PETRUS Commercial Realty Corp

RECENT RETAIL PLAZA SALES

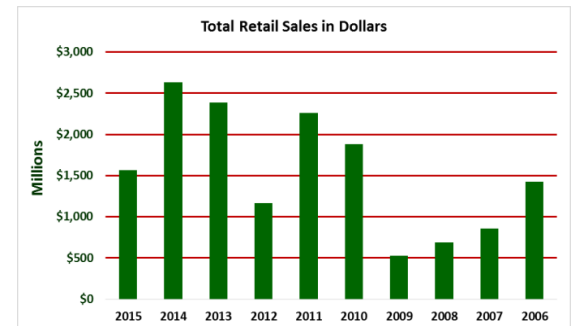|	
601-605 Rogers Road, Toronto – a 163,300 sf-floor area retail plaza located west of Keele St and south of Eglinton Ave West. Closed on Sep 10th 2015 at $25,800,000 or $158 per sf. **Cap Rate 6%**	**9455-9515 Mississauga Road, Brampton**- a 289,685 sf-floor area retail plaza located west of Hwy 410 and south of Hwy 107. Closed on Oct 29th 2015 at $93,850,000 or $324 per sf.
1200 Brant Street, Burlington - a 115,076 sf-floor area retail plaza located at intersection of Hwy 407 and Hwy 403. Closed on Sep 22nd 2015 at $40,545,000 or $352 per sf. **Cap Rate 5.7%**	**3355 The Collegeway, Mississauga** - a 59,860 sf-floor area retail plaza located west of Winston Churchill Blvd and south of Hwy 403. Closed on Dec 21st 2015 at $15,610,000 or $261 per sf.
250 Wincott Drive, Etobicoke - a 60,000 sf-floor area retail plaza located east of Kipling Avenue and north of Eglinton Avenue West. Closed on Oct 5th 2015 at $47,250,000 or $788 per sf.	**10620 Yonge Street, Richmond Hill** - a 53,000 sf-floor area retail plaza located south of Elgin Mills Road East. Closed on Feb 5th 2015 at $25,500,000 or $481 per sf.

Source: Marsh Report

INDUSTRY COMMENTARY:

Retail Investment GTA Activity (2006-2015)

The total volume in square feet of retail properties sold in the GTA since 2006 has fluctuated from lows 2.3 million both in 2009 and in 2012 to a high of 7.1 million square feet in 2011. The pattern is similar in retail properties greater than 50,000 square feet with lows of 960,000 square feet and 983,000 in 2008 and 2009 respectively to a high of 4.9 million square feet also in 2011.

Total Retail Sales in Dollars

Source: Marsh Report

LIFE LESSONS at PETRUS COMMERCIAL REALTY CORP - Lesson #72

Jackson Pollock and Fractal of Nature

I like the art work of Jackson Pollock and I never really understood the reasons for my personal attraction to his art. The size of the enormous canvases, the underlying energy, the techniques of painting directly on the floor, and the medium of regular paint can drip certainly had a reason in my pull for the artwork. I like abstract/modern art in general in part as well as it was once explain in an exhibition, that there is no start and no end and no pattern that a brain can summon. The brain wants to make shapes like the shape we recognize in clouds. The absence of that shape or pattern recognition has a tendency to throw the brain into a loop.

Not everyone likes a Rioppelle, a Borduas or a Pollock but I do. My daughter Sarah once thanked me for taking her to such an exhibit and as she said: "Dad, thank you for taking me here because now I know that I don't like it"… Hah, the beauty of unfiltered innocence!

INDUSTRY COMMENTARY:

GTA Retail Investment Activity

2006 - 2015

The total volume in square feet of retail properties sold in the GTA since 2006 has fluctuated from lows 2.3 million both in 2009 and in 2012 to a high of 7.1 million square feet in 2011. The pattern is similar in retail properties greater than 50,000 square feet with lows of 960,000 square feet and 983,000 in 2008 and 2009 respectively to a high of 4.9 million square feet also in 2011. The financial crisis of 2008 had a clear impact in the 2007-2009 period with the lowest volumes both in square footage and dollar sales. 2015 witness a sharp correction following two very strong years in both square footage and dollar sales. See table and chart below.

