

Housing market roars into May

Sales volumes approach \$7 billion

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CALGARY HERALD

Total sales in the Calgary resale housing market this year until the end of May were nudging the \$7-billion mark, according to a report released Thursday by the Canadian Real Estate Association.

The report says MLS residential sales activity, new listings, average prices and dollar volume in Canada's major markets broke all previous monthly records in May.

During that month, the total dollar volume of resale transactions in Calgary was just over \$1.5 billion — an increase of 18.1 per cent from a year ago.

Also, the year-to-date (until the end of May) total dollar volume in the city was just over \$6.9 billion — a 33.1 per cent hike from the same period a year ago.

Ron Esch, executive vice-president of the Calgary Real Estate Board, said the booming city real estate market is taking place because of the "brisk economy" here.

"The interest rates are still moderately low. High employment. That's got to be the No. 1 factor," he said. "The rate of employment is so high... Let's face it. People are working. They've got money. They want a house. They want to buy a property."

"The huge commitments in the oil sands is enormous and such a long-term situation that it will continue to inspire confidence in the economy for a long time to come."

Nationally, May's total dollar volume increased by 23 per cent from May 2006 to just over \$14 billion while the year-to-date total is up 19.3 per cent to just over \$52.9 billion compared to the same period in 2006.

According to the Calgary Real Estate



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A report by the Canadian Real Estate Association says in Canada MLS residential sales activity, new listings, average prices and dollar volume in Canada's major markets broke all previous monthly records in May.

Board website on Thursday afternoon, the average sale price in the last 30 days for single-family homes in the city was \$490,046 with 1,805 homes sold during that period. There are currently 4,107 single-family home listings in the city.

In Calgary last year, total MLS sales hit 32,912 — the highest ever recorded. And Lai Sing Louie, the Canada Mortgage and Housing Corporation's senior market analyst for Calgary, recently said the local market is on pace to set a record for the number of sales in a year — the fourth consecutive year for a record.

Esch said a record is a possibility. "Things are still really, really strong but we're going into the summer months now and it's difficult to say what the momentum will be like," said Esch. "It's going to be great, no question about it. But will it be as good or set a record? I think the jury is still out

on that one."

The CREA report said MLS home sales activity in Canada's major markets was up 11.6 per cent year-over-year to 42,039 units in May. This was the first time in history that sales activity surpassed 40,000 transactions in one month.

Year-to-date transactions are up by 8.5 per cent from 2006 to 165,800 so far this year across the country.

"Activity broke all previous records in the first quarter and gained momentum in the second quarter," said CREA Chief Economist Gregory Klump. "The increase in transactions for the year-to-date suggests activity is on track to set a new annual record this year."

The CREA data for Calgary in May shows total sales dropped by 1.5 per cent from a year ago to 3,497 units, the average sale price jumped by 19.8 per cent to \$429,298, and new listings in-

creased by 45.1 per cent to 6,001.

Nationally in May, the average price increased by 10.2 per cent to \$333,524, and new listings jumped by 6.7 per cent to 63,165 units.

The CREA data for Calgary year-to-date shows total sales were up by 6.4 per cent from a year ago to 16,920 units, the average price soared by 25.1 per cent to \$408,821, and new listings increased by 34.6 per cent to 24,055 units.

On a national scale year-to-date figures show the average price up by 10 per cent from a year ago to \$319,321 and new listings 5.2 per cent higher to 271,057 units.

"Dramatic price increases and additional listings in Alberta's major markets are causing some buyers in that province to take a bit longer to make a purchasing decision," said Klump.

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IN BRIEF

FROM HERALD NEWS SERVICES

CPR expects profit hit due to Strike mudslides

RAILWAYS • Canadian Pacific Railway Ltd., the country's second-largest railroad, said a strike and mud-slides caused by melting snow may reduce second-quarter profit by as much as five cents a share.

Chief financial officer Michael Lambert made the comment at a transportation conference in New York.

Analysts had expected Canadian Pacific to earn \$1.10 a share, the average of 16 estimates in a Bloomberg survey.

The ice pack in Western Canada "is melting faster than we'd like," disrupting rail traffic, Lambert said. He also cited the strike by track-maintenance workers, who began returning to work late last week after a walkout that began May 15. Higher fuel costs also are affecting the company's results, he said.

SEC has no further questions for Open Text

FINANCIALS • Open Text Corp., a Waterloo, Ont.-based software maker, said the U.S. Securities and Exchange Commission has completed its investigation of the company's financial statements and has no further questions at this time.

