

LUNCH WITH A SERIOUS SIZZLE MON - FRI



**RUTH'S CHRIS STEAK HOUSE**  
CALGARY TOWER  
115 - 9TH AVE. S.E.  
246-3636  
WWW.RUTHSCHRIS.COM

THE LAST WORD WITH BUSINESS EDITOR CHARLES FRANK



FOR THE LATEST IN BREAKING ENERGY NEWS CLICK ON  
**HERALDENERGY.com**

**THE BEDROOM SHOPPE**  
Tranquil Nights Every Night  
#104, 12018  
Symons Valley Road NW  
208-8095  
56 Heritage Gate SE  
252-1022  
www.thebedroomshoppe.ab.ca

# CALGARY BUSINESS

MONEY • ENERGY • TECHNOLOGY • WORK

EDITOR: CHARLES FRANK 403-235-7370 FAX: 403-235-7379

WWW.CALGARYHERALD.COM

WEDNESDAY, SEPTEMBER 10, 2008

## MARGIN CALLS

### Air Canada to offer Wi-Fi

**AIRLINES** • Air Canada, the country's largest carrier, will introduce Internet service on some flights next year.

Access will begin on select trips to the U.S. West Coast aboard Airbus A319 jets in the spring, the Montreal-based company said Tuesday in a statement. Customers with a Wi-Fi connection on their laptop or electronic device should be able to use the service, Air Canada said.

Air Canada follows American Airlines, Delta Air Lines Inc. and Virgin America in announcing it will provide Internet access through Aircell LLC. Air Canada said it plans to extend the service to all of its North American and overseas flights as Aircell's network expands.

The plan is subject to the Canadian regulatory approval. Closely held Aircell is based in Itasca, Ill.

### Human waste turned into fuel

**ENERGY** • San Antonio, Texas, unveiled a deal on Tuesday that will make it the first U.S. city to harvest methane gas from human waste on a commercial scale and turn it into clean-burning fuel.

San Antonio residents produce about 127,000 tonnes a year of a substance gently referred to as "biosolids," which can be reprocessed into natural gas, said Steve Clouse, chief operating officer of the city's water system.

"You may call it something else," Clouse said, but for area utilities, the main byproduct of human waste — methane gas — will soon be converted into natural gas to burn in their power plants.

The city approved a deal where Massachusetts-based Ameresco Inc. will convert the city's biosolids into natural gas, which could generate about 1.5 million cubic feet per day, he said.

The gas will be sold to power generators, he said.

Following the agreement, more than 90 per cent of materials flushed down the toilets and sinks of San Antonio will be recycled, he said. Liquid is now used for irrigation, many of the solids are made into compost, and now the methane gas will be recycled for power.

HERALD NEWS SERVICES

## HERALD ENERGY



Why Devon Canada president Chris Seasons sees huge potential in Horn River shale

Page D4



Leah Hennel, Calgary Herald

Housing starts in the Calgary area fell 60.3 per cent for the month of August as the market experiences what one economist calls "a hangover."

# Housing starts dive 60 per cent

## Single-detached construction at lowest level since 1990

MARIO TONEGUZZI  
CALGARY HERALD

Two more signs emerged Tuesday that Calgary's once red-hot housing market has dramatically cooled.

Total housing starts in August plunged by 60.3 per cent compared with a year ago in the Calgary census metropolitan area and the number for single-detached homes is the lowest level for any August since 1990, according to Canada Mortgage and Housing Corp.

As well, residential building permit value year to date in the City of Calgary is down

35 per cent to \$1.2 billion compared with a year ago. According to the city, applications have been submitted for a total of 5,543 new residential dwelling units for the first eight months of this year. For the same period in 2007 and 2006, there were applications for 9,683 and 10,866 new residential units respectively. In August, the value of residential permits plunged to \$80.9 million compared with \$168 million in August 2007.

The double-barrelled "bad" news on Calgary's housing front comes one week after the Calgary Real Estate Board reported the average MLS sale price for a single-family home in Calgary fell by more than

nine per cent in August compared with a year ago, while the average condo price dropped by just over 10 per cent and sales in both markets also declined — by nearly 11 per cent for single-family homes and more than 17 per cent for condos.

