

Calgary leads home price decline

MARIO TONEGUZZI
CALGARY HERALD

Calgary posted the second-highest year-over-year percentage decline in residential MLS sales in the country in 2008 and led the country with the biggest annual drop in the average sale price, according to statistics released Thursday by the Canadian Real Estate Association.

The national organization said total sales in Calgary last year dropped by 28.1 per cent, just behind the 35.5 per cent plunge in the Greater Vancouver real estate market.

The average MLS sale price in Calgary fell by 2.1 per cent to lead the nation, tied with Windsor-Essex.

According to the association, there were 23,136 residential MLS sales in Calgary in 2008 for an average price of \$405,267. New listings in the city increased by 3.7 per cent to 56,187.

Total dollar volume for all transactions during 2008 plunged by 29.6 per cent from the previous year to \$9.4 billion.

“Canada’s housing boom fizzled in 2008 as the credit squeeze and economic downturn choked off demand,” said economist Robert Kavcic, of BMO Capital Markets, in a research note.

“With job losses accelerating late last year, sales activity will likely remain under pressure, while the imbalance of listings relative to sales should keep prices in correction mode. All told, 2009 is shaping up to be another difficult year in the Canadian real estate market.”

He said sales activity nationally slid to the lowest level since 2002 as the credit squeeze took its toll on Canadian homebuyers.

“Long gone are the days of bidding wars and above-list closing prices in most Canadian real estate markets,” said Kavcic.

At the national level, 434,477 homes traded hands via the MLS systems of real estate boards in Canada in 2008, down 17.1 per cent from the record 523,855 properties sold in 2007. The national MLS residential average price edged lower by seven-tenths of one per cent in 2008 to \$303,594. The real estate association said the average price posted year-over-year gains in the first six months of the year before declining throughout the second half of 2008.

New MLS residential listings rose 7.7 per cent to 919,863 units in 2008 — a record.

Calgary had only 777 sales in December, a 46.6 per cent plunge from a year ago, while the average sale price was down 9.4 per cent from December 2007 to \$362,557.

“Average prices will remain under downward pressure during the Canadian economic recession,” said association chief economist Gregory Klump. “Shaky financial market confidence is pulling down business and consumer confidence. The consensus economic forecast predicts the economy will rebound in the second half of 2009, so housing market trends should strengthen next year.”

“There has been a fundamental shift in consumer confidence with job insecurities in every region of Canada. That is unlikely to change until the worst of the recession is behind us.”

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Agrium warns of writedown

AGRICULTURE • Calgary-based Agrium Inc., North America’s No. 3 fertilizer maker, said it expects to record a writedown of \$96 million, or 41 cents per share, in the fourth quarter in its retail operations in North and South America.

The bulk of the adjustment, \$85 million, is related to Agrium’s North American retail operations, the company said in a release late Thursday.

The adjustment to Agrium’s North American retail operations is primarily related to the difference in the value between anticipated nutrient sales prices and prices the unit has contracted for pre-payments and other committed crop nutrient tonnes in 2009, the company said.

Agrium also said it expects a further writedown of \$21 million, or nine cents per share, in its wholesale purchase for resale business.

The adjustments reflect the volatility in global financial and commodity markets, and the decline in certain nutrient prices since early December 2008, Agrium said.

The writedowns of \$96 million in retail and the additional \$21 million in wholesale purchase for retail were not included in the guidance issued Dec. 8.

Agrium said it doesn’t expect any writedown with respect to manufactured wholesale volumes.

— Gina Teel, Calgary Herald

THOUSANDS EXPECTED AT SHOW



Dean Bicknell, Calgary Herald

HomExpo producer Rick Young says this weekend’s show provides an environment for businesses to conduct face-to-face marketing and expects a healthy turnout in spite of the souring economy.

HomExpo opens door to sales opportunities

Businesses see chance to connect with buyers

MARIO TONEGUZZI
CALGARY HERALD

Despite a downturn in the real estate market both here and internationally, organizers are expecting thousands of visitors this weekend to the HomExpo.

HomExpo, which opens today at the Roundup Centre, Stampede Park, and runs until Sunday, is the largest building, renovation and decor show in Western Canada. It was established in 1967.

There are just over 300 exhibitors in more than 150,000 square feet of space — including the 10,000-square-foot Recreation and Investment Properties Show, sponsored by the Calgary Herald. Attendance last year was about 25,000 people.

The number of exhibitors is remarkable considering the current economic situation, said Rick Young, show producer of HomExpo.

“Businesses have come to the reality that the most immediate way for them to reach a potential buyer is at the trade show,” said Young.

“This is immediate face-to-face marketing at its best and they’ve recognized

that. We just need the homeowner to be confident, too.”

Young said this is the second year for the Recreation and Investment Properties Show.

In the past few years with the real estate markets “inflamed,” Young noticed second homes becoming a big issue for professional people with higher disposable incomes and “a chance for their dreams to come true.”

“The face-to-face marketing idea was very productive for the first year’s show,” said Young. “We had 50-some odd exhibitors. These are marketing companies and developers with projects spread throughout California, Mexico and Central America. And it got great response. I think the participants did very well last year and most of them amazingly have returned.”

