



Dean Bicknell, Calgary Herald

Lower building costs and a competitive market have combined to make it easier for buyers to afford a home in Calgary.

New homes in Calgary become more affordable

Building costs 'starting to come down'

MARIO TONEGUZZI
CALGARY HERALD

It's getting cheaper to buy a new home in the Calgary region.

Data released Wednesday by Statistics Canada suggests the prices of new homes here are continuing to fall.

The federal agency's New Housing Price Index indicated contractors' selling prices in the Calgary census metropolitan area declined 1.3 per cent for new homes between November and December. On a year-over-year basis, prices fell by 4.3 per cent from December 2007 to December 2008.

The peak for year-over-year overall change in new home prices was in August 2006 at 60.6 per cent for the Calgary market.

"The cost of building a house is

starting to come down," said Lai Sing Louie, senior market analyst in Calgary for Canada Mortgage and Housing Corp. "It's a very competitive market, so this is driving the costs down. Actually, this is a benefit for someone looking for a new house now. For the first time in a while, buying a new home is relatively less expensive than it was a year ago."

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

Louie said the house-only component of new home prices in the Calgary area fell by 8.4 per cent from December 2007 to December 2008, while the land-only component rose by four per cent.

"The house component has been slipping each and every month since about April," he said.

The December year-over-year percentage changes in new house prices in the Calgary CMA over the past few years were: 3.7 per cent in 2004; 18.8 per cent in 2005; 42.4 per cent in 2006; and 6.0 per cent in 2007.

For Alberta, new home prices declined by 6.1 per cent across the province from December 2007 to December 2008. Louie said that comprised a 10.5 per cent drop in the house-only component and a 3.2 per cent increase in the land-only component. In Edmonton, the year-over-year overall drop was 8.2 per cent — the largest decline in the country.

Statistics Canada said the 12-month decreases in Alberta's two major markets were "a result of slow market conditions in both cities."

Edmonton also saw a 0.3 per cent monthly decrease from November to December.

New home prices dropped by 0.1 per cent across the country in December, which was the third consecutive monthly decrease at the national level, which has not occurred since the beginning of 1996, said Ian Pollock, economics strategist with TD Securities.

On a year-over-year basis, prices in Canada increased by 0.4 per cent in December, a slower pace than the 0.7 per cent advance recorded in November.

Among surveyed cities, the largest year-over-year increase was registered in St. John's (24.4 per cent) followed by Regina (21.7 per cent).

"On balance, while this report was slightly stronger than the market consensus, it is indicative of a cooling housing market," said Pollock. "It is universally expected that Canadian home prices will continue to retreat in the foreseeable future, though there is a silver lining here. We know that housing starts declined by 9.3 per cent year-over-year, suggesting a reduced amount of new inventory hitting the market."

"The lack of supply coupled with falling prices will eventually work together to create a more stable price environment. Compared to the U.S., the Canadian housing market is not nearly in as bad shape."

In December, the land-only component was up 2.7 per cent across the country compared with December 2007, while the house-only component fell by 0.7 per cent.

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Agrium pinning hopes on rebound in spring demand

LISA SCHMIDT
CALGARY HERALD

Agrium Inc. says an expected rebound in demand for its fertilizer products this spring should stave off further production cuts and layoffs at its plants.

The Calgary-based firm said Wednesday that profits fell nearly 30 per cent in the fourth quarter after inventories of its fertilizer products piled up while sales slid as farmers put off purchases, hoping for lower prices.

Agrium, the third-largest fertilizer maker in North America, has already slashed potash production and may consider layoffs if sales don't improve.

"We match our production to our sales; we don't do it in the reverse fashion," chief executive Mike Wilson said on a conference call to discuss the company's results.

"Our production has been throttled back about 50 per cent. We have not laid off anyone at this point. We have not shut in our plant totally at this point, but if sales don't strengthen we would likely do that," Wilson told analysts on a conference call.

Job cuts announced at Agrium's potash mine in Saskatchewan have been pushed back one month on the prospect markets will rebound in March. The company issued precautionary layoff notices in December to 380 employees at the mine located about 30 kilometres southwest of Saskatoon.

Agrium has restarted production at its Fort Saskatchewan nitrogen plant after a complete shutdown in December. All of its other nitrogen and phosphate plants across North America are now running near full production after reductions last fall, said spokesman Richard Downey.

Fertilizer companies have been curtailing production around the world to cope with falling demand, analysts said. Rival Potash Corp. of Saskatchewan cut production by about 15 per cent at the start of the year, in what is seen as an attempt to bolster pricing.

The supply cuts could make for a good spring for the fertilizer sector, said Ray Goldie, a Toronto-based analyst with Salman Partners.

"To have a combination in a rebound in demand and tight supply is excellent for prices," he said.

"Not so good if you're a farmer because you've got to pay more . . . and you may have trouble getting supply."

Agrium expects farmers to try to optimize yields to cash in on strong crop prices, boosting demand for fertilizer products this spring.

As well, a late harvest meant some producers couldn't apply products last fall and deferred purchases.

"We believe the reduced crop nutrient use experienced over the past four months is not sustainable and that it will ultimately impact grain production and support crop prices and crop input demand," Wilson said.

Crop prices have retreated from last summer's highs amid concerns that the global economic downturn may trim demand for food, animal feed and biofuels. Wheat futures are down about 60 per cent from records set a year ago as production is expected to hit record levels.