Calgarians were "riding the wave" of lofty years in the real estate market in 2006 and 2007, said Adam Legge, vice-president and chief economist for Calgary Economic Development, and many thought "the good times were going to keep rolling forever."

"But really what we have found is that 2006 and 2007 were exceptional years and we are purely coming back down

HOUSING STARTS (Calgary census metropolitan area)			
	Single	Multiple	Total
August 2008	334	260	594
August 2007	718	779	1,497
% Change	-53.5	-66.6	-60.3
Year-to-date 2008	3,093	6,195	9,288
Year-to-date 2007	5,417	4,001	9,418
% Change	-42.9	54.8	-1.4

Source: Canada Mortgage and Housing Corp.

to more normalized, more balanced market activity," said Legge.

"But what it's left is a bit of a hangover in the residential housing market where we have an excess number of listings."

He said people have to bear in mind the housing market activity could not continue at the same torrid pace as those two years.

SEE HOUSING, PAGE D9

## MARKET MELTDOWN

# Resources lead TSX off 487-point cliff

DEREK ABMA  
CANWEST NEWS SERVICE

The Toronto Stock Exchange's main index suffered its second-worst loss of the year with its fifth triple-digit decline in six days on Tuesday as commodity stocks again proved to be a toxic factor.

The S&P/TSX composite index dropped 487.88 points, or 3.9 per cent, to 12146.76. Not even two weeks into September and the benchmark has shed more than 1600 points, or about 12 per cent, so far this month.

The TSX benchmark's close put it at a depth not seen since it opened just shy of 12000 on Jan. 22. The day before, the index shed 604.95 points, which

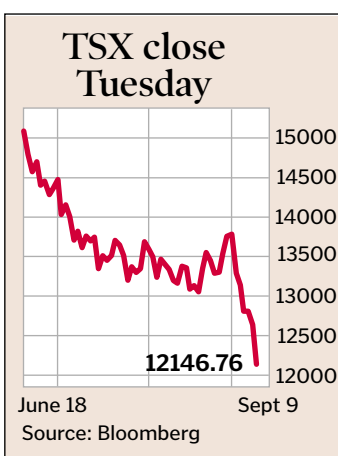
stands as the only session with bigger loss this year than Tuesday's drop.

The TSX Venture composite index fell 150.37 points, or 8.5 per cent, to 1621.26.

U.S. markets were down as well. The Dow Jones industrial average fell 280.01 points, or 2.4 per cent, to 11230.73. The Nasdaq composite index dropped 59.95 points, or 2.6 per cent, to 2209.81. The S&P 500 was down 43.28 points, or 3.4 per cent, to 1224.51.

Free-falling commodity prices are taking a heavy toll on the Canadian stock market.

On Tuesday, crude oil was down \$3.08 to \$103.26 US a barrel on the New York Mercantile Exchange, its seventh day of decline in eight days.



Gold was down for a seventh-consecutive session, dropping \$0.50 to close at \$792 US an ounce.

Robert Kavcic, economic analyst with BMO Capital Markets, said beyond commodity prices, there's a realization of declining economic growth around the world, affecting stocks across an array of sectors and geography. And he doesn't expect a recovery any time soon.

"It looks like there's still a ways to go (before bottom)," he said. "On the economic front, the data are still very downbeat."

SEE MARKETS, PAGE D10

# For a silver lining, think long term



DEBORAH YEDLIN

There are two ways of looking at the current stock market meltdown: either it is the buying opportunity of a lifetime or it is, as former U.S. Federal Reserve chairman Paul Volcker said last week, the worst financial crisis the world has seen since the Great Depression.

Much depends on whether you happen to be a glass half-full or glass half-empty type.

Still, it's more than a bit disconcerting to see two institutions south of the border that hold half the mortgages in the U.S. bailed out and liquidity

concerns plaguing one of the storied investment houses — Lehman Brothers — all in less than 72 hours.