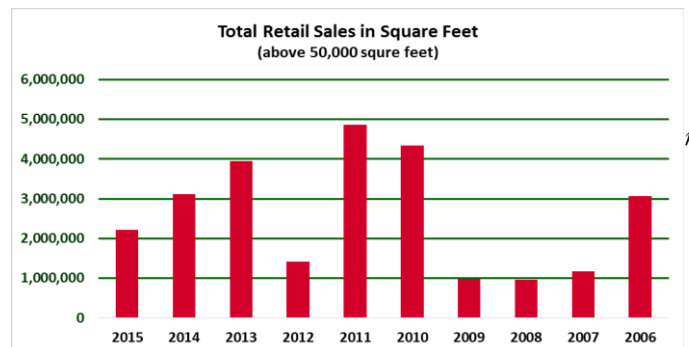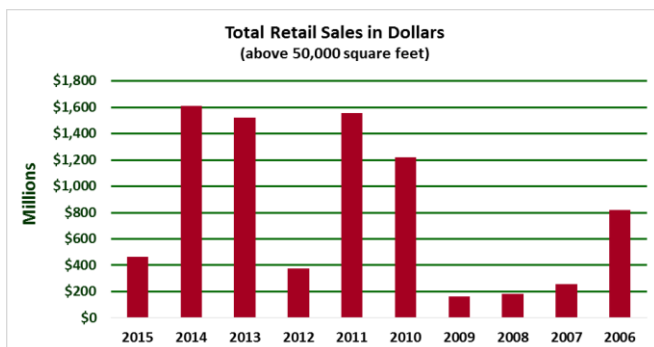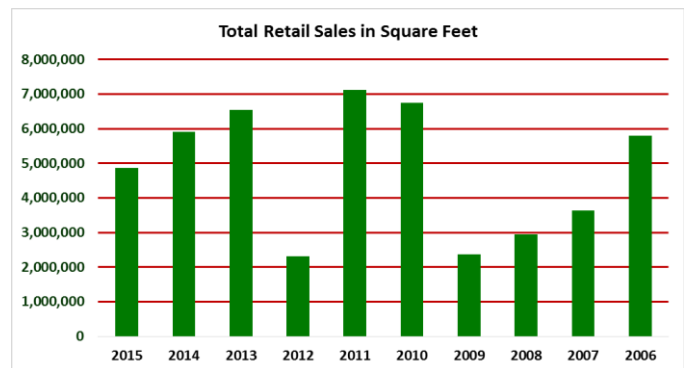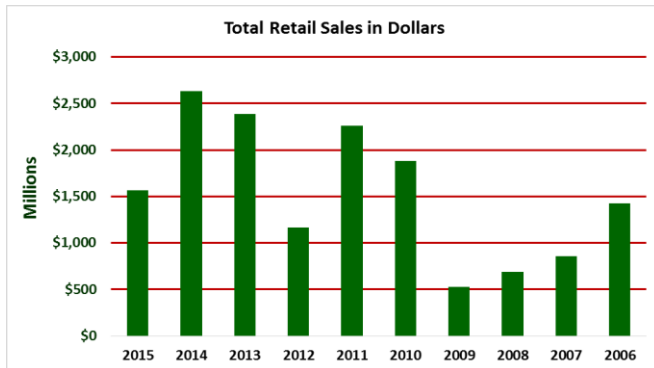**GTA Total Retail Sales 2006 – 2015**

Year	Total Retail Sales		Less than 10,000 sq ft		10,000 - 50,000 sq ft		Above 50,000 sq ft	
	Amount	Square feet	Amount	Square feet	Amount	Square feet	Amount	Square feet
2015	$1,563,734,323	4,859,426	$590,310,137	1,205,700	$507,278,776	1,441,358	$466,145,410	2,212,368
2014	$2,633,243,280	5,902,513	$487,040,988	1,070,726	$534,308,638	1,708,961	$1,611,893,654	3,122,826
2013	$2,384,058,344	6,545,454	$370,006,003	924,093	$494,540,223	1,665,097	$1,519,512,118	3,956,264
2012	$1,165,110,064	2,319,357	$368,696,439	900,405	$423,676,985	1,585,969	$372,736,640	1,418,952
2011	$2,262,655,797	7,119,241	$319,059,011	910,124	$386,246,029	1,341,766	$1,557,350,757	4,867,351
2010	$1,878,205,218	6,751,776	$272,005,192	766,446	$386,999,270	1,644,300	$1,219,200,756	4,341,030
2009	$529,075,570	2,376,100	$166,292,263	507,224	$199,232,414	886,241	$163,550,893	982,635
2008	$690,968,579	2,949,942	$271,446,111	828,493	$238,322,218	1,161,098	$181,200,250	960,351
2007	$853,849,288	3,629,626	$230,494,267	782,269	$365,833,614	1,678,151	$257,521,407	1,169,206
2006	$1,423,948,292	5,796,787	$187,942,448	721,185	$415,589,370	1,999,569	$820,416,474	3,076,033

The net purchase in the five year period of 2010-2016 YTD of the larger retail purchasers is tabulated below and represents only the GTA and is obviously not representative of the Canadian scope. The scope of properties will include other asset classes. See tables on the next page.

