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# REMEMBERING

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### CALGARY BUSINESS

Reports to be issued this week could signal the economic outlook for 2008

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# CITY & REGION

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## REAL ESTATE PRICE TRENDS



During this week, the Herald is catching up with some of the most interesting stories and personalities from the past year.



Realtor Christina Hagerty, in a penthouse condominium near downtown, expects "healthy growth" next year. Stuart Gradon, Calgary Herald

## Housing's 'incredible increase' dominated news in 2007

MARIO TONEGUZZI  
CALGARY HERALD

This year has been one of ups and downs for the Calgary residential real estate market, as the average price of single-family homes soared to \$505,920 in July, then dropped for three consecutive months before settling near the end of the year.

By the end of November, the average single-family home price was at \$462,134.

"I know it's hard to understand that it's come down 10 per cent, but in the grand scheme of things, we're still up 25 to 35 per cent from two years ago. Oh my gosh, is that ever an incredible increase," said Christina Hagerty, a real estate agent with Re/Max Realty Professional.

In fact, the year-to-date (to the end of November) average price for a single-family home in Calgary was \$473,551, an 18.37 per cent gain from \$400,069 recorded in the same period a

year ago. And sales were down just 1.85 per cent (17,592 in 2007 and 17,923 in 2006) compared with last year's record pace.

The same trend is evident in the condominium market. The average sale price of a condo year-to-date climbed by 20.73 per cent compared with last year — to \$316,948 from \$262,535. Sales were only off by 0.24 per cent — 7,844 units sold this year, 7,863 last year.

"I do feel strongly about the spring market, and next year will be healthy growth, again,"

said Hagerty. "All of those cranes aren't just for residential places. And with those (office) towers come jobs. . . . And everything points toward that Calgary is a good place to do business and to live."

Ron Stanners, president of the Calgary Real Estate Board, said the local resale market "took off with a bang at the beginning of the year and saw very rapid acceleration of prices."

SEE HOUSING, PAGE B4

## Council salaries up 15% in year

Three raises put aldermanic pay at \$92,000

COLETTE DERWORIZ  
CALGARY HERALD

Calgary aldermen will get another pay hike this week — their third salary increase in just over a year.

As of Tuesday, the 14 ward representatives on city council will receive a 4.38 per cent increase as part of an automatic hike tied to the average salary increase in Alberta.

Each alderman will now earn about \$92,000 annually.

The 2008 increase comes less than three months after aldermen received a six per cent boost in salary as part of a compensation report approved by council in 2006, and exactly one year after a 4.4 per cent hike tied to the Statistics Canada average salary increase for Albertans.

The pay hikes were recommended by independent committees set up to review wages after years of controversy over elected officials' pay hikes.

But the spate of increases over the past 12 months is drawing criticism from municipal unions and city hall watchers.

"These guys are trying to have it both ways," said Danielle Smith of the Canadian Federation of Independent Business. "They've got to choose one or the other."

Smith said she doesn't think anyone has a problem with annual pay hikes for politicians. However, she said, they shouldn't get both an annual cost-of-living increase and regular pay adjustments, suggesting council stick with the annual Statistics Canada numbers.

"They would then avoid these constant problems," said Smith, noting it raises questions for both the public and city unions.

CUPE Local 38 president Peter Marsden, who represents employees who work inside City Hall, called it a double standard.

"This is just one more indication that there are two sets of rules at city hall," he said, noting employees have barely kept up with the rate of inflation, while politicians and senior officials have outstripped it.

Most city unions received a 12 per cent wage increase over three years in the last round of contract talks. Another round of negotiations begins this year.

Aldermanic pay from 2003-08

■ **March 2003:** 11.7 per cent raise as part of a reclassification to full time (to \$60,000 annually; one-third tax free).

