

IN BRIEF

FROM HERALD NEWS SERVICES



Antoine Antoniol, Bloomberg
Air France and KLM have admitted breaching competition rules and face hefty fines.

European airlines facing competition charges in Canada

TRANSPORT • European airlines Air France and KLM face potential multimillion-dollar fines after admitting they both participated in a conspiracy to set surcharges on cargo flown out of Canada.

In documents filed in the Federal Court of Canada last week, the airlines admitted they breached competition rules by conspiring with other airlines to apply fuel and other surcharges on cargo shipments between 2002 and 2006.

Air France and KLM are subsidiaries of Air France-KLM. The French and Dutch flag carriers merged in 2004.

The Competition Bureau and the airlines will be making joint submissions on penalties, the documents show, and have asked for court time on June 26 to present them.

Also filed in court was a third statement by KLM subsidiary Martinair Holland N.V. containing similar admissions, but which has not been signed by the airline.

The Canadian court action comes after the three carriers, along with Cathay Pacific and SAS Cargo, pleaded guilty to fixing prices on cargo in the U.S. last July.

Super Drug Mart to change name

PHARMACIES • Super Drug Mart is rebranding its stores, starting with a new big-box pharmacy to open in Airdrie next month.

Paragon Pharmacies Ltd. operates 10 Alberta pharmacies currently operating as Super Drug Mart.

An 8,000-square-foot store will open in July in Airdrie's Towerlane Mall under the new Paragon brand, the company said Tuesday.

Eight other Super Drug Mart locations in Alberta will also convert to the Paragon Pharmacy moniker in the next few months.

Productivity rises unexpectedly

ECONOMY • Canadian workers' productivity rose unexpectedly in the first quarter of this year as the economic downturn cut into both production levels and hours works.

Statistics Canada said Tuesday that labour productivity — the measure of employee output per hour — edged up 0.3 per cent between January and March.

Economist had expected productivity to drop by between 0.3 per cent and 0.4 per cent in the first quarter.

PURCHASERS' EXPECTATIONS HIGH



Herald Archive, Getty Images

Nearly half of first-time homebuyers list affordability as a top concern in a survey by Coldwell Banker, but the real estate firm noted fewer purchasers are looking to buy fixer-uppers.

First-time homebuyers fuel real estate market

MARIO TONEGUZZI
 CALGARY HERALD

First-time homebuyers are primarily concerned with affordability when choosing a new home, but their expectations may be too high relative to their buying power, says a survey by real estate firm Coldwell Banker.

The survey was conducted among the company's brokers and sales representatives in markets across North America.

Nearly half of the survey respondents reported that affordability was the top concern for first-time homebuyers, but 82 per cent of this group also consider move-in conditions to be very important when searching for homes.

Only seven per cent are looking to buy fixer-upper homes they could buy at a lower price and renovate themselves.

"In the past, first-time home buyers were willing to purchase older, more basic houses in an effort to save money and break into home ownership," said John Geha, president of Coldwell Banker Canada.

"Today, this group has greater home expectations because they have grown up accustomed to their parents' lifestyles. It is important for first-time homebuyers to remember that by considering a fixer-upper for their first home purchase, they can build equity over time and move up and into a second-stage home that better reflects their expectations."

Bonnie Wegerich, president of the Calgary Real Estate Board, said the spring market has received an added boost from a growing number of first-time buyers.

In May, homes in Calgary priced at

CALGARY MAY MLS SALES

| Price Category | Sales | % of total sales |
|---------------------|-------|------------------|
| Single-family homes | | |
| \$100,000-\$199,999 | 10 | 0.6% |
| \$200,000-\$299,999 | 207 | 13.1% |
| \$300,000-\$349,999 | 313 | 19.8% |
| \$350,000-\$399,999 | 331 | 20.9% |
| \$400,000-\$449,999 | 261 | 16.5% |
| Condominiums | | |
| \$100,000-\$199,999 | 108 | 16.5% |
| \$200,000-\$299,999 | 371 | 56.8% |
| \$300,000-\$349,999 | 89 | 13.6% |

Source: Calgary Real Estate Board

\$400,000 or less accounted for nearly 70 per cent of all MLS sales.

Wegerich said pent-up demand has been building and many first-time homebuyers are taking advantage of affordable prices, record low interest rates and federal government housing incentives.

According to 29 per cent of Coldwell Banker brokers and sales representatives surveyed, first-time homebuyers were more concerned with down payments 10 years ago than anything else, while only 23 per cent said this is the biggest concern in today's market.

Some other key findings from the survey include:

- 70 per cent of respondents said first-time homebuyers are looking for larger homes than they were 10 years ago;
- 38 per cent said proximity to work is the top priority for first-time buyers;
- 33 per cent said investment is the top reason for first-time buyers in

making their purchase; and
 ■ 46 per cent said first-time buyers look at five to 10 homes on average before making their purchase.

Geha said because interest rates are low and prices are down, people should remain patient and not try to overextend themselves.

"We love and welcome that first-time homebuyer, obviously, because it does stimulate the economy, but we also don't want people to go back to old behaviours that have hurt buyers in the past where they overbuy and then — I hate to use this term — but they become house poor," he said.

"Our recommendation is to be cautious. Buy. Get into the market, because the rates are historically low and prices in the Alberta market are down. But also be patient because the value of the home is going to increase and you're going to be able to move up if you're smart through the process."

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Alberta exports take beating

LISA SCHMIDT
 CALGARY HERALD

Alberta's exports are off to a rough start in 2009, falling nearly one-third from last year's levels as energy prices dropped, provincial figures released Tuesday show.

The value of the province's exports fell 30 per cent to \$17.8 billion in the first three months of the year from the same period a year ago. Energy products also contributed to a drop in volumes, which fell nearly seven per cent.

It's a much slower pace than the past couple of years, when soaring oil and gas prices pushed Alberta's exports to record levels.

Crude oil exports fell more than 40 per cent to \$5.6 billion on both lower volumes and prices. Oil prices averaged \$43 US during the quarter, down more than 50 per cent from the same period a year ago.

Exports of natural gas dropped 30 per cent to \$5.3 billion, following a similar drop in prices.

Trade with most of Alberta's key markets was down during the first quarter with shipments to the U.S., the province's top export market, falling by nearly one-third. Shipments to China dropped about 50 per cent from the same period last year.

Export Development Canada has forecasted Alberta's exports will shrink more than 35 per cent this year as falling energy prices take their toll on the province.

U.S. housing rallies from record lows

LUCIA MUTIKANI
 REUTERS
 WASHINGTON

New U.S. housing starts and permits surged in May from record lows, while producer prices rose at a slower pace despite higher gasoline prices, boosting prospects for the economy's recovery from recession.

The Commerce Department said Tuesday that housing starts jumped 17.2 per cent to a seasonally adjusted annual rate of 532,000 units, as groundbreaking for multi-family units surged 61.7 per cent after falling 49.4 per cent in April.

A separate report from the Labor Department showed prices paid at the farm and factory gate increased by 0.2 per cent versus a 0.3 per cent April rise. Prices compared with a year ago notched their steepest falls since 1949.

U.S. stock indexes were slightly higher, while Treasury debt prices extended losses and the U.S. dollar fell against the euro.

"It's a sign that housing is stabilizing, but it's too early to say that we've seen the bottom," said Gary Thayer, senior economist at Wells Fargo Advisors in St. Louis.

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