

REAL ESTATE

Albertans flock to unique Victoria property

MARIO TONEGUZZI
CALGARY HERALD

Calgarians and Albertans flush with cash these days in a booming provincial economy are increasingly turning to the residential real estate market in British Columbia.

An example of that is a \$600-million West Coast project called Docksider Green.

Joe Van Belleghem, managing partner of **Windmill Development**, said "there has been very strong interest from Alberta" in the environmentally friendly, mixed-use project in Victoria.

"People are planning their futures and they're looking at it as a retirement place or their second home," said Van Belleghem.

"We're finding that a lot of people, because it's an hour flight now to Victoria from Calgary — and just slightly more from Edmonton — people are wanting it as a getaway.

"And then there's those that because the development is so unique, they're buying it as an investment for the future because they can see that it's going to attract attention."

Of the 144 total sales currently at Docksider Green, Van Belleghem said 26 per cent have been from Alberta, including 15 per cent from Calgary.

Last fall Elton Ash, regional executive vice-president, **Re/Max of Western Canada**, told the Herald that Albertans' interest in British Columbia "starts with Invermere all the way to Comox. Their interest is widespread."

He said Victoria has always been very popular for Calgary and Alberta interests in real estate.

Ash said climate is one of the factors in this province's interest in B.C. property, but that's not really the main driver.

"A lot of the Albertan interest is in recreational property that can be enjoyed year-round," he said at the time.

"The other thing is a diversification of investment dollars. We've seen this trend now for six, seven years that people who have the disposable dollars and are looking at their investment portfolios aren't as interested in, say, mutual funds or stock market investments as they are in real estate investments," said Ash.

"It's a psychological thing. You feel good knowing that your equity, your cash investment, is getting some returns and increasing your equity value."

Darryl Stein, CEO of **Imaging Dynamics** in Calgary, has purchased two properties, including a penthouse unit, in the Victoria development and "I think it's a great investment."

"I completely subscribe to people wanting to gravitate towards three things: No. 1 is weather. Victoria's got the best weather in Canada. No. 2 is lifestyle. It will be nice to be able to walk outside, go for a jog, go for a bike ride, hit a golf ball, jump in a boat. Victoria has got huge lifestyle attached to it. And No. 3 is medical," said Stein.

The development project is right on the Victoria harbour, said Van Belleghem, on a six-hectare site and it includes 1.3 million square feet of mixed-use — from condominiums and townhouses to amphitheatres to a natural flowing creek and pond system.

The residential component, consisting of condos in taller buildings and some townhouses, will have about 1,000 units on completion. Prices range from \$260,000 to more than \$1.3 million.

The first phase of the development has been sold, is now under construction and people will be moving in by the end of this year.

The project is receiving international attention because it has embraced a philosophy that all buildings on the site will be platinum status or the highest level of Leadership in Energy and Environmental Design.

All sewage will be treated on site. Recycled and reclaimed water will be used in water features and urinals. It also includes biomass heating systems.

"In the next few weeks, hopefully we'll be making an announcement that the entire site will be greenhouse gas neutral because we're looking at putting a renewable energy system in for the entire site fully backed up by natural gas," said Van Belleghem.

"We're using a naturalized approach for all rainwater collection so it's heavily landscaped with urban ecology."

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JOE VAN BELLEGHEM, WINDMILL DEVELOPMENT

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FIRST-QUARTER REPORTS



CIBC, led by CEO Gerry McCaughey, posted on Thursday the strongest bank earnings growth, rising 33 per cent to \$770 million, or \$2.11 a share, for the three months ended Jan. 31.

Strong equity markets propel bank earnings

BMO, CIBC National all report

CANWEST NEWS SERVICE

A trio of Canadian banks reported strong first-quarter financial results Thursday, continuing to benefit from strong equity markets which helped lift brokerage fees and mutual fund sales.

Both **Canadian Imperial Bank of Commerce** and **National Bank of Canada** had net income that exceeded analysts' predictions, while **Bank of Montreal** saw its first decline in earnings in six quarters, but only because of one-time charges mostly related to staffing cuts.