Agrium said the lower returns in the fourth quarter capped off a record year of profits for the company.

The company earned \$124 million, or 79 cents a share, in the final three months of 2008, compared to \$172 million, or \$1.24 a share. The results were ahead of most analysts' expectations.

For the year, profits reached \$1.3 billion, tripling the record of \$441 million set the previous year.

Agrium shares rose \$1.20 to \$47.21 a share on the Toronto Stock Exchange on Wednesday.

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IN BRIEF

FROM HERALD NEWS SERVICES

Higher Coca-Cola profits see shares jump 10%

BEVERAGES • Coca-Cola Enterprises Inc. reported a higher-than-expected quarterly profit on better margins and affirmed its 2009 outlook, sending the bottler's shares up 10 per cent.

The largest bottler of Coca-Cola Co. drinks cited a modest improvement in North American profit trends, which probably benefited from price increases.

The company raised prices in September and was therefore able to offset a 9.5 per cent increase in quarterly costs for raw materials, which include aluminum, corn and plastic.

Company executives said on a conference call that they had raised prices again in North America in the current quarter, as the bottler seeks to offset the impact of the strengthening U.S. dollar.

Coke Enterprises said the stronger dollar, which depresses the value of overseas sales, will now reduce 2009 earnings by 20 cents per share, up from its prior forecast for a 15-cent impact.

The company reported a net loss of \$1.45 billion, or \$2.99 per share, compared with a year-earlier net profit of \$158 million, or 32 cents per share.



A BlackBerry Storm smartphone.

RIM shares down 15% on sales fears

ELECTRONICS • Investors may have "overreacted" to fears Research In Motion Ltd. will report lower-than-expected sales for its upcoming quarter after the company provided mixed guidance, sending its shares down more than 15 per cent on Wednesday, analysts said. RIM said it expects to report its fourth-quarter profit will land in the mid-range of what the company originally provided guidance for in December, even though holiday season sales rose 20 per cent above expectations. The company now expects to report about 3.5 million new subscribers, up from 2.9 million.

BCE posts loss, but hikes dividend

TELECOM • BCE Inc., reporting for the first time since the Ontario Teachers' Pension Plan's \$52-billion privatization failed late last year, said Wednesday it is raising its annual dividend by five per cent to \$1.54 despite posting a fourth-quarter loss of \$48 million.

"This is to show our commitment to return cash to shareholders through consistent and sustainable dividend increases," BCE said.

In a conference call with analysts, Montreal-based BCE, Canada's biggest telecommunications group, detailed the internal overhaul it undertook while grooming itself for privatization, including a new performance-based bonus and cutting non-core assets.



Charles W. Berard
1954-2009

The Members of the Board of Directors, Management and Employees of Connacher Oil and Gas Limited wish to extend their sympathy to the members of the family of Charles Berard on their recent loss.

Charlie was almost a founding member of the Board of Directors of Connacher Oil and Gas, joining the Board in 2001 when the company was reconstituted with an extremely modest asset base.

During the ensuing eight years, he participated in the company's rapid growth and its pioneering involvement in the development of its Great Divide oil sands project. With both his engineering and legal training, Charlie always had another question about projects or process and these were always tendered in an inquiring rather than judgmental manner. He wanted to make sure we got things right, consistent with his personal approach to his career, his life and his family.

He served as Chairman of our Governance Committee, a duty well aligned with his legal training and his commitment to good business practices by all the companies with which he was involved. He also served as Chairman of our Health, Safety and Environment Committee, matters of great concern to him. He participated actively and with interest in company functions and was an ambassador for us within the business community. His colleagues at Macleod Dixon who worked on our files inherited the same sense of commitment and we always knew that Charlie, if not directly involved in a transaction, was somehow, somewhere in the background providing guidance and enthusiastic support. That was his way.

We will miss him. In his honor, we will be making a donation to the Canadian Cancer Society.



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Congratulations to HRAC's 2009 Prestige Award Recipients

The HRAC would like to congratulate its 2009 Prestige Award Recipients, presented to individuals who demonstrate leadership within the Human Resources Profession. We are fortunate to have such tremendous talent in the Calgary market and are proud to honour these individuals. We extend our sincere thanks to the organizations who have sponsored these awards.



Conroy Ross Partners Ltd. • Award of Excellence
Recognized by peers and colleagues for demonstrating significant contribution to the HR industry

Laurie Maslak, CHRP
Alberta Health Services



HRAC Volunteer • Award of Excellence
Recognized by peers and colleagues for contributing to the success of the HRAC

Gerry Bowland, CHRP
SAIT Polytechnic



Knightsbridge • Rising Star Award
Recognized by peers and colleagues for continued growth with the HR profession

Kimberley Humphreys
Alberta Health Services



Right Management • Strategic Innovator Award
Recognized by peers and colleagues for new and innovative approaches in the HR profession

Rosemary Knopp
MCF Housing for Seniors



The Human Resource Association of Calgary (HRAC), is a not for profit association dedicated to the advancement of human resource management. The membership consists of business, education, and government professionals who are engaged in a broad scope of human resource activities.

HRAC is proud to be hosting General (Ret) Rick Hillier as our keynote speaker at our annual major spring event. For more information on this event and to register visit our NEW website at www.hracc.org

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