Net Purchase GTA (2010 - 2016)

Company	Bought	Sold	Difference
Bentall Kennedy	$1,270,633,361	$297,863,000	$972,770,361
RioCan	$943,445,985	$87,569,788	$855,876,197
First Capital	$897,661,968	$62,190,000	$835,471,968
CPPIB	$723,000,000	$153,800,000	$569,200,000
OPB	$987,000,000	$570,981,348	$416,018,652
Retrocom	$145,372,000	$0	$145,372,000
Great-West Life	$596,986,900	$487,535,875	$109,451,025
Primaris	$385,950,000	$520,500,918	-$134,550,918
KingSett	$555,345,548	$947,273,951	-$391,928,403
Oxford	$777,402,064	$1,376,994,804	-$599,592,740

Source: Marsh Report

Total Retail Sales in Dollars

Total Retail Sales in Square Feet

Total Retail Sales in Dollars
(above 50,000 square feet)

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(above 50,000 squre feet)

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Jackson Pollock (1912 – 1956) and Fractal of Nature

I like the art work of Jackson Pollock and I never really understood the reasons for my personal attraction to his art. The size of the enormous canvases, the underlying energy, the techniques of painting directly on the floor, and the medium of regular paint can drip certainly had a reason in my pull for the artwork. I like abstract/modern art in general in part as well as it was once explain in an exhibition, that there is no start and no end and no pattern that a brain can summon. The brain wants to make shapes like the shape we recognize in clouds. The absence of that shape or pattern recognition has a tendency to throw the brain into a loop:" Who is on first base…" (Abbott and Costello) https://www.youtube.com/watch?v=kTcRRaXV-fg

Another exhibition commentary on the Group of New York Abstract Impressionists appealed to the concept of control (https://en.wikipedia.org/wiki/Abstract_expressionism). The artist clearly controls the medium in small and regular size paintings but control shifts to the medium controlling the artist in the large canvasses of say 10 feet by 20 feet where in a back-breaking frenzied dance, the artist struggles between art expression and the contest with the medium.

Not very one likes a Rioppelle, a Borduas or a Pollock but I do. My daughter once thanked me for taking her to such an exhibit and as she said: "Dad, thank you for taking me here because now I know that I don't like it"… Hah, the beauty of unfiltered innocence!

Background

Paul Jackson Pollock (January 28, 1912 – August 11, 1956), known professionally as Jackson Pollock, was an influential American painter and a major figure in the abstract expressionist movement. He was well known for his unique style of drip painting. During his lifetime, Pollock enjoyed considerable fame and notoriety; he was a major artist of his generation. Regarded as reclusive, he had a volatile personality and struggled with alcoholism for most of his life. He married the artist Lee Krasner in 1945, who became an important influence on his career and on his legacy. Pollock died at the age of 44 in an alcohol-related single-car accident when he was driving. In December 1956, several months after his death, Pollock was given a memorial retrospective exhibition at the Museum of Modern Art (MoMA) in New York City. A larger, more comprehensive exhibition of his work was held there in 1967. In 1998 and 1999, his work was honored with large-scale retrospective exhibitions at MoMA and at The Tate in London (Source: Wikipedia).

Pollock described his process, stating: "My painting does not come from the easel … I prefer to tack the un-stretched canvas to the hard wall or floor. … On the floor, I am more at ease. I feel nearer, more a part of the painting, since this way I can walk around it, work from the four sides and literally be *in* the painting. I prefer sticks, trowels, knives, and dripping fluid paint. … When I am in my painting, I'm not aware of what I'm doing. It is only when I lose contact with the painting that the result is a mess. Otherwise there is pure harmony, an easy give and take, and the painting comes out well."

Fractal Mathematics

A fractal is a natural phenomenon or a mathematical set that exhibits a repeating pattern that displays at every scale also known as expanding symmetry or evolving symmetry. If the replication is exactly the same at every scale, it is called a self-similar pattern. Fractals can also be nearly the same at different levels. Fractals also include the idea of a detailed pattern that repeats itself. Fractals are different from other geometric figures because of the way in which they scale. Doubling the edge lengths of a polygon multiplies its area by four, which is two (the ratio of the new to the old side length) raised to the power of two (the dimension of the space the polygon resides in). Likewise, if the radius of a sphere is doubled, its volume scales by eight, which is two (the ratio of the new to the old radius) to the power of three (the dimension that the sphere resides in). But if a fractal's one-dimensional lengths are all doubled, the spatial content of the fractal scales by a power that is not necessarily an integer. (Source: Wikipedia)
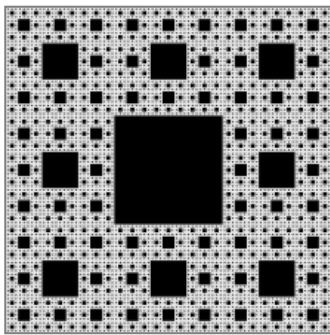
This power is called the fractal dimension of the fractal, and it usually exceeds the fractal's topological dimension. As mathematical equations, fractals are usually nowhere differentiable. An infinite fractal curve can be conceived of as winding through space differently from an ordinary line, still being a 1-dimensional line yet having a fractal dimension indicating it also resembles a surface. *Sierpinski Carpet (to level 6), a two-dimensional fractal.*

