

Province's real estate sales reach record levels in 2005

MLS | Unit sales expected to slow this year as interest-rate hikes cool demand throughout market

BY DERRICK PENNER
VANCOUVER SUN

British Columbia's total 2005 real estate sales topped out at a record 106,290 transactions worth some \$35.3 billion, the highest value of property transfers ever in the province, according to the B.C. Real Estate Association.

The association tracks sales recorded through the realtor-driven Multiple Listing Service. Those sales show that B.C., in just the first 11 months of 2005, broke the previous record set in 2004 for the number of total transactions in a year.

In a report issued Tuesday, the association said 2005's 106,290 transactions were 10-per-cent higher than the 96,352 sales in 2004. The value of those transactions, at \$35.3 billion, was 26.8-per-cent higher than in all of 2004.

"[It was] not a surprise that 2005 was a record year in terms of the resale market," Carol Frketch, regional economist for the Canada Mortgage and Housing Corp., said in an interview.

Frketch added that long-term mortgage interest rates

B.C.'s selling points

B.C. real estate boards reported an overall 10.31% increase in residential unit sales in 2005 over 2004, and only one board, Powell River, reported a drop in unit sales.



Source: B.C. Real Estate Association

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averaged lower than in 2004, and with job growth and wage gains across B.C., "that definitely fed through into real estate markets."

"People were feeling confident, and the demand was there," she said.

Around B.C., the Northern Lights Real Estate Board, in the northeast's booming oil and gas

region, saw the biggest gain in unit sales. Its 611 total sales in 2005 represented a 31.4-per-cent gain over 2004.

The B.C. Northern Real Estate Board, which includes Prince George, saw 5,130 transactions, which is a 16.8-per-cent gain over 2004. The Fraser Valley's 20,128 2005 sales were 16.9-per-cent higher than

a year earlier.

Dave Barclay, president of the B.C. Real Estate Association, said that increases in sales and prices might not continue as steeply as they have in the past, but the market still seems to be busy.

"People seem very comfortable with the economy, they seem to have lots of confidence

and there are not an awful lot of negative thoughts," Barclay said.

Frketch, however, is projecting that the number of new real estate listings in many markets will rise to put supply into more balance with demand during 2006, and mortgage interest rates that began to climb late last year to cool sales.

Credit Union Central B.C. chief economist Helmut Pastrick noted in his Weekly Economic Briefing of Jan. 6 that higher interest rates had caused monthly sales, on a seasonally adjusted basis, to slow from a high of 3,941 in August of 2005 to 3,261 in December.

Pastrick characterized the situation as a "mini-correction" that would stabilize as interest-rate increases stop.

Frketch added that "2005 could well be the peak in terms of resale activity."

"Given that interest rates are now rising, and we're coming off a very solid year in terms of economic growth and job gains, it's not hard to understand that things will slow, and that's not a bad thing."

She is forecasting that B.C. real estate sales will reach about 95,000 units in 2006, with prices to increase across the province by an average of six to seven per cent.

Frketch said that at over 100,000 transactions, B.C. accounted for about a fifth of all real estate resales in Canada, and even with a decline, "resale markets will remain very active."

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Telus gets head start with charity board 2006

BY PETER WILSON
VANCOUVER SUN

LOWER MAINLAND | Following a highly successful soft launch of its Vancouver Community board — during which \$500,000 was given to charitable organizations in 2005 — Telus announced Tuesday that it would be adding \$500,000 in annual funding for Lower Mainland groups.

Board member and retired Telus CEO Don Calder said the number of applications for funding last year, in which 34 charities were given grants to a maximum of \$20,000 each, was a surprise.

"The only real publicity has been either by word of mouth or through the Internet," said Calder. "And we were swamped with applications and proposals right from the get-go, and we didn't have any trouble allocating the total amount of the money."

Calder said the board already has a head start on this year, since it had several worthy proposals left over that it will offer funding to in 2006.

He said that the \$20,000 upper limit on grants meant that one or two projects wouldn't consume the entire amount of the annual budget.

"We're trying to attract the newer, smaller, more innovative projects at a starting level and also to use the Telus fund to go and look for matching funding or use our money to leverage into bigger funding rather than that becoming totally dependent on Telus."

Further information about the Telus Community Board can be found at www.telus.com/community.

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Non-residential construction reaches \$3.86 billion, Statistics Canada reveals

BUILDING | Nationally, \$30-billion barrier broken for the first time, due to gains in B.C. and Alberta

BY DERRICK PENNER
VANCOUVER SUN

Non-residential construction investment in British Columbia saw a big gain in the fourth quarter to push up total 2005 spending to \$3.86 billion, a 25.8-per-cent increase from 2004, Statistics Canada reported Tuesday.

Nationally, Statistics Canada reported that non-residential construction broke the \$30-billion barrier for the first time ever, largely due to big gains in B.C. and the oilsands-fuelled economy of Alberta.

Industrial, commercial and institutional construction in Canada reached \$31.2 billion in 2005 up 7.7 per cent from 2004, and was the fifth consecutive

year of new records.

In its report, Statistics Canada noted that B.C. and Alberta accounted for more than three-quarters of the gain in 2005 non-residential construction investment for all of Canada.

In B.C., Greater Vancouver saw the biggest piece of the province's increase in non-residential construction.

Greater Vancouver saw \$672.5 million worth of new non-residential projects started in the fourth-quarter of 2005 bringing the total value of non-residential construction for the entire year to \$2.33 billion, a 41-per-cent increase over 2004.

