked in Toronto.

It's an almost 12,000-square-foot penthouse on the 78th floor of the tallest residential condo in Canada offering 360-degree views of the city, its coveted schools and shopping.

This one-of-a-kind condominium, which is yet to be built in Candere's Aura building located at Yonge and Gerard Sts., is listed for only \$18.5 million.

However, that price is a bargain compared with the \$88-million (U.S.) apartment which was snapped up by an international buyer last year in New York.

Or the \$121-million record price that a buyer paid for a place in London, also in 2012.

LUXURY continued on S12

High-end real estate becomes a must-have for super rich, says Christie's

Pipeline reversal could back up pump prices

JOHN SPEARS
BUSINESS REPORTER

Reversing the flow of an Enbridge oil pipeline running through the Greater Toronto Area will help maintain competition at southern Ontario gas pumps, company officials say.

Enbridge officials told the Star's editorial board that public information sessions might be held in the area to make the case for the project, which is being viewed with a quizzical eye by Toronto city council.

Enbridge's Line 9, built in the 1970s, runs between Sarnia and Montreal.

REVERSAL continued on S13

Enbridge is making that pitch in an oil-flow plan that affects Toronto

April 25, 2013 (lunch included), in Toronto

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» BUSINESS

A 'passion and investment'

LUXURY from S9

Prestige real estate — be it a luxury home in Paris or a sprawling Dallas mansion with underground parking for a car collection — hit record prices in 2012, with Toronto tagging along for the ride despite a softening toward year's end, says Christie's International Real Estate.

The survey of high-end real estate in 10 international cities — including the sought-after Cote d'Azur — makes it clear that the recession has done little to slow to HNWI market (high net worth individual).

In fact, there are now more billionaires and millionaires than there were in 2008 and the only thing hampering their hunt for bragging-right properties is low inventory and strong international demand, says the report titled *Luxury Defined: An Insight into the Luxury Residential Property Market*.

Real estate is now taking on the appeal of high-end art, the report notes: both are about "passion and investment."

The average per square foot for luxury properties in 2012 ranged from \$601 in Dallas to \$4,849 in London, with Toronto coming in at \$2,500 per square foot but holding the record — at 46 days — for lowest time on market.

In Los Angeles, the report notes, the wealthy want "large master suites that encompass 25 per cent of the entire home and include a gym, home offices, a meditation room, balconies and terraces."

In Toronto, HNWI are seeking "architectural excellence in prime locations with the latest finishes," says Chestnut Park Real Estate founder Catherine Deluce.

That's exactly what Dhanji, vice-president of sales for Canderel has been promoting during overseas trips and one-on-one meetings over the past year with about a half-

dozen interested high-end buyers from China, the Middle East, Egypt and elsewhere.

"I feel that people overseas see there is great value in Toronto. They want something that is unique," says Dhanji.

"They are attracted to the height of the building, the fact they will have an unimpeded 360 (degree) view of Toronto.

"They love the fact they would be right downtown, right in the centre of it all and their kids are just steps from Ryerson and the University of Toronto.

"Price is not an issue if it's the right fit."

Nor is concern about softening condo prices, notes Dhanji.

"We're really reasonably priced compared to the rest of the world."

Toronto high-end realtor Richard Ling represents an 18-year-old who was kicking the tires on Aura's penthouse.

The scion of a wealthy Chinese family, owner of a major department-store chain, was looking for a university residence.

"The most important thing these buyers are looking for is a sound investment in a safe place," says Ling.

"But it's also about bragging rights. When you make an incredible amount of money, you want to show it."

While the shell of Aura is up to only the 55th floor so far, interested buyers can take a virtual tour or are given a taste of what their customized penthouse could look like — albeit a fraction of the size, a 5,000-square-foot College Park condo owned by one of Canderel's principals.

But Dhanji acknowledges that selling the biggest, and one of the priciest (the Four Seasons holds the record for a condo sale at \$28 million to an international buyer), takes unusual patience and care.



A 12,000-square-foot penthouse condo, yet to be built in Canderel's Aura building at Yonge and Gerrard Sts., is listed for a mere \$18.5 million.

BMO's latest rate offer unmatched

RATE from S9

While it's the first bank to cut its posted rate, analysts said many borrowers have been able to negotiate rates below 3 per cent.

BMO made the same move a year ago, which other major Canadian banks quickly matched, as the country entered what is usually the busiest home-buying season. The short-lived offers expired within weeks of their initial announcement.

BMO declined to say how long its current offer would be in the market. "It's subject to withdrawal," Samah Elrefaei, BMO's head of mortgage products, said. "We're not announcing how long it will be out in the market."

As of mid-afternoon Monday, no other major bank had moved to match BMO's latest offer. TD said it already offers competitive rates and flexible mortgage options. CIBC said it's already competitive in the market.

A temporary mortgage cut is unlikely to spur a borrowing binge by Canadians, analyst Ben Rabadoux, of M Hanson Advisors, said. If it did, he predicted Flaherty would intervene further to dampen demand. It's more likely a sign the banks are competing for a greater share of a dwindling market, Rabadoux said.

Since Ottawa tightened the mortgage lending rules, mortgage credit growth has dipped to 5 per cent from nearly 8 per cent as house sales have declined.

Worries about record household debt loads and high housing prices led Moody's to downgrade the long-term ratings of six Canadian major financial institutions in January. It was the second time in two months a major debt rating agency had downgraded a group of Canadian lenders.

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