■ **January 2004:** 2.2 per cent cost-of-living increase

■ **January 2005:** 2.6 per cent cost-of-living increase

■ **January 2006:** 5.67 per cent cost-of-living increase

■ **January 2007:** 4.4 per cent cost-of-living increase

■ **October 2007:** 6.0 per cent raise as part of changes recommended by an independent committee; also removed one-third tax-free portion of salary\*

■ **January 2008:** 4.38 per cent cost-of-living increase

\* Salary changed to about \$88,000 annually with the removal of the tax-free portion.

Source: Herald archives

"The raises they get are a lot more than what my members get."

KEVIN GALLEY, CUPE LOCAL 37

Kevin Galley, president of CUPE Local 37, which represents outside workers, said the optics are bad for aldermen to get multiple pay increases.

"The raises they get are a lot more than what my members get," Galley said Friday.

With the 2008 hike, the compounded wage increase for aldermen is more than 15 per cent since last December and nearly 70 per cent higher than their salary in 2003.

Aldermen were reclassified to full time in March 2006, taking their salary to \$60,000.

While aldermen said the increases since then have been fair because they have been set by independent committees, others said they need to choose one method to set salary hikes.

"I think we should get them when elections happen," said Ald. Ray Jones, a member of the aldermanic office co-ordinating committee.

"It was determined by an independent body."

But Ald. Andre Chabot said he would prefer they stick with cost-of-living increases each year.

"It's kind of hard to say no," said Chabot, noting the cost of living in Calgary continues to rise annually.

However, both he and Jones voted against the six per cent adjustment last October.

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## Get cats licensed before Jan. 1

SARAH CHAPMAN  
CALGARY HERALD

As mandatory cat licensing comes into effect Jan. 1, pet owners appear to be split on their support for the feline fees.

While Ian Ward, a cat owner who lives in Chestermere, is exempt from Calgary's bylaws, he said he would have no problem licensing his cat if it were required.

"It wouldn't bother us, if it controls the cat population," Ward said.

"There are a lot of strays." If cats are not licensed by Tuesday, owners face a \$250 fine.

Calgarian Steph Schnell, however, said she doesn't think there is a cat problem in the city and would rather see the effort put into other programs.

### CITY WATCH

"I think it's kind of an extra tax grab," she said.

For pet stores such as Petcetera, the new bylaw won't affect them much, since it already licenses the cats that are ready for adoption.

Krystal Klein, who works at a northeast store, said that when Petcetera adopts cats from the humane society, the licences are processed right away.

According to Bill Bruce, manager of animal and bylaw services with the city, the new licensing has been a success, reducing euthanization rates

by 50 per cent.

"Lots more people are signing up," Bruce said.

"Before we started reminding people that the bell was going to toll, we were over 31,000."

Bruce hopes to have 50,000 to 60,000 licensed cats, going into the new year.

Cat licences can be obtained in person at the Animal Services Centre, online, by phone or at a financial institution.

The cost for licensing spayed or neutered cats is \$10, for unaltered kittens up to six months old the cost is \$15, and for unaltered cats it's \$30.

■ **Who's in charge?** Bill Bruce, animal and bylaw services, call 311.

■ **What's wrong with Calgary?** If you see something that needs to be improved in your city, call the Herald at 235-7433



Calgary Herald Archive  
Keeley Haight's cat Aladdin was the first tabby in the city to get a licence.

or e-mail us at citywatch@theherald.canwest.com.

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SCREAMING GOOD TIME



Colleen De Neve, Calgary Herald  
Sisters Giulia, 5, and Anna Moulant, 7, let out yelps as they appear to lose balance while tobogganing on a hill in Confederation Park during a chilly Sunday afternoon.

Canmore mayor's pay hiked as position deemed full time

TANYA FOUBERT  
FOR THE CALGARY HERALD  
CANMORE

Canmore's mayor will begin 2008 with a full-time job and an extra \$20,000 annual salary after council voted to pay the position more in recognition of the time commitment.

The raise, however, did not come without a lengthy debate, which Mayor Ron Casey removed himself from.

"I am going to take a walk on this," Casey said before leaving the chamber. "I do not want to be associated with the discussion."