CIBC posted the strongest earnings growth, rising 33 per cent to \$770 million, or \$2.11 a share, for the three months ended Jan. 31. Revenue for the quarter was \$3.1 billion, up four per cent from \$2.8 billion during the same period the year before.

Return on equity, a key measure of profitability, was 27.1 per cent, compared with 25.6 per cent in the first quarter of 2006.

"Our first-quarter results reflect the balance we are seeking between expense constraint and revenue growth," Gerald T. McCaughey, president and chief executive, said in a statement.

"We believe that the impact of improved revenue through consistent investment in our core businesses and continued expense discipline is the most balanced way to achieve further productivity improvements."

CIBC delivered a strong boost in investment banking profit, rising 64 per cent to \$210 million in the quarter thanks in part to underwriting and mergers activity. The bank's consumer-banking profit rose 21 per cent to \$530 million, due in part to higher revenue from credit cards and



Adrian Wyld, Canadian Press
BMO's outgoing CEO Tony Comper told shareholders Thursday "part of me isn't quite prepared to exit smiling."

personal banking.

CIBC raised its quarterly dividend by seven cents to 77 cents a share. That was its second increase in a year.

Bank of Montreal's earnings fell 3.4 per cent to \$585 million, or \$1.13 a share. But excluding a one-time charge of \$135 million for restructuring expenses, mostly made up of expenses arising from 1,000 planned job cuts, net income increased 11 per cent, in line with the market's expectations.

The bank's return on equity was 15.7 per cent, down from 17.8 per cent in the 2006 first quarter. Revenue rose 4.1 per cent to \$2.61 billion.

Investment banking profit fell two per cent, while profit from its private client group, which includes mutual funds, rose four per cent.

The company also raised its quarterly dividend to 68 cents a share from 65 cents, a rise of five per cent.

It was the final earnings report delivered under the guidance of the bank's outgoing chief executive, Tony Comper. At the company's annual

meeting in Toronto, Comper told shareholders "part of me isn't quite prepared to exit smiling," before the introduction of his replacement, Bill Downe.

Downe said the decision to lay off staff was difficult but necessary for the bank to better focus on customers and achieve further growth. The cuts have already started and were made to shift the bank's focus to front-line staff.

Downe told shareholders there was a "pressing need" for change at BMO. "We will grow our business by focusing on the customer with renewed attention to our retail and small-business customers," Downe said at the bank's annual meeting at Toronto.

At National Bank, the dominant financial institution in its home market of Quebec, net income rose 11 per cent to \$240 million, or \$1.43 a share, from \$217 million, or \$1.26, a year earlier. It was the biggest profit rise in six quarters for Canada's sixth-largest bank, which saw revenue rise 6.2 per cent to \$1.05 billion.

The bank said its "excellent" results were attributable to growth in its personal and commercial and wealth management businesses. Return on equity was 20.7 per cent.

The strong showing puts the bank ahead of its financial targets of five to 10 per cent profit growth and 16 per cent to 20 per cent return on equity gains for this year, suggesting it is on its way to yet another dividend increase. The bank targets a 40 to 50 per cent dividend payout ratio, and was at 37 per cent for the quarter.

President and chief executive Real Raymond is due to step down after next week's annual meeting, to be replaced by 44-year-old chief operating officer Louis Vachon, a 15-year veteran of the bank.

John Aiken, an analyst with **Dundee Securities**, said National's earnings were in line with other first-quarter reports from other banks, particularly its strong trading revenues and solid demand for loans.

IN BRIEF

FROM HERALD NEWS SERVICES

Overseas sales put pop in Staples' fourth quarter

OFFICE PRODUCTS • **Staples Inc.**, the world's largest office-supplies retailer, said Thursday that fourth-quarter profit rose 22 per cent on higher revenue from overseas and the unit that sells directly to corporations. The company said holiday sales of electronics products such as digital cameras were disappointing.

Sales at North American stores open at least a year rose one per cent, trailing some analysts' estimates.

