

45.32 S&P/TSX COMP.
Closed at 12556.98

2.73 TSX VENTURE
Closed at 2666.62

5.36 DOW JONES
Closed at 12326.95

11.14 NASDAQ
Closed at 2465.98

Houses consume more cash

TORONTO (CP) — Many Canadians, especially those in the western provinces, have been spending an unusually large proportion of their incomes to keep a roof over their heads because of rising housing prices, a trend that economists say should begin to ease next year.

Statistics Canada said yesterday that while most households have suitable and adequate housing, 1.7 million or 14 per cent of them spent 30 per cent or more of their total budget on shelter costs in 2004.

The problem stems largely from high house prices versus a relatively modest pace of household income gains, which haven't kept up with the expansion in home prices, said RBC assistant chief economist Derek Holt.

Traditionally, Statistics Canada has measured affordability by a comparing housing costs to total household income.

A household that pays 30 per cent or more of its pre-tax income on housing is considered to have affordability problems.

"In markets like Vancouver, I would suspect the number would have moved higher than that over the last couple of years," said Holt.

"They've had house-price gains anywhere from 15 to 25 per cent over the past year, depending on which type of house, and their incomes are only up about four per cent compared to a year ago."

And while affordability in Vancouver may still rise for another couple of quarters, Holt said, most markets should start to see some improvements in 2007.

"There's already evidence that listings are growing faster than sales, and that's the kind of thing that would suggest weaker price gains and price corrections," he said.

Holt said that housing troubles in the U.S. aren't likely to spill over into Canada, saying the slowdown could result in less demand for construction costs in all of North America, stunting the growth of builder prices and making new homes more affordable.

The Statistics Canada study found 12 per cent of those spending more than the traditional limit spent between 30 and 50 per cent of their incomes on housing, and two per cent spent 50 per cent or more.

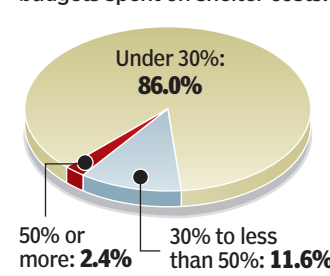
Almost a third (31 per cent) of people who rented spent 30 per cent or more of their budgets on shelter, compared with only six per cent for those who owned their homes, and most of them were living alone, relying on government assistance, or had low incomes.

The average shelter cost in 2004 was \$9,400, about 15 per cent of the average household budget.

HOUSING AFFORDABILITY

A total of 1.7 million or 14 per cent of Canadian households spent 30 per cent or more of their budgets on shelter costs in 2004.

Households by percentage of budgets spent on shelter costs:



SOURCE: STATISTICS CANADA CP

Canada 'will avoid' U.S.-style real estate meltdown

BY ERIC BEAUCHESE
CanWest News Service

OTTAWA — Aside from a few remaining hot spots, housing markets in Canada are cooling, but none will suffer a U.S.-style meltdown, a major real estate firm says.

All Canadian markets will avoid the double-digit price declines experienced in many markets in the U.S. — and Canada's strongest markets in Alberta and British Columbia will not suffer the price crashes seen in some formerly hot spots in Southern California, Nevada, Arizona, and Florida, Century 21 Canada said in a report Wednesday.

"In Canada over the past six months, price increases have slowed except for a few hot markets but all markets are supported by strong economic fundamentals such as job growth and stable mortgage rates," Century 21 president Don Lawby said in releasing the report.

"In the U.S., the economies of certain regions and cities have weakened throughout 2006 and can't continue to support house price increases."

Century 21's predictions are in line with those of Scott Kendrew, Victoria Real Estate Board president. He figures this year will wind up with an overall price increase of about seven per cent, lower than last year's 20 per cent, and the 17.5 per cent seen in 2004.

"I think we are in a steady, good market," he said yesterday. "It is good for buyers. It is good for sellers."

It's likely next year will be similar to the final six months of this year, although one of the unknowns is how many people will move here and how they will impact the market.

Rather than listing a property and seeing multiple offers pour in, today's properties need more marketing, he said.

Even so, a well-priced house in move-in condition will sell quickly.

Price increases are slowing because buying a house in Victoria takes a bigger chunk of someone's income than if they bought in many other communities, he said. Also, many renters bought when interest rates dropped.

The average price of a single-family house in Greater Victoria was \$523,677 last month. The median price was lower at \$450,000.

Century 21 tracks the value of a 1,300 square foot bungalow, with three bedrooms and two bathrooms. In 2001, it would have sold for \$235,000 and is now worth \$445,000, up 89 per cent. However, the price rose just six per cent in the past six months.

Housing markets in both Canada and the U.S. have had robust price increases for several years, with some regions seeing spectacular gains but the slump in U.S. markets has been exacerbated by other factors.