Coun. Andre Gareau proposed the motion, saying the \$20,000 hike would more accurately reflect the mayor's responsibilities, and is comparable with what other municipalities pay for a full-time mayor.

For instance, Gareau said,

Wetaskawin's mayor is paid \$52,350 while Grande Prairie's earns more than \$70,000.

Gareau pointed out that Casey was paid a part-time salary this year of \$42,133 — even though the mayor works more hours.

"That is much too low for the time, stress and level of commitment," he said.

"It is even more critical to have a full-time, very active mayor in Canmore . . . especially during these critical development times."

Coun. Ed Russell did not support the motion.

"For us to do this now, I'm troubled by it," he said.

Coun. Jim Ridley said the appropriate time to budget salary increases for elected positions

is before an election, not after. He said if the salary had been appropriately increased earlier this year, maybe more people would have run for the position instead of Casey being acclaimed.

"The election could have taken a different turn," he said.

Ridley proposed a motion to make the raise effective January 2009, approximately midway through this civic term. The motion was defeated.

All council members receive a per diem for meetings and committees they attend outside of council. The previous increase to the mayor's salary was in 2004 to \$39,000.



Ron Casey

TANYA FOUBERT IS A REPORTER WITH THE ROCKY MOUNTAIN OUTLOOK

FROM BI  
HOUSING:  
'Anomaly'  
replaced  
by normal

"I think part of that was fuelled by some speculation and then, of course, the market slowed down a little bit (as the number of active listings rose)," Stanners said. "It's been coasting and slowing down ever since May. It's pretty level, now."

"I think this market is going to just continue on about the way it is into the new year, and I expect the new year to get a fairly good jump-start, again, just like it has in other years."

As for 2008, Canada Mortgage and Housing Corp. is forecasting overall MLS sales to drop by 4.2 per cent in the Calgary census metropolitan area and the average MLS price (combining single-family homes and condos) to increase by 7.7 per cent.

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

Lai Sing Louie, senior market analyst in Calgary for CMHC, said the first part of the year was a seller's market, with plenty of sales and prices rising. By March, year-to-date sales were more than 10 per cent above the record level of 2006.

Sales crested in March, he said, and then started to come down. In the first part of the year, he said prices were rising about 28 per cent year-over-year.

"Then supply started to come on very dramatically. We were looking at about 4,000 active listings in March. By May, there were 6,000 active listings and they were trending up until November."

The increasing supply really cooled the price growth as Calgary moved from a seller's market to a buyer's market. By the fall, active listings were dropping.

Looking into 2008, CMHC is projecting "moderation".

Don Campbell, president of the Real Estate Investment Network, said the Calgary resale housing market came back to reality in 2007.

"If you take a look at the actual number of units sold, 2003, 2004, 2005 and 2007 are all within a couple of hundred. (Last year) was an anomaly in both Edmonton and Calgary, and so all we're doing is coming back to the exact market that we've always had," Campbell said.

He is forecasting a 12 per cent price growth for Calgary in 2008.

The new home market also saw a cooling off this year compared with the blistering pace set in 2006.

The CMHC said the average price growth for new, single-detached homes in the Calgary census area will be \$475,000 in 2007, representing a 34.3 per cent increase from the year before, and it is forecast to rise another 15.8 per cent in 2008, reaching \$550,000.

The CMHC average prices are for "absorbed" homes, which reflect the price of a home when it is completed and moved into, but negotiated and priced before construction began.

Housing starts in the Calgary area have also dropped off dramatically compared with last year — an overall decline of 17 per cent. That includes a 24.9 drop in the single-detached sector and a 3.4 per cent decline in the multi-family area. The CMHC is forecasting housing starts to be another seven per cent lower in 2008 from this year's level.

Deep Shergill, president of the Calgary Region Home Builders Association, said 2007 has been a year to catch a breath. "We started out hot and heavy. We've seemed to have gotten slower than ever, but reality-wise, we're still the third-best year on record. So really, things are getting closer to normal," he said.

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Deep Shergill



everything from A to