There are 40 companies this year with 55 booths in the recreation and investment properties area, which is located at the centre rear of HomExpo.

Don Rockwell, director of marketing for Lomas del Centenario in La Paz, Mexico, said this is the second year he is in Calgary for the show.

“We wrote last year about \$600,000 in business out of the show,” said Rockwell, of the real estate development in Mexico where lots are being sold. There are about 250 properties with about 85 per cent of them sold.

He said the project is about 35 per cent owned by Albertans. People can buy the

lots for investment purposes or they can build on them.

Rockwell said the amount of interest from Albertans is because of the warmer climate in Mexico and La Paz offers a combination of the desert on the water but not a tourist trap. It is also easy to get to from Alberta.

“And Alberta has been in the throes of good economics. I know it’s slowed down some but I think it’s just a hiccup,” added Rockwell.

Garth Mann, president of Statesman Resorts, with projects in British Columbia, Washington and Arizona, said the company was at the show last year as well.

“We’ve picked the three finest locations, really, in North America, or perhaps the world,” he said. “They’re the most idyllic location for a vacation or for a retreat and just really a myriad of adventures. So our resort living has changed the way people look at a vacation or a getaway because of the personal services and all the attention that we provide.”

At those projects, people can come for a vacation or they can own a property, he said.

In British Columbia, the project is at Pineridge Mountain Resort overlooking Lake Windermere. There is also the Toscana of Desert Ridge in Phoenix, Ariz. The newest project is just outside Seattle and called Pleasant Harbor Marina and Golf Resort.

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Tomohiro Ohsumi, Bloomberg

Preliminary figures show new vehicle sales in Canada were down about 15 per cent in December, Statistics Canada says.

New vehicle sales slide to lowest level since '05

CANWEST NEWS SERVICE
OTTAWA

Sales of new vehicles fell seven per cent in November — the biggest decline in 3½ years — led by a drop in demand for passenger cars, Statistics Canada said Thursday.

The federal agency said 129,044 units were sold during the month, with declines coming in nine provinces, as the economic downturn cut demand to the lowest level since August 2005.

Preliminary industry figures indicate new vehicle sales were down about 15 per cent in December, it said.

“Quebec and Ontario were the largest contributors to the decline in sales at the national level,” the agency said.

“The strongest decreases were observed in Newfoundland and Labrador, Quebec and New Brunswick. These three provinces had posted strong increases at the beginning of 2008, but have since

given back those gains.”

Prince Edward Island was the only province to post an increase — though only marginally — in November.

Passenger car sales fell 9.6 per cent to 64,887 units in November.

“The largest contribution to this drop was a 13.2 per cent decline in the sales of North American-built passenger cars, which reached their lowest level since September 1993.

“This includes passenger cars manufactured or assembled in Canada, the United States and Mexico,” Statistics Canada said.

Sales of overseas-built passenger cars declined 3.2 per cent, “continuing the downward trend started in March 2008,” the agency said.

Sales of trucks — including minivans, sport utility vehicles, light and heavy trucks, vans and buses — fell 4.3 per cent to 64,157 units after increasing in September and October.

IN BRIEF

FROM HERALD NEWS SERVICES



JPMorgan CEO Jamie Dimon

JPMorgan profit falls on writedowns

FINANCE • JPMorgan Chase & Co.’s fourth-quarter profit plunged 76 per cent as it wrote down bad loans, signalling even the bank that has avoided the worst of the credit crunch is struggling with the recession.

The bank turned a profit only because of special items; and after Moody’s Investors Service cut the bank’s debt rating one notch to AA3, its shares dropped as much as 4.5 per cent before recovering.

The bank said fourth-quarter net profit dropped to \$702 million US, or seven cents per share, from \$3 billion, or 86 cents per share, a year earlier. Revenue fell 0.9 per cent to \$17.2 billion.

JPMorgan chief executive Jamie Dimon said last month the bank had suffered in November and December, citing what he called the “normal culprits”: mortgages, junk bonds, and loans funding buyouts.

Forzani Group’s holiday sales slump

RETAIL • Total retail sales on a same store basis for Calgary-based Forzani Group Ltd. during the recent holiday shopping season were down 1.8 per cent for the 10 weeks ended Jan. 11.

In reporting results Thursday, the country’s largest retailer of sporting goods said corporate same-store sales decreased 4.3 per cent while franchise retail same-store sales were up three per cent.

“These sales results are less than we had planned,” said Bob Sartor, the company’s CEO, in a news release, “but in light of the challenging North American retail environment, our holiday season sales were satisfactory.”

— Mario Toneguzzi, Calgary Herald

Delta Air Lines seeks 2,000 buyouts

TRAVEL • Delta Air Lines Inc., the world’s largest carrier, is targeting about 2,000 more job cuts through buyouts to counter a slump in travel demand.

Chief executive Richard Anderson gave the figure in an interview Thursday in Tokyo in which he reiterated plans to trim 2009 seating capacity by as much as eight per cent. The payroll reduction would be about 2.7 per cent of Delta’s 75,000 workers.

“We’re expecting a number around 2,000 because our capacity pull-down is going to be in the six to eight per cent range,” Anderson said. “We will know more towards the end of this month” when employees must decide whether to take the buyout.



Richard Anderson

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