Fractal Mathematics in Nature

The never-ending patterns of Fractals are infinitely complex and are self-similar across different scales. They are created by repeating a simple process over and over in an ongoing feedback loop. Driven by recursion, fractals are images of dynamic systems – the pictures of Chaos. Geometrically, they exist in between our familiar dimensions. Fractal patterns are extremely familiar, since nature is full of fractals. For instance: trees, rivers, coastlines, mountains, clouds, seashells, hurricanes, etc. Abstract fractals can be generated by a computer calculating a simple equation over and over.
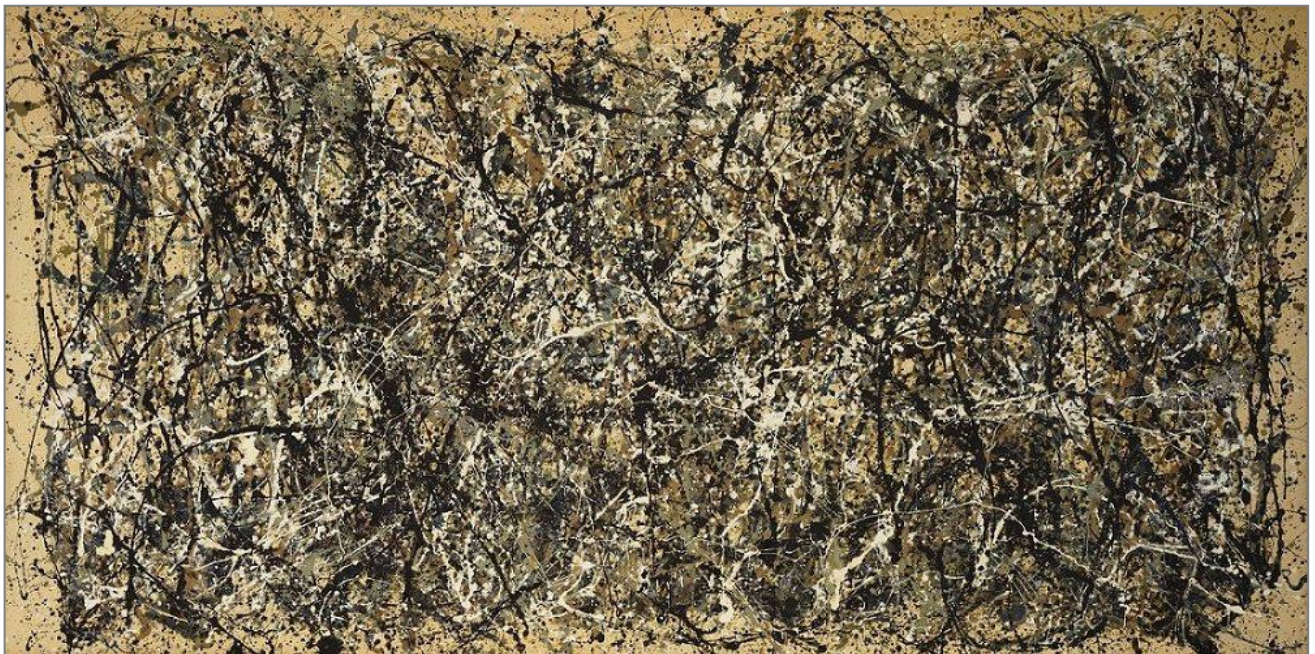
Sources of pictures below: http://www.slideshare.net/tcooper66/java-tree-fractals
http://www.wired.com/2010/09/fractal-patterns-in-nature/
http://paulbourke.net/fractals/googleearth/

Source: http://www.jackson-pollock.org/one-number31.jsp

ONE - NUMBER 31, 1950   2.7 m x 5.31 m

Nature Fractals and Pollock

Mathematicians have since disproved mathematically that Pollok's patterns were reflected in the mathematics of Fractals. I cannot deny however the visual connection of patterns in nature and Pollock's drip paint results. As if, in his trance and moments of "being in the painting" connects his whole being and DNA with the codes of nature.

Disclaimer: **These ideas are not original to me and none of the imagery is my own. I have simply chosen to assemble together a collection of thoughts and images to explain to myself why I like Pollock's artwork.**