

# IN BRIEF

From Herald News Services

## Quebec paper holders fight for right to sue

**ABCP COLLAPSE** • A group of big Quebec companies with money tied up in asset-backed commercial paper will try to persuade a judge next week they should retain the right to sue **National Bank of Canada** in the collapse of the ABCP market.

The companies — **Transat, Jean Coutu Group, Pomerleau Inc. and Aeroports de Montreal Inc.** — want an Ontario Superior Court judge to order changes to a sweeping restructuring plan of the \$32-billion non-bank ABCP market.

Investors are scheduled to vote April 25 on whether to approve that plan, engineered by a committee led by Toronto lawyer Purdy Crawford.

Transat spokesman Michel Lemay said the companies don't want to derail the restructuring but object to immunity to legal action given to National Bank, which sold the paper to the companies and others involved in the ABCP debacle.

The companies will also ask the judge to order the creation of separate categories of ABCP investors.

## AMR Corp. posts biggest loss in years

**AIRLINES** • American Airlines parent **AMR Corp.** posted a quarterly loss of \$328 million, its biggest in more than two years, as jet-fuel prices jumped and demand slowed.

AMR shares rose 4.1 per cent as American, the world's largest airline, scaled back 2008 expansion plans Wednesday for a second time and agreed to sell its **American Beacon Advisors Inc.** investment unit for \$480 million. Fort Worth, Texas-based American earlier froze hiring of managers and support employees.

## Mad cow suffered atypical strain

**BSE** • A cow discovered late last year with bovine spongiform encephalopathy was suffering from an atypical strain of the fatal illness, the Canadian Food Inspection Agency said Wednesday.

The nearly 14-year-old Alberta Hereford likely contracted mad cow disease from feed early in its life, since it was born before 1997 when Canada tightened feed rules, officials said.

The cow was found to have suffered from a less common form of BSE that has also been found in Europe, officials said.

## Brazil defends biofuel production

**ENVIRONMENT** • President Luiz Inacio Lula da Silva defended Brazil's production of biofuels Wednesday, rejecting criticism they are furthering a surge in global food prices and harming the environment.

"Don't tell me, for the love of God, that food is expensive because of biodiesel. Food is expensive because the world wasn't prepared to see millions of Chinese, Indians, Africans, Brazilians and Latin Americans eat," Lula told reporters.

"We want to discuss this not with passion, but rationality, and not from the European point of view."

His comments follow a week of protests in Brazil and Europe against fuels derived from food crops and their supposed environmental and social benefits.

Critics say the increased production of crops for ethanol and biodiesel, which is derived from oilseeds, competes for land with food crops.

# MILLION-DOLLAR-PLUS SALES STRONG



Jenelle Schneider, Calgary Herald

"People have done very well in this city," says realtor Heather Waddell, at a luxury home being built in Eagle Ridge.

# Downturn fails to diminish hunger for high-end homes

Luxury properties account for greater portion of sales

MARIO TONEGUZZI  
CALGARY HERALD

The strong demand for luxury homes in the Calgary region continues despite a downturn in the resale housing market in the first three months of the year.

For the first quarter of this year, to the end of March, 142 residential properties in Calgary and area have sold for more than \$1 million. The figure includes single-family homes and condominiums in Calgary metro, homes in towns just outside the city, and country residential acreages. That's slightly down from the 183 residential properties in that price bracket sold in the same period last year.

But the percentage of luxury home sales compared with overall sales has increased from a year ago in every category, from single-detached homes and condos in the city to acreages to homes in communities surrounding Calgary.

"People have done very well in this city and it's going to continue," said Heather Waddell, a realtor with Royal LePage Foothills in Calgary, of the continued demand for high-end residential properties in Calgary. She has several MLS listings on the market for more than \$1 million.

"The whole year has been tough for the real estate market, as everyone knows, because there's been so much inventory coming on and the market really did slow down through all the royalty debate and concerns with the economy. But overall, Calgary's good and strong," she said.

"I'm finding right now with the spring market, we're starting to get a bit more activity, more showings and you're going to drive around and see more sold signs. We just sold one actually in Elboya on the ridge that's being built by Hammer Homes Friday for \$3.3 million. Another one just sold

CALGARY MLS MILLION-DOLLAR HOME SALES (Year-to-date until end of March)				
	2008		2007	
	Total sales	%*	Total sales	%*
Single-family homes	87	2.32	124	2.18
Condominiums	5	0.32	5	0.19
Towns (outside Calgary)	14	1.42	15	1.00
Country residential (acreages)	36	21.18	39	20.42

SOURCE: CALGARY REAL ESTATE BOARD. \* OF OVERALL SALES

through another realtor for \$3.7 million. And those are just in the last few days."