Closer to home, the S&P/TSX continues to slide — looking increasingly more like a double black diamond run at the Kicking Horse ski resort in the last seven trading days. Including Tuesday's trading session, the index has fallen nearly 12 per cent since before Labour Day, with the S&P/TSX Energy component being one of the primary culprits for the massive drop in valuations, dropping 19 per cent.

Looking at how much value has been lost since the peak of the index on June 18, when oil closed at \$136.68 per barrel, it's tough to maintain the glass is half full perspective.

Here's why. Since June 18, the S&P/TSX index has lost nearly 30 per cent of its value.

SEE YEDLIN, PAGE D10

**Sell it fast!**  
Create your own classified ad  
**Quick & easy anyday, anytime!**

go to... [www.calgaryherald.com/placeanad](http://www.calgaryherald.com/placeanad)  
In minutes...YOU design, edit, schedule and pay for your ad

125 YEARS CALGARY HERALD

# FROM DI HOUSING: Fundamentals in place for a healthy market, says economist

"It's going to take some time to work through this excess supply and what that's doing is putting downward pressure on prices," said Legge. "So it's not unrealistic to see prices come down because they purely went too high, too fast and what we're seeing now is a work through of that to bring prices to a more reasonable level."

Legge said the economic conditions in the city remain positive and are not a factor in the current state of the real estate market.

"From the fundamentals to support a housing market, Calgary has got them all in place. Strong employment. We have continued employment growth. We have very strong wage growth," he said, adding that inflation has moderated to 3.3 per cent as of July. "The fundamentals are very strong. They're very stable. All we're facing really is a bit of a rebalancing in the residential housing market, but that is creating some fear amongst the population that because my house value is dropping that the economy is in the tank. What I want to stress is that it is the furthest thing from the truth."

Overall, the economic backdrop to Calgary's housing market is positive,



Calgary Herald Archive  
Adam Legge, vice-president and chief economist for Calgary Economic Development, says the housing market is undergoing "a rebalancing."

said Lai Sing Louie, senior market analyst in Calgary for the CMHC, adding the level of housing supply combined with decreasing demand is impacting the city's market.

Year to date in August, the Calgary area has created 18,100 more jobs. August was a record level of employment with 715,300 people working. Wages are also up. Year to date, aver-

age weekly earnings stood at \$944, up 5.9 per cent from the previous year. The unemployment rate for Calgary was 3.6 per cent in August, the third-lowest in the country.

Those strong numbers didn't extend into housing starts, however.

Total starts in August were 594, down from the 1,497 units in August 2007.

The drop was experienced in both single-detached construction, where there were only 334 units started in August and down 53.5 per cent from a year ago, and in the multi-family sector, where 260 units were started, off 66.6 per cent from August 2007.

"While active listings in the resale market (for single-detached homes) are decreasing, they remain high and continue to compete with new home sales," said Louie.

"Pricing uncertainty also continues to impact consumer confidence and demand as potential homebuyers are taking a wait-and-see attitude."

He said the moderation in condominium construction is reflecting the current market conditions, which favour the buyer and "there is simply too much supply relative to demand."

seven largest centres decreased from 3,353 units in August 2007 to 1,403 units in 2008, down 58 per cent.

Nationally, urban starts in August totalled 15,871 units, down eight per cent from a year ago.

Year to date until the end of August in the Calgary area, single-detached starts have decreased by 42.9 per cent from a year earlier while the multi-family market has increased by 54.8 per cent. Total housing starts for the year are down 1.4 per cent from the same period a year ago.

In the new condo market, "we're beginning to see the correction that's happening in the single-family market," because of the supply, said Louie.

Louie said there are currently 10,303 multi-family units under various stages of construction in the Calgary area.

In releasing its building permit numbers Tuesday, the City of Calgary said the five-year average for 2003-2007 for the total number of new residential dwelling units is 13,555. To date, 2008 is tracking below this five-year average.

