

# IN BRIEF

FROM HERALD NEWS SERVICES

## Canmore lodge boosts space

**RESORTS** • An innovative design by Zeidler Partnership Architects has allowed developer Rockey Resorts Inc. to increase salable space at its Silver Creek Lodge in Canmore by 2,100 square feet and take in an additional estimated \$1 million for the condo/hotel development. Silver Creek Lodge is described as a "Zen-inspired resort and spa" designed by Stephen Carruthers and Tomasz Sztuk of Zeidler's Calgary office.

After presenting design concepts that fit the town's vision, a discretionary floor area ratio allowance was granted to the developer of Silver Creek Lodge and more salable square footage was added to the building. The lodge includes 75 luxury suites, fine dining and a spa. — Mario Toneguzzi, Calgary Herald



AFP/Getty Images Archive

**Shoppers are losing confidence as the Christmas shopping season heats up.**

## Consumers lose confidence

**ECONOMY** • A monthly measure of Canadians' consumer confidence shows a quickly deteriorating situation just as the traditional Christmas shopping season kicks into high gear.

TNS Canadian Facts said its December measure of consumer confidence came in at 83, down from 95.6 a month earlier. "To put this in perspective, the index reached 105.7 last December," the research group said in a statement released Thursday.

Richard Jenkins, vice-president of TNS Canadian Facts, said while Canadians were intrigued by the recent wrangling and manoeuvres on Parliament Hill, they have developed an anxiety about their finances.

The index measuring people's perspective on the state of the economy dropped to 84.3 from 103 last month. Just 16 per cent said the economy's current state was "at least fairly good."



Barack Obama

## U.S. households see wealth dive

**ECONOMY** • U.S. household wealth fell from July to September by the most on record as property values and stock prices tumbled, U.S. Federal Reserve figures showed.

Net worth for households and non-profit groups decreased by \$2.81 trillion US, the most since records began in 1952, to \$56.5 trillion, according to the Fed's quarterly flow-of-funds report released Thursday.

Combined with a loss of 1.9 million jobs so far this year, household balance sheets are in tatters. As well, it's harder for Americans to borrow as banks restrict credit.

President-elect Barack Obama has called for an economic stimulus package of unprecedented size as the economy slides toward the longest recession in the postwar period.

## Productivity boost fails to lift wages

**STUDY** • Canadian workers, especially lower wage employees, have not reaped any of the benefits of their increased productivity, according to a new study.

The Centre for the Study of Living Standards, in the study released Thursday, found that from 1980 to 2005 Canadian labour productivity increased by 37 per cent, while wages — once adjusted for inflation — posted no increase at all over that time.

If their earnings had kept pace with the increase in their productivity over that period, the study said full-time workers in Canada would have enjoyed a median income of \$56,826 in 2005, considerably more than the \$41,401 median income they actually earned.

# CALGARY MARKET SLIDES



Ted Jacob, Calgary Herald

The Calgary area saw the house-only component of new home prices slide five per cent for October.

# New home prices take 1.6 per cent hit

Decline is steepest since 1991

MARIO TONEGUZZI  
CALGARY HERALD

New house prices in Calgary declined by 1.6 per cent in October on a year-over-year basis — the largest decline for the metropolitan area since November 1991, said Statistics Canada.

The New Housing Price Index, released Thursday by the federal agency, showed that, on a national level, new home prices year-over-year increased by 1.5 per cent, a slower pace than the 2.1 per cent advance recorded in September and the smallest annual increase since October 1999.

On a monthly basis, prices decreased 0.4 per cent between September and October, the first monthly decrease across the country since September 1998.

Prices declined by 0.6 per cent in Calgary on a monthly basis.

The largest year-over-year increases were in Regina (22.8 per cent) and St. John's, N.L. (22.3

per cent). Edmonton recorded a 12-month drop of 7.7 per cent, which was the largest annual decline since May 1985. Prices declined by 1.7 per cent in Edmonton from September to October 2008.

At the national level, the overall year-over-year increase was comprised of a 0.7 per cent rise in the house-only component and a 3.4 per cent jump in the land only component.

For the Calgary census metropolitan area, the house-only component dropped by five per cent on an annual basis while the land-only component increased by 5.9 per cent, said Lai Sing Louie, senior market analyst in Calgary for Canada Mortgage and Housing Corp.

"Builders are telling us it's a little cheaper to build a new house than a year ago," said Louie.

The Calgary CMA includes the city, Airdrie, the Municipal District of Rocky View, Chestermere, Cochrane, Irricana, Beiseker and Crossfield.

Statistics Canada said prices were down 0.4 per cent in Vancouver on a year-over-year basis, the first annual drop since April 2001. Vancouver was also down 1.1 per cent on a monthly basis.

In Victoria, contractors' selling prices decreased 1.1 per cent year-over-year, down from an annual increase of 0.2 per cent in September.

New housing prices year-over-year fell in only three markets in October — Calgary, Edmonton and Victoria.

The dip in new home prices has been mirrored in the resale market as well. According to the Calgary Real Estate Board, MLS average sale prices for single-family homes in Calgary metro in November were \$435,471, a drop of 5.8 per cent compared with November 2007. In the condo market, the average sale price fell by 8.6 per cent from a year ago to \$285,820.