The house in Elbow Park-Glencoe, which sold for \$3.755 million, is the highest-priced residential property sold in Calgary so far this year. The second-highest-priced sale this year was for \$3.3 million in Elboya.

Last year, the highest-priced sale in the city was for \$3.7 million for an acreage at Springbank Hill and for a penthouse condo in Eau Claire.

The record for the highest-priced MLS sale in Calgary was April 26, 2005, for \$4.55 million for a house on 16 hectares.

"Million-dollar-plus homes don't usually sell quickly. You have to wait for the right buyer. It's very specific what the buyer wants, but when that right buyer comes along there's money in the city," said Waddell.

As of Wednesday, there were 446 MLS listings on the Calgary Real Estate Board website for over \$1 million.

The million-dollar-plus range is typically for properties that are "conducive to senior management and business entrepreneurs," said Ed Jensen, president of the Calgary Real Estate Board.

"From that perspective, I would say that it shows confidence in our marketplace for the long-term," he said. "They're sophisticated buyers and if they're sophisticated they have resources to look at the markets from all perspectives. Being a sophisticated buyer, they're looking at long-term investment."

"They're recognizing this inventory climbing that we have is not a long-term thing and they're buying with

confidence to say, 'You know what? Prices aren't going to come down for the long-term.' The cost of construction, the cost of land will continue to rise. It never seems to come down."

Average income per capita in Calgary is also high compared with other cities across the country, added Jensen.

"I think it's prosperity. It's really the economic environment here. It's just so strong long term. These senior executives are saying this is the place to be for the foreseeable future. And the foreseeable future really is a five- to 10-year window," he said.

The single-detached homes selling for more than a million dollars are not a large part of the overall market but it is the "high-end market where people who have income or have high net worth can go into," said Lai Sing Louie, senior market analyst in Calgary for the Canada Mortgage and Housing Corp.

"There is demand in the sense that living in some of the more exclusive neighbourhoods in Calgary is going to cost you over a million bucks or if you move out to an estate-style living on the perimeter of the city," said Louie. "In terms of someone who wants a four-bedroom home, a large home to entertain, that's going to cost you at least a million."

And Calgary has the wealth to support that kind of a market.

"You can see it from the home sales. There are people that have that income and wealth who can afford to buy a million-dollar-plus home," he said.

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## REAL ESTATE

# Calgary leads rise in office vacancies

MARIO TONEGUZZI  
CALGARY HERALD

Calgary recorded the sharpest rise in Canada in the overall office vacancy rate in the first quarter of this year compared with a year ago, providing some much-needed relief in the "overheated" market, says a national report by a commercial real estate firm.

Cushman & Wakefield LePage said Wednesday the city's office vacancy rate rose to 4.5 per cent in the first quarter of 2008 from 1.4 per cent in the first quarter of 2007.

"However, Class A downtown space continues to be scarce with just 1.8 per cent vacant — up slightly from a year ago when vacancy registered at 0.6 per cent," said the report.

The report said the vacancy rate for central Calgary — downtown plus the Beltline — was 3.6 per cent in the first quarter of this year while the suburban market was 7.4 per cent.

"The high-end buildings in the central core have a very tight vacancy," said Leslie Lis, vice-president in the Calgary office of Cushman & Wakefield LePage.

"If you're sitting on a downtown Class A building, you really don't have a vacancy problem."

The Cushman & Wakefield report said Canada's five largest cities — Vancouver, Calgary, Toronto, Ottawa and Montreal — have posted the lowest vacancy rates in the first quarter of 2008, outranking the 10 largest central and suburban office leasing markets in North America.

Vancouver, Toronto and Montreal have seen vacancy trend down through 2007, while Ottawa and Calgary have trended up.

The sharpest drop in vacancy was in central Montreal where the year-over-year rate dropped 3.5 percentage points to 5.8 per cent on strong absorption and a lack of supply, said Cushman & Wakefield LePage, "narrowly bumping Midtown Manhattan from the top five with its six per cent vacancy rate in the first quarter."

Central area vacancy rates in Canada were: Vancouver, 2.6 per cent; Calgary, 3.6 per cent; Toronto, 3.9 per cent; Ottawa, 4.1 per cent; and Montreal, 5.8 per cent.

Suburban vacancy rates in Canada were: Toronto, 7.2 per cent; Calgary, 7.4 per cent; Ottawa, 7.5 per cent; Vancouver, 9.3 per cent; and Montreal, 11.2 per cent.

"All of Canada's major markets are well positioned to weather an economic downturn," said Colum Bastable, president and CEO of Cushman & Wakefield LePage. "Years of conservative and prudent development, along with low interest rates, will work to keep supply and demand in relative equilibrium."

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"Canada's major markets are well positioned to weather an economic downturn"

COLUM BASTABLE, CUSHMAN & WAKEFIELD LEPAGE CEO

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