

RESOURCES

Lumber industry taking axe to jobs

Housing slump, energy costs forcing cuts

CHARLES MANDEL
CANWEST NEWS SERVICE

The Canadian lumber industry is being chopped down at the knees. Mill after mill is shutting down, throwing thousands out of work from what analysts call "devastating" changes to Canada's forestry sector.

All agree the sector won't collapse but, moving ahead, forestry will likely look much different.

One of the hardest-hit regions is New Brunswick. In the past few weeks a number of major employers in the province's north permanently closed, putting at least 700 people out of work.

In the past year and a half, the Atlantic Canada forestry sector has lost 5,000 jobs or nearly a quarter of its workforce, most of them in New Brunswick. And for the first seven months of 2007, exports of lumber and other wood products dropped by more than 30 per cent.

At fault is the American housing market and the subprime loan crisis south of the border. With the U.S. housing market coming to a standstill, New Brunswick's lumber isn't needed in the south.

If that was the only factor, it might be possible for the region's industry to ride out the tough times. But everything from cheaper lumber imports from South America to high energy costs domestically has cut Atlantic Canada's forestry sector



Herald Archive, Edmonton Journal

Canada's forestry sector is looking for government help to protect the ailing industry.

down to size.

Atlantic Canada isn't alone when it comes to surviving the high dollar and the American housing slowdown. In Quebec, the **AbitibiBowater Inc.** shutdown threw some 720 people out of work. Forestry giant **Tembec Inc.** is also struggling to reduce a \$1.4-billion net debt.

The picture is no brighter in British Columbia.

Since 2002, the Canadian forestry industry has shed some

Forest Products Association of Canada.

Many are calling for government intervention to protect the ailing sector. Marc Arsenault, president and CEO of the New Brunswick Forest Products Association, says the province should act to better regulate energy prices. Industry in New Brunswick could face another 7.4 per cent increase in energy rates in the coming year.

What's ahead now is consolida-

tion and transformation. All observers agree the forestry sector will not remain the same. "We're not going to see a reappearance of the same kind of industry that we've had," Erdle says.

Arsenault predicts a bright long-term forecast.

Like Erdle, he believes biofuels and other new technologies using wood fibre will help drive the market. He also says the U.S. housing market will recover, once again spurring exports.



Calgary Herald Archive

Coventry Hills in north Calgary was the neighbourhood of choice for single-family home buyers.

FROM DI HOUSE PRICES: Facing bracket creep

Stanners said the \$350,000 to \$450,000 range is likely the entry level for homebuyers currently in the Calgary residential real estate market.

The change in the entry level for single-family homes can be attributed to "bracket creep," said Richard Corriveau, regional economist with Canada Mortgage and Housing Corporation in Calgary.

"A house that was in a lower price range in 2006, based on the escalation in prices naturally pushed it forward to a higher price range in 2007," said Corriveau. "It doesn't represent that Calgarians are having more expensive tastes. It (means that) to buy the same home, they just have to move up to a higher price bracket to achieve that result."

A few years ago there was a good selection of homes under \$200,000, he said.

"In 2005, 20 per cent of product in the single-detached market was under \$200,000. In 2007, we're looking at less than one per cent of all single-detached homes sold being under \$200,000. That's a rapid shift and because of that, if first-time buyers are eager to get into entry-level product under \$200,000, they simply can't find it in the single-detached market. It represents a new norm in the state of our resale market."

In the condominium market, 50.15 per cent of all sales in 2007 were in the \$200,000 to \$299,999 price range. In 2006, 51.98 per cent of all sales in the city was in that price category.

"A house that was in a lower price range in 2006, based on the escalation... pushed it forward to a higher price range in 2007"

RICHARD CORRIVEAU, CMHC

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SATURDAY, JANUARY 5, 2008

MARGIN CALLS

Tech firms race to go green

ENVIRONMENT • With its plethora of gadgets that become outdated almost as soon as they are sold, the consumer electronics industry is an unlikely champion of the environment.

But since information and communications technology is now estimated to cause more carbon pollution than aviation, the industry has little choice but to act.

Ahead of next week's Consumer Electronics Show in Las Vegas, the biggest trade event of its kind, electronics firms are competing to outdo each other as environmentally friendly.

Alongside a throng of start-ups peddling solar backpacks, efficient wireless power or new ways to recycle, mainstream electronics firms will be touting their achievements in power saving in the face of soaring oil prices and global warming.

Among those at the show putting pressure on reluctant converts to conform, **Walmart Stores Inc.** is now asking suppliers to fill out a green practices survey before agreeing to restock products.

U.S. TV viewers snap up coupons

DIGITAL • More than one million U.S. households have requested \$40 US government coupons since Tuesday to help pay for converter boxes for the coming switch to digital television, officials said Friday.

The government has taken requests for almost 1.9 million of the coupons from more than one million households since the coupons became available on Jan. 1, according to the U.S. Commerce Department, which is overseeing the program.

The coupon program is aimed at owners of traditional analogue sets who view over-the-air broadcast TV. Those sets will not work after the digital switch on Feb. 17, 2009, without a converter box.

The converters are expected to cost between \$50 and \$70. They will not be necessary for televisions hooked up to cable, satellite or other pay services.

HERALD ENERGY



Why an Alberta auction of oil and gas rights is expected to get a tepid response

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Alaska picks TransCanada

State weighs \$26B plan for pipeline

LISA SCHMIDT
 CALGARY HERALD

Alaska is considering a \$26-billion proposal by **TransCanada Corp.** to build a long-delayed pipeline to ship natural

gas from the state to southern markets through Alberta in less than a decade.

