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CALGARY BUSINESS

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Housing starts continue to climb

Land shortage hits buyers of detached homes

MARIO TONEGUZZI
CALGARY HERALD

Total housing starts in the Calgary metropolitan area increased in April over last year, thanks to a nearly 90 per cent jump in the multi-family market, but single-detached starts continued their slide compared to last year's record high.

Affordability of single-detached units as well as a shortage of available land for developers are becoming key issues in that market.

Multi-family housing starts, composed of semi-detached units, rows and apartments, totalled 601 units last month compared with 318 in April 2006 — a hike of 89 per cent. That helped total housing starts for the month increase by 6.5 per cent from 1,286 last April to 1,370 this year. However, single-detached starts dropped 20.6 per cent — 769 this year and 968 in April 2006.

Year-to-date, single-detached starts are down 28 per cent from the same period last year while multiple starts are down one per cent for an overall decline of 19.2 per cent in starts.

Don Davies, president of the Calgary Region Home Builders Association, said the drop in single-detached units is not surprising, considering 2006 was a record year and affordability has become an issue.

"As expected the market's to

be a little bit slower this year than last year," said Davies. "And more people are looking at multi, condominium accommodations just because it's more affordable. Affordability is an issue, for sure."

Another developing issue is land availability for builders.

"There's getting to be a shortage of serviced lots in Calgary, which will drive up the price," said Davies. "The builders are expressing concern that... it's going to get worse if we don't get some more lots available."

Deep Shergill, president of **Prominent Homes** and incoming president of the Calgary Region Home Builders Association, said the industry is becoming increasingly concerned about lot availability.

"There just aren't the lots that we might have had in the past years," said Shergill. "I think in a couple of years there will be more lots coming on because of annexation they've got done this past year..."

"But I think it's not going to get any better until about 2009, and even at that point I don't know. So there's going to be some pent-up demand between now and then. We won't be able to service all the demand."

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

Housing starts across the seven largest urban areas in Alberta increased from 3,284 units in April 2006 to 3,658 units in 2007, representing a gain of more than 11 per cent. Nationally, urban starts in April totalled 16,517 units, a decline of about seven per cent from the previous year.

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CALGARY CENSUS METROPOLITAN AREA HOUSING STARTS

	SINGLE	MULTIPLE	TOTAL
APRIL 2007	769	601	1,370
APRIL 2006	968	318	1,286
% CHANGE	-20.6	89.0	6.5
YEAR-TO-DATE 2007	2,486	1,658	4,144
YEAR-TO-DATE 2006	3,455	1,675	5,130
% CHANGE	-28.0	-1.0	-19.2