Keith Sashaw, president of the Vancouver Regional Construction Association, said a positive sign in the Statistics

Canada numbers was that the gains were spread across all components of non-residential construction from industrial to institutional, which includes hospital and school construction.

Industrial construction in Greater Vancouver took off some 160 per cent to hit \$339.3 million in 2005 and institutional construction jumped 64.6 per cent to \$523.9 million. Commercial construction posted the smallest gain at 22 per cent, but at \$1.47 billion, accounted for almost two-thirds of all the spending.

Province wide, the \$637.8 million in industrial construction represented a 41.6-per-cent increase from 2004 and the \$950.3 million in new institutional construction spending was 42.7 per cent higher than in 2004.

Spending on new commercial construction across B.C.

was up 16.5 per cent at \$2.27 billion, which represented 58 per cent of all non-residential construction.

Sashaw said the construction sector expects 2006 to be busier than 2005 when it comes to non-residential projects.

"The word I'm hearing from [association] members is that they're tendering more jobs, more jobs are closing and the level of activity at the architects in terms of working on new projects [is increasing]," Sashaw said.

He added that the availability of skilled tradespeople is becoming a concern, but does not expect labour shortages to dampen the pace of activity in 2006. Sashaw said companies are doing a good job of working with project owners to set "realistic schedules" for completion, and have been able to recruit many new workers.

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Big build-up

Investment in non-residential construction in Greater Vancouver was up 41.1 per cent over 2004, to \$2.33 billion, according to the Vancouver Regional Construction Association's report on Statistics Canada's figures for 2005.

Greater Vancouver non-residential construction spending, 2005

Industrial: +160.5 per cent to \$339.4 million

Institutional-government: +64.6 per cent to \$523.9 million

Commercial: +22.0 per cent to \$1.47 billion

Source: Vancouver Regional Construction Association/Statistics Canada

Minerals meet expected to attract record crowd

BY SCOTT SIMPSON
VANCOUVER SUN

EXPLORATION | B.C.'s mineral exploration community expects turnout at next week's mining conference to set a record amid soaring commodity prices.

Attendance at the four-day Mineral Exploration Roundup conference is expected to surpass last year's record crowd of 5,200, according to a news release from the Association for Mineral Exploration British Columbia (formerly the BC & Yukon Chamber of Mines).

The event is annually billed as the world's "largest technical mineral exploration conference" and is expected to draw participants from 29 countries.

"The mineral exploration sector is experiencing one of the most buoyant markets we've seen in years," said conference chair Randy Turner, president and CEO of Diamond X Resources Ltd., in an AME BC news release. "There's a tremendous amount of enthusiasm in the industry and for good reason."

AME BC executive director Dan Jepsen described 2005 as the best year for British Columbia's mineral exploration sector in a decade.

"With the amount of money raised by exploration companies and the number of people working in the sector, this could very well be the year we see some major mineral discoveries."

The conference is bringing in several top multinational mining company executives as keynote speakers and will also look at recent industry developments and discoveries in B.C. and Canada, as well as building improved relationships with first nations.

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AnorMED called potentially very valuable

From DI

Under the Canada Business Corporations Act, Baker's holdings give it the right to demand the special general meeting and AnorMED board chair David Scott said a date for the shareholders' meeting will be set when the directors meet in the next few days.

At stake is control of a company that has seen its market capitalization climb to \$250 million in recent weeks, with investors encouraged by progress in its pipeline of therapeutic hematology, HIV and oncology products. The salvo is the latest outbreak

in a long-simmering dispute in which Felix Baker, a director of AnorMED, parted ways with the board over a recent financing that saw the company raise \$34.5 million Cdn in a stock offering priced at \$4 a share. In the weeks following the offering, which closed in December, the stock rose on the Toronto exchange to \$6 and Tuesday it climbed to a high of \$6.51 before closing at \$6.11. Its 52-week low is \$3. The stock also trades on the American Stock Exchange.

In a letter to board chair David Scott, Felix Baker alluded to the offering dispute but said his concerns with the board go beyond

that.

"As I have stated to you and other directors, I have lost confidence that the current board of directors of AnorMED will act to make decisions that are in the best interests of the shareholders," Baker wrote Scott, adding, "my concern is not based solely on the very serious issue I had with the board's decision-making process in connection with the recently completed financing, although that certainly crystallized my concerns as to board oversight and process that had been developing over time."

"I continue to believe that the company is potentially very valuable and underappreciated, and am deeply concerned that management and the board make decisions motivated by desires other than maximizing shareholder value."

In an interview, Scott said the board was only aware of Baker's unhappiness with the recent financing, which he said Baker wanted done as a rights offering backstopped by Baker Brothers.

"It was a very successful financing and we are confident we made the right choice."

Although Baker has referred to other issues giving rise to his loss of confidence in the board, Scott said the board isn't aware of what

those issues are. "We are to some extent still a little bit in the dark as to why Felix is following this course of action," he said.

"We have to find out what he is looking for but I think that he says he's interested in the welfare of the shareholders of AnorMED and if so that is at least one thing we have in common."

"The entire board, the other part of the board that Felix seems to want to do away with according to what I have read, is very, very firmly committed to trying to improve the value of AnorMED for the benefit of all the shareholders."

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Small Business Accounting Lesson #17

Mary Brittain
- The Cottage Gardener



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