Net income climbed to \$336.5 million US, or 46 cents a share, from \$276.7 million, or 37 cents, a year earlier, Staples said.

Same-store sales in Canada were negative because computer prices fell, chief operating officer Mike Miles said, but rebounded in January.

Airbus postpones freighter version of A380

AIRCRAFT • **Airbus SAS**, struggling to end a financial crisis sparked by delays in the A380 superjumbo jet, postponed the freighter version of the plane Thursday after customers dropped or deferred their orders.

"We have rescheduled the A380 freighter program," said Maggie Bergsma, a spokeswoman for Airbus, without providing details of the new plan.

United Parcel Service Inc., the only remaining customer for the plane, said the Airbus move took it by surprise.

Airbus, the world's biggest maker of commercial aircraft, plans to cut 10,000 jobs over four years and sell or find partners for six factories because of the losses triggered by the A380 program. **European Aeronautic, Defence & Space Co.**, the owner of Airbus, expects losses of 4.8 billion euros (\$6.3 billion US) through 2010 because of delays of at least two years on the A380s.

Disney adds new project to theme park

ENTERTAINMENT • **Walt Disney Co.**, the world's largest theme-park operator, said it will build a golf resort and a shopping district in central Florida to expand the Walt Disney World complex.

The Eagle Pines and Osprey Ridge golf courses will be converted into a luxury hotel and golf community anchored by a Four Seasons hotel, Burbank, Calif.-based Disney said Thursday. The shopping development, to be built outside the park's main western entrance, will have dining and lodging.

The expansion is part of an effort by Disney to keep up revenue growth at the theme park unit following its 50th-anniversary promotions.

CEO Robert Iger pledged in November to boost spending at the company's U.S. parks by as much as 38 per cent this fiscal year.

Sears Holdings profits up 27 per cent in Q4

RETAIL • **Sears Holding Corp.**, the largest U.S. department store company, said fourth-quarter profit climbed 27 per cent, exceeding analysts' estimates, on increased clothing sales.

Net income rose to \$820 million US, or \$5.33 a share, from \$648 million, or \$4.03 a share, a year earlier, the Hoffman Estates, Ill.-based company said Thursday. Revenue climbed 1.3 per cent to \$16.3 billion.

Chairman Edward Lampert has boosted earnings at the expense of sales by limiting discounts and closing locations. Margins improved on higher earnings from its home services unit and better apparel sales at both **Kmart** and **Sears** stores.

ACCOUNTING

Nortel restates earnings, again

Fourth time around

CANWEST NEWS SERVICE

Nortel Networks Corp. is restating its financial results for the fourth time and the accounting adjustments will go back more than three years.

Results from 2004, 2005 and the first nine months of 2006 will be affected, the company said Thursday. Adjustments to periods prior to 2004 will also occur.

Nortel understated the historical expenses tied to its pension and post-retirement plans, errors Nortel attributed to a "third party." These calculation errors originate prior to 2000, according to the company statement. Further, the company recognized revenue at times when it should have been deferred to later periods.

The company, which recently ditched its longtime auditor, is also delaying the filing of its 2006 financials.

The telephone equipment maker has previously restated results reaching as far back as 1999. **Deloitte &**

Touche LLP, one of the world's four biggest accounting firms, oversaw Nortel's accounting during these periods. This firm will be the auditor responsible for doing the freshly announced restatements, said Ann Fuller, a Nortel spokeswoman.

KPMG LLP will do the books in 2007 and beyond.

The pension liability problems first came to light as a "potential" error in the third quarter of 2006. These problems were investigated in the third and fourth quarter to confirm if it was an actual error, Fuller said. The revenue recognition errors were discovered in 2006 and were mentioned in the company's regulatory filing for the third quarter.

Mark Rosen, an analyst at **Accountability Research Corp.**, said the pension problems could turn out to be an important issue for Nortel.

"They are one of the first Canadian companies to begin adding pension debt to their balance sheet. And so once the financials come out mid-March, it will finally hit (investors) on what a significant issue this could be," he said.

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