The application by the Calgary-based pipeline operator was the only one of five proposals that met all of the state's requirements, Gov. Sarah Palin said Friday.

"We have long stated that it only takes one good application," she said in a statement. "We're thrilled to have a project sponsor willing to build a pipeline on terms that benefit all Alaskans."

The line would carry as much

as four billion cubic feet of gas a day from the massive fields of Prudhoe Bay on the state's Arctic coast on a line running south through Alaska, the Yukon, northern B.C. and into Alberta. Construction would begin in 2013 and wrap up in 2017.

TransCanada's plan, filed in late November, will now undergo a 60-day public comment period, after which the state will make its recommendation to the legislature. If approved, the project could be granted a licence by spring, company officials said.

Tony Palmer, TransCanada's vice-president of Alaska development, said the proposal would allow companies that commit to shipping gas on the line to own a stake in the pipeline.

The pipeline company must still come to terms with Alaska North Slope producers, which include ConocoPhillips, Exxon-Mobil Corp. and BP PLC, and secure financing and regulatory approvals for the project, said one analyst.

SEE TRANSCANADA, PAGE D5



CITY HOMEBUYERS FLOCK TO THE NORTH



Re/Max real estate agent Dawnell Werner says affordability and proximity to schools and other amenities make Coventry Hills a popular choice for homebuyers.

Coventry Hills reigns as real estate king

Community is Calgary's hottest for home sales

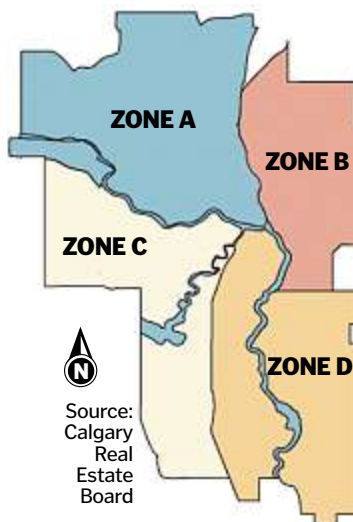
MARIO TONEGUZZI
 CALGARY HERALD

For the second consecutive year, Coventry Hills in north Calgary was the neighbourhood of choice for single-family homebuyers in 2007.

According to year-end data released by the Calgary Real Estate Board earlier this week, Coventry Hills recorded 625 single-family home sales at an average sale price of \$383,495. In 2006, the neighbourhood had 532 sales at an average price of \$334,861.

"The reason the community has a lot of sales is because it's affordable and all of the amenities are so handy there," said Dawnell Werner, with Re/Max First, who has one home listed for sale in the community and sold two in 2007.

"Also having the new school (Coventry Hills School). Schools are a big draw for peo-



ple with younger children and I think it's a pretty vibrant family community," she said.

"Also price point. There's a good range of price point for people and a lot of affordable homes. So I think that's a good draw for the community."

She said there is fairly easy access to downtown from the neighbourhood and plenty of nearby shopping.

Coventry Hills falls in the real estate board's Zone A, primarily northwest Calgary, of the city's four quadrants, which

CALGARY MLS SALES IN 2007

SINGLE-FAMILY HOMES

	SALES	AVERAGE	MEDIAN
Zone A	6,484	\$487,267	\$448,700
Zone B	3,713	\$346,882	\$340,000
Zone C	4,767	\$569,549	\$479,000
Zone D	3,451	\$443,589	\$415,000

CONDOMINIUMS

	SALES	AVERAGE	MEDIAN
Zone A	2,304	\$315,617	\$303,000
Zone B	802	\$236,078	\$238,000
Zone C	4,293	\$334,355	\$304,500
Zone D	836	\$303,257	\$290,000

posted by far the most single-family home sales in the city in 2007 — 6,484 with an average sale price of \$487,267.

Zone C, which includes downtown and the Beltline, had by far the most condominium sales in 2007 at 4,293 with an average sale price of \$334,355. The community with the most condo sales was Connaught, in the southwest, with 496 sales averaging \$333,302.

After Coventry Hills, the most popular choices for homebuyers for single-family

homes were: Tuscan (Zone A, 537 sales, \$487,986 average price); McKenzie Towne (Zone D, 532 sales, \$395,925); Evergreen (Zone C, 477 sales, \$437,790); and Bridlewood (Zone C, 431 sales, \$396,813).

Following Connaught, the most popular choices for condos were: McKenzie Towne (Zone D, 331 sales, \$296,074); Evergreen (Zone C, 230 sales, \$296,148); Sunalta (Zone C, 166 sales, \$267,645); and Bankview (Zone C, 162 sales, \$287,928).

The highest-priced condo

sold in 2007 went for \$3.7 million in Eau Claire and the highest priced single-family dwelling sold for the same price in Springbank Hill.

"This past year also showed an interesting change in sales by price categories. The greatest number of single-family home sales in the city (21.1 per cent of all sales) were in the \$350,000 to \$399,999 category followed by the \$400,000 to \$449,999 level (18.2 per cent).

For first-time homebuyers, the entry level price category in 2006 was dramatically different as the most sales in the city were in the \$200,000 to \$299,999 range (23.2 per cent) followed by the \$300,000 to \$349,999 level (19.3 per cent).

"In the early part of the year, we had very high sales and the prices were escalating, but a lot of sales took place in that entry level, up to \$300,000," said Ron Stanners, president of the Calgary Real Estate Board. "But by the time we got to May, the entry level was above \$300,000 ... so just simply the prices moved up about 40 per cent in five months," reflecting the new entry level, he said.

SEE HOUSE PRICES, PAGE D7

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