The SEC informed Open Text by letter that it finished the review of the filings. They included the 2005 and 2006 annual reports and the report for the quarter ended Dec. 31.

Open Text trades on the Nasdaq in the U.S. and Toronto Stock Exchange in Canada.

IT hiring expected to slow in third quarter

SURVEY • Staffing firm Robert Half Technology said Thursday that hiring for information technology professionals in Canada will slow somewhat in the third quarter.

Based on interviews with 270 chief information officers of companies with 100 or more employees, the Robert Half said 12 per cent were planning to add IT staff next quarter while one per cent were anticipating cuts in this area. For the previous quarter, 19 per cent were anticipating hiring and two per cent were poised to cut.

In the latest survey, business growth was the reason most often given for adding IT staff, and networking was the job type most in demand.

U.S. homeowners facing eviction hit all-time high

SUBPRIME • The number of U.S. homeowners who face possible eviction because of late mortgage payments rose to an all-time high in the first quarter, led by subprime borrowers, as the economy grew at the slowest pace in four years.

The share of mortgages entering foreclosure rose to 0.58 per cent, including so-called prime loans made to the most credit-worthy borrowers, from 0.54 per cent in the fourth quarter, the Mortgage Bankers Association said.

27,000 Ford workers take buyouts, retirements

AUTOMAKING • Ford Motor Co., the second-biggest U.S. automaker, said 27,000 U.S. hourly factory workers have left the company since it offered buyouts and early retirements in 2006 to help stem losses.

There are about 10,000 workers who accepted the offers when they were extended in September and haven't yet departed, said Dearborn, Mich.-based Ford. On May 7, the automaker said that 25,000 had left.

Alberta's Pizza 73 taken over by Pizza Pizza

\$70M deal gives Eastern player entry to West

DAVID FINLAYSON
EDMONTON JOURNAL

It's been a slice, but they got an offer they couldn't refuse. Pizza 73 president Guy Goodwin said Thursday after Pizza Pizza acquired the Edmonton-based company for \$70.2 million.

"We feel it's a positive thing for the chain," Goodwin said.

"They've bought a successful brand and it will allow Pizza 73 to accelerate its growth plans. And the Alberta economy's on fire right now."

Pizza Pizza, which has 532 locations in Eastern Canada, was happy to step into the shoes of a company with individual outlet sales significantly above industry average in a super-competitive market, said Goodwin, who founded the company in 1985 with David Tougas.

Pizza 73 has 48 outlets in Alberta and

B.C., with sales of \$65 million last fiscal year, up from \$52.8 million and \$41 million the two previous years.

It had rebuffed approaches from other potential buyers, but the chemistry was good at the first meeting with Pizza Pizza, Goodwin said.

He was actually expecting the Ontario-based giant to approach them sooner. When it went public in 2005 it said it was looking for a western presence, and Pizza 73 and Panago were the only realistic targets.

Panago recently opened its first outlets in Ontario, and Quizno's is now offering flatbread pizza as the national food fight heats up.

Goodwin expects the merger will result in an expanded Pizza 73 menu. It currently offers 15 specialty pizzas, more than 20 toppings, two types of crusts and sauces, and six wing flavours.

Last summer Pizza Pizza introduced exotic flavours such as mango and steak, and test marketed chicken and rib dishes this spring.

Pizza Pizza chairman Michael Overs called it an ideal acquisition.

"Pizza 73 has achieved impressive



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Pizza 73 president Guy Goodwin, right, and vice-president Dale Moran had rebuffed previous offers.

growth and is a market leader in the Alberta QSR (quick service restaurant) pizza sector, and the Pizza 73 brand is well recognized throughout Alberta."

The deal includes the Pizza Pizza Royalty Income Fund acquiring the brand and other intellectual property of Pizza 73 for \$54 million, and the

Pizza Pizza operating company buying its Pizza 73 counterpart for \$16.2 million. An additional \$3 million will be paid next year if sales and profit targets are met.

The fund will issue 2.6 million units at \$9.15 each to help finance the deal, and has lined up credit facilities with two major banks. The Pizza 73 outlet partners group, and Overs as an individual, will also each buy \$3.5 million worth of units.

Goodwin, who will stay on as a consultant for at least a year, said he's proud of the innovations they brought to the industry, including being the first delivery chain in Western Canada to use a centralized call centre, and the first to embrace Internet ordering.

They also do not franchise their outlets, with each location a 50-50 joint venture between an independent operating partner and holding company Flying Pizza 73 Inc. That way the partner, who also pays no royalty fees, does not take all the risk.

"It's worked very well and I'm proud we were able to build significant wealth for our partners," Goodwin said.

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