"There is more speculation in the U.S. than we have seen in Canada," Lawby said.

While it's in the interest of the real estate industry to reassure buyers and owners there will not be a housing market meltdown, most economists and industry analysts also expect the housing markets here to merely cool, not collapse.

The federal government housing agency, Canada Mortgage and Housing Corp., for example, is forecasting the average selling price of a home will rise by 5.7 per cent next year to \$294,100, although that will be only about half the 11.5 per cent increase projected for this year.

— with files from Carla Wilson



Andrew Paine, left, and Rene Gauthier put the finishing touches on the new Sitka Surfboards store located at 538 Yates St. Bruce Stotesbury/Times Colonist

Sitka surfer dudes missed waves

November's wicked winds brought some of the year's most killer waves.

And the irony is Rene Gauthier and Andrew Paine never caught one.

Victoria's most famous surfer dudes were stuck indoors instead, drywalling, sanding, varnishing and whipping a heritage building into their own surfer's paradise.

"It was worth all the work," Paine says of the new home for Sitka Surfboards at 538 Yates St.

And the waves will always return.

The partners moved from the Leland Building on Douglas Street to downtown where they've remodelled the former Carnaby Street Boutique. Rosina Usatch, who operated the import store for more than 37 years and closed it this summer, is leasing the 1888 building to Paine and Gauthier.

They have triple the space and spent more than a month remodelling, keeping "the cabin charm" of the old battered-brick store but giving it a fresh new feel.

Virtually all the materials left by Usatch were re-used, says Paine, including old cedar plank flooring used to make walls to display wetsuits, skateboards and surf boards.

"We had friends and relatives going constantly ... it was a real team effort," says Paine. Friend and craftsman Dominic Boulet, for example, built cabinets while family members hung heavy pieces of drywall and



ON THE STREET
DARRON KLOSTER

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applied the paint and stains.

Both avid surfers, Paine, 26, and Gauthier, 25, developed the Sitka brand while still at the University of Victoria and have built it into a million-dollar company with 15 employees over the past four years.

Earlier this year, Sitka earned a Times Colonist Fast 25 Award, honouring the fastest-growing companies on Vancouver Island.

The partners custom manufacture surfboards and design clothing and accessories of the culture that are sold to similar shops across Canada and the Western U.S.

To keep up with the demand, Paine said Sitka is importing surf boards from Brazil to keep its racks full. Custom-made boards, however, are still their specialty.

The partners are looking for a new manufacturing facility where they can shape the foam cores and rails and add fins and graphics and colours to customer's specifications.

Call 385-SURF or check the site, www.sitkasurfboards.com

Ben Cram has acquired the Parsonage Cafe from Rob and Sandy Russell, who have owned the popular coffee shop and eatery at 1115 North Park, just off Cook Street, for the past 13 years. Cram, 30, was the chef at Pescatore's Fish House for 6 1/2 years, but the new father left in August to escape the perpetual night shift.


"When Sandy asked if I wanted to buy the Parsonage, I thought she was kidding," Cram said yesterday. "I'm glad she wasn't." Cram had briefly worked at the Westin at Bear Mountain Resort and helped friends Jeff and Chris Wilson open the Fernwood Inn after leaving Pescatore's. The Russells still own Fairfield Fish and Chips. Cram and his wife Terra Ogawa have made some changes to the 30-seat Parsonage, adding a few meat-based soups and dishes to the once all-vegetarian menu. They're also rotating local art work and have added a kids' corner table, a daily lunch special and take-home meals. Call 383-5999.

The Victoria Bar Association recently honoured three of its own — Eugene Raponi won the Pamela Murray Award for contributions to the law profession for his years of teaching and service to the association's executive; James Hutchison won the Volunteer Award for his work with the

Garth Homer Society and Pearson College of the Pacific; and J.M. Peter Firestone won the Contribution to the Law Award for his part in a significant legal milestone — the admissibility of DNA evidence.


Cameron Muir has been named chief economist of the British Columbia Real Estate Association. The former Fraser Valley Realtor was previously senior market analyst for the B.C. Region of the Canada Mortgage and Housing Corp. In the newly formed position based in Vancouver, Muir will provide analysis and forecasting for residential Multiple Listing Service markets and the provincial economy, and act as BCREA spokesman on the sector.

On The Move: Joanne Vesprini (formerly Wales) has joined RBC Financial Group downtown as an investment and retirement planner. She came from CIBC Imperial Service where she was a financial adviser in the Mayfair and Cadboro Bay branches. She can be reached at 704-6967 ... Notary Doreen Kappell has joined lawyers Dianne Gail Andiel and Joyce Johnson in a new office at 213-895 Fort St. All their phone numbers remain the same ... Ruth Paul is a new sales rep for the Greater Victoria Chamber of Commerce. She joins the chamber from Versation, where she provided web-based software services for educational institutions.



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