MTONEGUZZI@THEHERALD.CANWEST.COM

**12% GUARANTEED**  
Secured Bond, pd quarterly, 2 yr term, min \$10,000 • 35 yrs solid real estate history.  
CPI Crown  
403 291-2456  
email invest@cpicrown.com  
Sale only through offering memorandum. AA693498

**CASH RRSP RESP**  
RRIF - LIRA - LIF - LRIF - IPP - DPSP  
**INVESTMENT**  
2008 2nd Quarter NET Return  
**10%**  
Fisgard  
Quality Investment Since 1967  
14-Year Average NET Return 11.65%  
For a booklet including detailed returns since 1995 on this INCOME investment (minimum \$1,000) secured by CANADIAN real estate, please call  
**1-866-382-9255**  
www.fisgard.com info@fisgard.com

**How to make money with Costa Rican Property**  
Presented by  
**OwnCostaRica.com**  
One of the countries largest developers  
**FREE SEMINAR**  
**Sun. Sept. 14 2008**  
♦ Real Estate & Land Appreciation  
♦ Rental Income & Investment  
♦ Business Opportunities  
♦ Residency & Home Building  
\*See us at the Calgary Resort Property Show\*  
Limited seating ~ Reserve today  
www.owncostarica.com  
905-750-0010  
This is an information Seminar ONLY. No sales will be offered. In accordance with Alberta's Real Estate laws.

**Gasification Technologies Council**  
Rapid increases in oil and natural gas prices and growing political support for limits on greenhouse gas emissions from power generation and manufacturing pose significant opportunities and challenges for the gasification industry. Pressures to impose carbon capture and sequestration regulations on new coal-based power plants, without a clear regulatory regime in place, have resulted in a number of cancellations and delays in IGCC projects' development, especially in the U.S. However, this is expected to increase the demand for, and price of, natural gas. The resultant high priced energy markets will improve the competitive position for new gasification-based capacity for production of substitute natural gas, fertilizers, fuels and chemicals. And increasing world oil demand continues to provide strong petroleum price signals.  
The 2008 Gasification Technologies Conference will provide participants with the information, analysis and unmatched networking opportunities to better understand the dynamics and opportunities of the evolving gasification market.  
This year's venue - the Marriott Wardman Park Hotel in Washington, DC - provides greatly expanded space for growth in conference attendance. In addition, the 2008 Gasification Technologies Conference will feature for the first time a full exhibit hall with space for many more exhibits than in prior years.  
For more information see the GTC web site:  
<http://www.gasification.org>

**RBC Direct Investing™**

**+1%**

**Get a 1% cash bonus of up to \$2,500 when you transfer \$25,000 or more!†**

Transfer \$25,000 or more to an existing or new RBC Direct Investing account and you may be eligible for a 1% cash bonus! Offer expires November 28, 2008, so act today. Visit [www.rbcdirectinvesting.com/bonus](http://www.rbcdirectinvesting.com/bonus) for complete terms and conditions or visit your local RBC branch.\*

**CREATE YOUR OWN PATH TO INVESTING SUCCESS.**

RBC Direct investing Inc.\* and Royal Bank of Canada are separate corporate entities which are affiliated. \*Member CIPF. RBC Direct Investing Inc. does not provide investment advice or recommendations regarding the purchase or sale of any securities. Investors are responsible for their own investment decisions. RBC Direct Investing is a business name used by RBC Direct Investing Inc.™ Trademark of Royal Bank of Canada © Registered trademark of Royal Bank of Canada. Used under license. ©Copyright 2008. All rights reserved. †Transfer must come from an account held at an investment dealer outside a member company of RBC Financial Group. For complete terms and conditions of this offer please visit [www.rbcdirectinvesting.com/bonus](http://www.rbcdirectinvesting.com/bonus)

**Connect to Win**

When you sign up for Job Alert, opportunities that meet your custom-designed criteria are delivered directly to your inbox. Nothing connects you better to [city's] best jobs. Sign up today and you will be automatically entered for a chance to win \$5,000.

Enter today at [working.com/ConnectToWin](http://working.com/ConnectToWin)

125 YEARS CALGARY HERALD  
jobs careers advice **working.com**  
What do you want to do?