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# CALGARY BUSINESS

MONEY • ENERGY • TECHNOLOGY • WORK

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SATURDAY, DECEMBER 1, 2007



DEBORAH  
YEDLIN

## Bright spots peek through U.S. clouds

What to make of the U.S. economy? The two-day stock market rally this week — that saw the Dow Jones Industrial Average gain more than 500 points, nearly four per cent, after it had dropped 10 per cent from its October record high — was interpreted by a few hardy souls as a sign the worst was over.

But then came the so-called beige book numbers, which were released on Wednesday, showing a depressed housing sector that isn't expected to show any signs of recovery until 2008. According to available data, the number of homes currently for sale translates into about 11 months of inventory. With that kind of supply, it's a safe bet that prices will continue to fall.

Of course, given that one of the reasons the U.S. economy has managed to stay as strong, even with high energy prices and a weak dollar, has been the never-ending spending of the U.S. consumer. Bear in mind that two-thirds of the U.S. economy is tied to consumer spending.

The bleak outlook wasn't helped by a report released early in the week by investment firm Goldman, Sachs & Co., which boosted the probability of a recession to between 40 and 45 per cent from its prior figure of 30 per cent.

With housing values continuing to slide, concern is growing that consumption is going to slow considerably, even though \$10 billion was spent Friday last week — the first day of the Christmas shopping season.

This spate of bad news was layered on top of the continued trickle of writedowns in the financial services sector relating to the asset-backed commercial paper problems and subprime mortgage meltdown.

And of course, U.S. treasuries, which are trading at yields not seen in several years, are signalling a recession is in the offing.

Still, it all isn't gloom and doom.

The employment market is still tight, inflation is under control and U.S. exports are growing because the dollar is weak.

Adding a measure of optimism to stock markets this week is the possibility the U.S. Federal Reserve will cut interest rates again when it meets next month — a decision aimed at keeping liquidity in the system; when all else fails, there's nothing like cheap money to keep the economy chugging along.

SEE YEDLIN, PAGE C11

## CONFIDENCE RETURNS TO REAL ESTATE MARKET



Calgary's housing market ended a recent slump, with prices averaging \$459,806 in November, up from October's \$452,254. Calgary Herald Archive

# Calgary house prices halt three-month slide

## Average sale figure points to stability, say analysts

MARIO TONEGUZZI  
CALGARY HERALD

After three straight monthly declines in the average sale price for a single-family home, the Calgary housing market has stabilized with prices increasing slightly.

According to the Calgary Real Estate Board, as of Friday the average sale price of a single-family home in Calgary metro for the past 30 days was \$459,806 — up from the \$452,254 registered for the month of October.

The number of active listings has dropped during that time with 4,995 single-family homes now for sale on the MLS market. The month-end inventory in October was 5,517.

In November and December, the Calgary market normally slows down, said Ed Jensen, the real estate board's president-elect.

"In July, we were smoking hot

and it was the same in the first half of the year. Then our supply started to increase. The demand at that time was still holding and that shifted the market into more of a buyer's market," he said.

Today, it's a steady marketplace with the inventory of homes for sale dropping, he said, adding the market is now more balanced than it was a few months ago.

"There's confidence in the the Calgary marketplace. Interest rates have stayed the same. We've got great employment. That all stabilizes the confidence side . . . and the numbers reflect the same," said Jensen.

While average prices have increased, the median sale price has dropped in the past 30 days to \$407,000 compared with \$412,500 in October.

Calgary's heated housing market peaked in July when the average sale price of a single-family home hit a staggering \$505,920, but since then the market has recorded three consecutive monthly declines — to \$485,914 in August, \$470,888 in September and \$452,254 in October.

In the past 30 days, 1,058 single-family homes have sold in Calgary.

The level of active listings on the Calgary market is starting

### CALGARY MLS SINGLE-FAMILY HOMES

	AVERAGE SALE PRICE	MEDIAN SALE PRICE
July 2007	\$505,920	\$435,000
August 2007	\$485,914	\$430,000
September 2007	\$470,888	\$420,500
October 2007	\$452,254	\$412,500
<b>LAST 30 DAYS</b>	<b>\$459,806</b>	<b>\$407,000</b>

Source: Calgary Real Estate Board

to drift downwards, said Lai Sing Louie, senior market analyst in Calgary for Canada Mortgage and Housing Corp.

"At this time of the year, those active listings traditionally pull back in November and December, which is a good sign. It would have been more concerning if supply had continued to increase at this period of time," said Louie. "The market conditions are balanced right now. There's still a lot of transactions. People are selling and getting pretty close to what they're asking for, and buyers, the vast majority, are paying less than the list price."

He said the Calgary market is beginning to stabilize compared with a few months ago when the supply of active listings kept increasing.

Also on Friday, the Canadian Real Estate Association said MLS resale housing activity in October reached its highest level on record for that month

and sales remain on track to set an annual record.

Nationally, seasonally-adjusted sales climbed 1.3 per cent compared with the previous month to 41,871 units. The real estate board says sales in October were up eight per cent compared with October 2006 and they have remained above year-ago levels in almost every month this year.

The national MLS residential (single-family and condominiums combined) average price rose 11.1 per cent year-over-year in October to \$313,442.

"CREA's analysis shows prices setting new records in every province in 2007 and in 2008, but price increases will be smaller in 2008," said real estate board president Ann Bosley. "In effect, price increases will become smaller as the resale housing market becomes more balanced."

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## MARGIN CALLS

### Brewing returns to Liechtenstein

**BEER** • Liechtenstein's 34,000 citizens will get their first taste of locally brewed beer since the First World War shut down the country's only brewery 90 years ago, the head of a new company said.

Liechtensteiner Brauhaus AG will start selling a light, Munich-style lager and a wheat beer tomorrow, its chief, Bruno Guentensperger, said. A third type will follow by the end of next year.

The principality's only brewer, Quaderer, was put out of business when Austria stopped supplies of raw materials in 1917. Since then, several attempts to start a Liechtenstein beer brand failed because of government intervention, Guentensperger said.

Guentensperger is hoping to capitalize on rising demand across the Alpine region for beer from local microbreweries.

So far, the beer will be destined strictly for local consumers, he said. "Our only export market is the Washington embassy. And the one in Bern," capital of neighbouring Switzerland, he said.

### Toyota employee dies of overwork

**OVERTIME** • A Toyota Motor Corp. employee died of overwork after logging more than 106 hours of overtime in a month, a judge ruled Friday, reversing a ministry's earlier decision not to pay compensation to his widow.

The Toyota Labour Standards Inspection office, a local branch of Japan's labour ministry, initially refused to pay the widow the usual compensation for a spouse's work-related death, saying the man had only logged 45 hours of overtime in the month before he died, Japanese media reported.

But the court ruled the employee had worked far more than that, said Yomiuri Online, a Japanese news website.

The employee, who was working at a Toyota factory in central Japan, died of irregular heartbeat in February 2002 after passing out in the factory.

## HERALD ENERGY



How do OPEC members and Canada compare on the global energy stage?

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## MDX



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