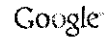




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Loonie no barrier, says Montreal mall builder

Mon Oct 15 2007

By Ross Marowitz

MONTREAL -- A U.S. developer says his dream of building a retractable roof over one of Canada's newest and largest malls won't be undermined by bargain hunters making a beeline to American stores.

"It takes time for the market to adjust, but by the time we open two years from now I don't think that's going to be a factor at all because the market will have adjusted," Sheldon Gordon, chairman of Gordon Group Holdings, told The Canadian Press.

Gordon has partnered Rubin Stahl, the former president of West Edmonton Mall, in a plan to build a 14-million square foot mixed use complex near Montreal's failed Mirabel Airport.

The \$475 million initial Lac Mirabel project, originally slated to open this year, will feature a 1.8-million-square-foot mall housing 230 tenants, entertainment facilities, a sporting complex, three hotels and 8,000 parking spaces.

It will sit on two lakes, including one that will be used for skating in the winter, and surrounded by 2,000 new homes.

Ultimately, a sustained level of dollar parity will force Canadian retailers to lower their prices to prevent cross-border shopping from gaining ground, he said. "If the Canadian dollar is still at par with the American dollar, it will adjust as markets generally do.

"That's called capitalism."

The march to lower prices in Canada has already started and should be felt in time for Christmas, says John Winter, a retail analyst at John Winter Associates.

Retailers who are paying less for merchandise ordered for the holiday shopping season should pass along savings from a higher Canadian dollar to consumers, he said in an interview from Toronto.

The rising value of the loonie has enraged many Canadians who can't understand why prices remain so much cheaper in the U.S.

Several automakers were recently slapped with a \$2-billion class action lawsuit on behalf of customers who allege the industry conspired to artificially maintain car prices in Canada and inhibited cross-border vehicle shopping.

Winter called on the federal government to step in to allow Canadians to pay lower U.S. prices on pre-price goods such as books, magazines and greeting cards.

An April survey in the Ontario border city of Windsor suggests fears about cross-border shopping may be overblown. Just one per cent of total household expenditures were made in Detroit, Winter said of his survey of 600 Windsor households.

"I don't think moving two or three percentage points is going to have an enormous effect," he said

Winter added that long waits at the Canada-U.S. border are acting as a partial deterrent.

-- The Canadian Press

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