Prices have also fallen in other segments of the MLS market in the Calgary area. For towns outside of Calgary, residential properties sold for an average of \$359,400 last month, down 6.2 per cent from November 2007.

The biggest drop in price in the past year in the Calgary region was in the country residential (acreage) MLS market, as average sale prices have plunged by 30.5 per cent to \$565,889.

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# BCE to pursue \$1.2B break fee

## Takeover deal collapses amid solvency fears

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CANWEST NEWS SERVICE

With the \$52-billion takeover of BCE Inc. declared dead by all participants, the telecom giant says it will reinstate its dividend, buy back shares and go after a \$1.2-billion break fee it says is owed by the buyers group.

BCE served notice that it will pursue compensation from the private-equity consortium of buyers — led by Ontario Teachers' Pension Plan and including Providence Equity Partners Inc., Madison Dearborn Partners and Merrill Lynch Global Private Equity — because the deal-breaking notice was "delivered prematurely, prior to the outside date for closing of the transaction, and therefore invalid."

BCE also said Thursday morning that it will reinstate its dividend — one of the most coveted cash payouts in the country — starting with the fourth quarter, payable next month. The company also said it would buy back stock through a normal-course issuer bid.

The key reason the largest leveraged buyout in Canadian history was killed is that it couldn't secure a "solvency opinion" — a declaration by auditor KPMG that the company would have been solvent after the takeover loaded it with an additional \$32 billion in debt.

The buyout group issued a public statement shortly after midnight on Thursday morning, declaring it had terminated its offer because BCE had failed



Herald Archive, Reuters

Telecom giant BCE Inc. says it will reinstate its dividend after a takeover deal for the company collapsed.

to obtain this key condition for closing the deal.

While BCE acknowledged KPMG was not able to give the solvency opinion, the company said in its statement the condition to closing "was to be satisfied by its nature at the effective time."

The company appears to be balking at the timing of when it received the purchase group's termination notice, which it says was before midnight on Dec. 10.

"Under such circumstances, the agreement provides that the breakup fee will be owed to BCE by the purchaser," declared BCE in its statement. It acknowledged that Teachers' and its partners do not agree with its opinion.

Deborah Allen, a spokeswoman for Teachers', said, "We stand by the statement we issued," when asked about BCE's response. "The purchasers terminated their agreement according to the terms."

# U.S. auto bailout collapses in Senate

JOHN CRAWLEY  
AND RICHARD COWAN  
REUTERS  
WASHINGTON

The U.S. Senate failed to reach a last-ditch compromise to bail out automakers Thursday night, effectively killing any chance of congressional action this year.

The \$14-billion legislation officially died in the Senate late Thursday after supporters failed to get enough support in a procedural vote.

Republican-brokered talks faltered, leaving the chamber at a dead end on an approach for extending \$14 billion in loans to avert a threatened collapse of one or more automakers, Senate Majority Leader Harry Reid said in remarks on the floor.

"It's over with," Reid said.

Markets across the Asia-Pacific region were down more than three per cent after news

the talks had collapsed. U.S. crude prices fell nearly \$2 to \$46.11 a barrel.

The White House said it would evaluate its options in light of the collapse of the bailout legislation.

White House spokesman Tony Fratto declined to say what those options included. The Bush administration has resisted Democrats' past demands to use some money from the \$700-billion bailout package approved in October to help struggling financial institutions help the automakers.

Fratto said the failed legislation had "presented the best chance to avoid a disorderly bankruptcy while ensuring taxpayer funds only go to firms whose stakeholders were prepared to make difficult decisions to become viable."

Lawmakers planned to move ahead with a procedural vote on a Democratic-sponsored bill negotiated with the White House that Reid admitted would not succeed.

"There is too much difference" between negotiators to reach an agreement, the Nevada Democrat said.



Harry Reid

# Spike in personal bankruptcies looms, warns central bank

ERIC BEAUCHESNE  
CANWEST NEWS SERVICE  
OTTAWA

The economic slump and the worst global financial crisis since the 1930s have set the stage for an increase in personal bankruptcies among highly indebted households, the Bank of Canada warned on Thursday.

And if the recession in the U.S., and in turn here, is more severe than now expected, the increase in job losses and slump in incomes could significantly boost the number that default on their debt, it said in its latest review of Canada's financial system.

"Household indebtedness could act as a channel of contagion for an external shock and could affect the wider Canadian financial system through higher loan losses," it said. "This would lead to substantial losses for the major Canadian banks."

"Although the overall financial situation of the Canadian household sector still appears reasonably healthy, indicators of financial stress, such as arrears on loans and bankruptcies, have picked up modestly, albeit from historically low levels," it said, noting that their finances are

being strained by the loss of wealth from the plunge in stocks and softening house prices at a time that their debt-to-income ratio is at an all-time high.

"Higher debt levels mean that households are potentially more sensitive to adverse shocks to wealth and income," it noted. "Since the household sector represents the largest exposure in the loan portfolios of Canadian banks, an increase in losses on household lending would have an immediate adverse impact on bank profitability."



Request for Proposal:

## CHANGE MANAGEMENT CONSULTANT

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