

Report on Business

S&P/TSX
15,143.41
+103.11

DOW
22,118.86
+61.49

S&P 500
2,496.48
+8.37

NASDAQ
6,454.28
+22.02

DOLLAR
82.24/1.2159
-0.21/+0.0031

GOLD
1,332.70
-3.00

OIL
48.23
+0.16

GCAN 10-YR
2.04%
+0.02

Five years of falling prices: Moody's housing prediction

JANET MCFARLAND

Homeowners across most parts of Canada are facing the prospect of watching their houses fall in value over the next five years, reversing the trend after several years of price increases, according to a new housing forecast from Moody's Analytics.

A report by Moody's director Andres Carbacho-Burgos says a combination of higher interest rates, new mortgage-lending rules and declining affordability mean that house prices nationally are likely to fall in coming years.

The report predicts an uneven impact, however. Large cities in Ontario, including Toronto, are likely to see price increases over the next five years as a result of population and wealth growth in the region, Mr. Carbacho-Burgos predicts, while most other cities outside of Ontario are forecast to see little price growth or price declines.

On a national basis, single-family homes are forecast to grow an average of 1.3 per cent annually over the next five years, a significant decline from Canada's experience in recent years. Moody's national composite house-price

index is expected to grow 6.8 per cent in 2017 after climbing by 11.2 per cent in 2016.

Mr. Carbacho-Burgos predicts prices in Toronto will climb by 7.7 per cent on an annualized basis over the next five years, while Ottawa-Gatineau will see prices climb by 3.4 per cent.

Vancouver, however, will see an annualized drop of 0.3 per cent in house prices, the report forecasts, while house prices in Montreal are expected to fall 0.6 per cent on an annualized basis. Calgary is facing the prospect of a 1.1-per-cent annualized decline in prices, Mr. Carbacho-Burgos said.

"While Greater Vancouver and Toronto will avoid any significant house price downturn, it is likely that Quebec, the Prairies and the Atlantic provinces will have at least minor house-price corrections in coming years," he said.

Mr. Carbacho-Burgos downgraded his forecast for house prices for many cities across Canada in the new report compared with his prior forecast from April because the Bank of Canada has raised interest rates twice since July, moving the key overnight lending rate to 1 per cent.

Moody's, Page 5

National Bank chief defends position on oil patch

JEFFREY JONES CALGARY

National Bank of Canada's shift away from being the lender of choice to junior oil companies was an unpleasant process, but it has provided the institution with stability in the energy sector, its chief executive officer says.

In fact, the Montreal-based bank's energy-lending portfolio is growing again, as larger and better-financed producers have sought new capital over the past two quarters, even as oil prices have stalled below \$50 (U.S.) a barrel, CEO Louis Vachon said.

National Bank's repositioning in 2016 angered small-energy clients as they struggled with the industry downturn. Some were vocal in their criticism.

"We've been supporting the patch for 35 years," Mr. Vachon said in an interview. "We did transition away from a few accounts, and they were clearly not happy. But we're better positioned for the future, and I think our franchise keeps growing."

National Bank, Page 5

Mohamed's tech fund surpasses \$100-million

SEAN SILCOFF OTTAWA

A technology venture-capital firm co-founded by former Rogers Communications Inc. chief executive Nadir Mohamed and backed by the Ontario government and some of Canada's largest companies has more than doubled its initial \$50-million fundraising target.

ScaleUP Ventures is announcing on Wednesday that it has closed its first fund after raising \$103-million. New investors include Grouse Mountain Resorts owner Stuart McLaughlin; Highland West Capital managing director Dave Mullen; Vancouver real estate mogul Kevin Mahon; and the BC Tech Fund, financed by the provincial government and managed by Toronto's Kensington Capital. With the infusion of B.C. capital, ScaleUP has also hired serial entrepreneur Derek Spratt of Vancouver as a partner and managing director to focus on investment opportunities in Western Canada.

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The strong loonie has been weighing heavily on U.S. dollar assets held by Canadian investors, but is the pain nearly over?
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BROOKFIELD INFRASTRUCTURE	B2
BROOKFIELD ASSET MANAGEMENT	B3
CIBC	B12
DREAM GLOBAL REIT	B12
GIBSON ENERGY	B12
GLUSKIN SHEFF + ASSOCIATES	B12
MAGNA	B3
ORACLE	B12
PRECISION DRILLING	B12
SIMON PROPERTY GROUP	B12
TAHOE RESOURCES	B12
VANGUARD REIT ETF	B10
WESTJET	B3

ScaleUP: Fund has backed 10 companies so far, spent \$13-million

» While Toronto-based ScaleUP previously secured \$25-million from the Ontario government and seven-figure pledges from Royal Bank of Canada, Bank of Nova Scotia, Toronto-Dominion Bank, BCE Inc., Telus Corp., and Rogers among others, much of the latest surge of money has come from the West Coast.

"We are excited about the opportunities presented by the ScaleUP fund, with its unique investor base and strong entrepreneurial team," said Kensington managing director Gerri Sinclair, who manages the BC

Tech Fund, which contributed \$5-million to ScaleUP.

ScaleUP, chaired by Mr. Mohammed and managed by general partner Kent Thexton, a former telecom executive and entrepreneur, also said its unique model for helping startups is bearing fruit.

According to Mr. Mohamed's vision, corporate Canada was not only expected to invest but to open doors for the young companies backed by ScaleUP through its "leadership council," populated by past and present CEOs of banks, telecoms and other giant Canadian companies

such as George Weston Ltd., Magna International Inc. and Goldman Sachs Canada, as well as several prominent Canadian startup entrepreneurs.

ScaleUP says that after it invested \$1.7-million in Toronto-based artificial intelligence-powered customer-service software firm Crowdcare Inc., the startup expanded its deployment with Rogers, which helped it secure contracts with other carriers globally, including BT and Sprint.

"It's terrific to see the ScaleUP model working, and how leading Canadian corporates have embraced the need for innova-

tion," Mr. Mohamed said.

ScaleUP has backed 10 companies so far, including Ottawa billing software firm Fusebill Inc. and Toronto-based small-business lender FundThrough Inc. Mr. Thexton said ScaleUP plans to make 30 investments through its first fund, with "strong reserves to invest further in our businesses reaching global scale." ScaleUP has invested \$13-million to date.

The fund's original fundraising goal of \$50-million was bumped up to \$75-million in 2016. It reached the \$70-million mark last spring.