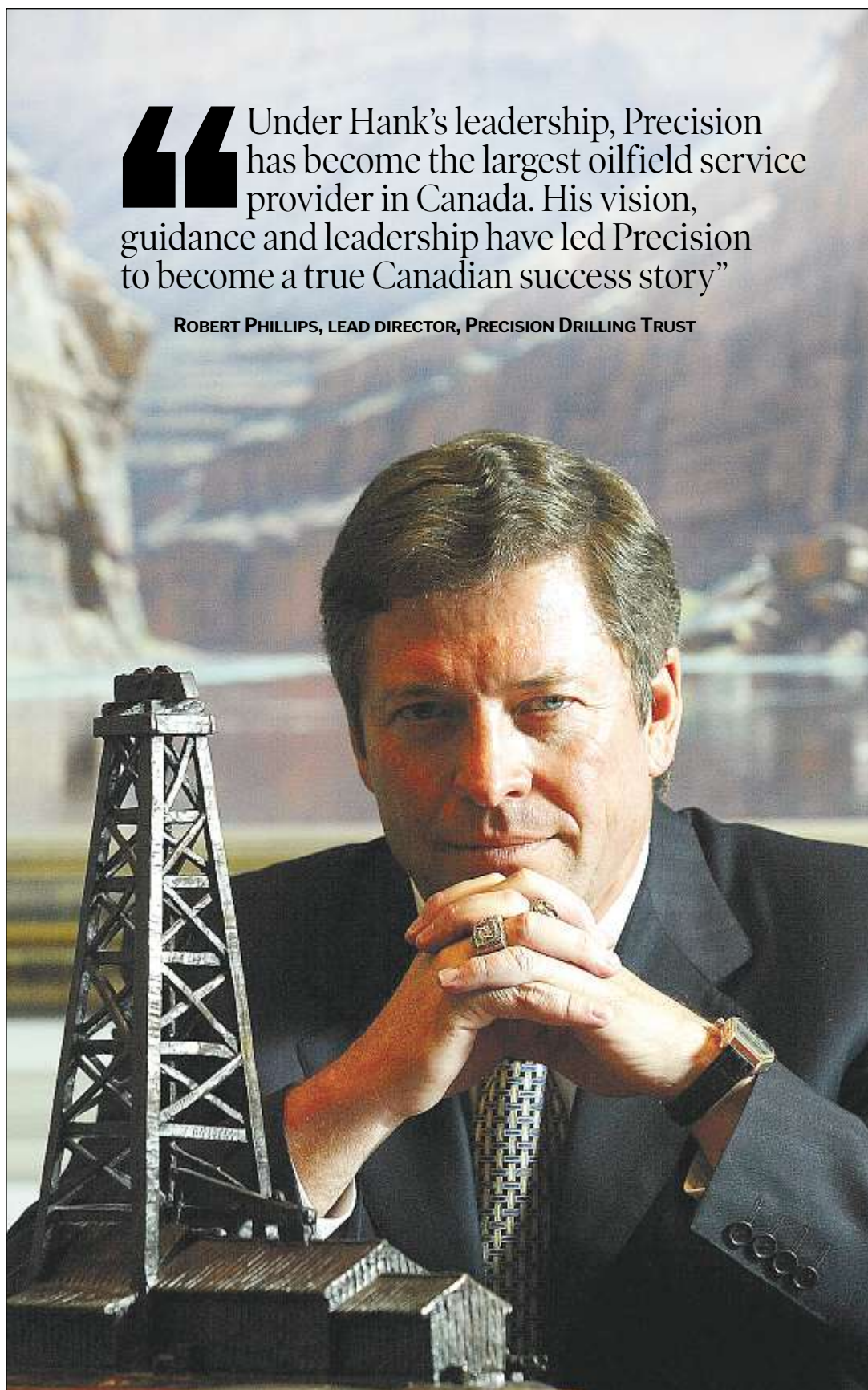


Source: Canada Mortgage and Housing Corporation
Photo: Calgary Herald Archive

SWARTOUT RETIRING

Under Hank's leadership, Precision has become the largest oilfield service provider in Canada. His vision, guidance and leadership have led Precision to become a true Canadian success story"

ROBERT PHILLIPS, LEAD DIRECTOR, PRECISION DRILLING TRUST



Hank Swartout's reverse takeover of Precision Drilling helped launch the company into the heights of the oil and gas service sector. He will remain in office until a replacement is found.

Precision Drilling's guiding force bows out

Swartout made company industry leader

SHAUN POLCZER
CALGARY HERALD

A colourful chapter of oil-patch history came to a close Tuesday with the retirement of **Precision Drilling Trust** executive chairman Hank Swartout.

Swartout, 56, will remain with the firm until a replacement is found, Precision said in a statement.

Speaking on behalf of the trust's board, lead director Robert Phillips vowed the transition to a new CEO would be seamless.

"Under Hank's leadership, Precision has become the largest oilfield service

provider in Canada. His vision, guidance and leadership have led Precision to become a true Canadian success story," he said.

Precision said Gene Stahl, the company's current president and chief operating officer, has indicated that he will not be putting his name forward for the position.

Swartout's retirement closes the book on a legacy that sprang from the wreckage of the National Energy Program in 1987, coinciding with a time companies went bankrupt as energy prices tanked.

Swartout — then president of a tiny service company called **Cypress Drilling** — engineered the reverse takeover of Precision Drilling Co., which had been operating in Alberta in various incarnations since 1951.

Over the next two decades, Precision embarked on a se-

ries of acquisitions that saw its fleet grow from three rigs to more than 475 drilling and service units, accounting for a bout a third of the contract drilling market.

"When Hank first started in the business, that was in a time period when activity levels were very low," recalls Don Herring, executive director of the Canadian Association of Oilwell Drilling Contractors.

"He took a sub-economic part of the industry and turned it into a powerhouse."

Herring said Swartout actively supported the association over the years, serving for a time as its chairman. Precision was always quick to volunteer employees to serve on the group's advisory panels and technical committees.

"He was always very generous that way."

SEE SWARTOUT, PAGE C14

MARGIN CALLS

McDonald's feasts on chicken

FAST FOOD • McDonald's Corp., which sold its first hamburger 52 years ago, says it now sells more chicken than **Kentucky Fried Chicken**.

"We are now the largest seller of chicken in the United States," said Bill Lamar, McDonald's U.S. marketing chief.

The company had chicken sales of \$5.2 billion in the 12 months through March, pushing it ahead of **Yum! Brands Inc.**'s KFC chain, McDonald's spokeswoman Heidi Barker said. Yum spokeswoman Amy Sherwood didn't immediately return a call seeking comment.

McDonald's, the world's biggest restaurant company, has bolstered sales growth since 2003 with higher-priced chicken sandwiches and a chicken snack wrap. Rising demand for the wrap in the U.S. and Europe helped McDonald's boost sales of older restaurants by 4.8 per cent in April, the company said today.

Adding chicken is part of McDonald's effort to broaden its menu and blunt criticism that it sells food high in calories and fat.

Gas discounts deemed illegal

COMPETITION • A Wisconsin service station that offered discounted gas to senior citizens and people supporting youth sports has been ordered by the state to raise its prices.

Center City BP owner Raj Bhandari has been offering senior citizens a two cent per gallon price break and discount cards that let sports boosters pay three cents less per gallon.

But the state Department of Agriculture, Trade and Consumer Protection says those deals are too good: they violate Wisconsin's Unfair Sales Act, which requires stations to sell gas for about 9.2 per cent more than the wholesale price.

Bhandari said he received a letter from the state auditor in late April saying the state would sue him if he did not raise his prices. The state could penalize him for each discounted gallon he sold, with the fine determined by a judge.

Bhandari, who bought the station in May 2006, said he's worried customers will think he stopped the discounts because he wants to make more money.

HERALD ENERGY



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