

## IN BRIEF

From Herald News Services

### Caisse de Depot boosts stake in BCE

**FINANCE** • Caisse de Depot et Placement du Quebec in this year's first quarter almost doubled its holding in BCE Inc., which agreed last year to be taken private for \$52 billion.

Caisse, Canada's biggest pension-fund manager, added 2.4 million BCE shares in the first quarter to increase its stake to 5.3 million shares, according to a U.S. regulatory filing. As of March 31, the stake was valued at \$178 million, the money manager said. Montreal-based Caisse manages about \$155.4 billion.

BCE, parent firm of Bell Canada, accepted a buyout offer from a group led by the Ontario Teachers' Pension Plan almost 11 months ago. BCE and Ontario Teachers' expect the transaction to be completed by June 30.

### Permit suspension hits Inmet Mining

**RESOURCES** • Inmet Mining Corp. stock tumbled after saying that Spain suspended a water permit needed for the Las Cruces copper project, delaying ore shipments from the operation.

Toronto-based Inmet is working with Spanish authorities and doesn't know when it will start shipping the ore, the company said Tuesday in a statement.

Inmet had planned to begin shipments in June.

On Wednesday, Inmet was cut to "underperform" from "market perform" by Fraser Phillips, a Toronto-based mining analyst at RBC Capital Markets.

Las Cruces is key to the company's growth, representing 25 per cent of his estimated net asset value for Inmet and 21 per cent of forecast earnings in 2009, Phillips said in a note to clients.

### Citi invests in Vancouver airport

**MANAGEMENT** • Citi Infrastructure Investors has bought a 50 per cent stake in YVR Airport Services Ltd. of Vancouver with plans to invest in airports worldwide.

Terms of the deal, expected to close next week, weren't disclosed.

Citigroup Inc. is acquiring the shares from the Vancouver Airport Authority, according to a statement from the authority released Tuesday.

The company operates 18 airports in seven countries.

"Airports are one of the sectors in infrastructure that we like," Felicity Gates, co-head of Citigroup's Citi Infrastructure fund, said in an interview.

"Airports is one of the sectors that a number of the partners in Citigroup Infrastructure investors have substantial experience in."

### Stantec acquires mining specialist

**TAKEOVERS** • Edmonton-based Stantec Inc. is acquiring underground mining specialist McIntosh Engineering for an undisclosed amount.

McIntosh, which had \$32 million in revenue last year, has more than 200 employees in the Ontario cities of Sudbury and North Bay, and Tempe, Ariz.

"McIntosh will give Stantec a more visible presence in the active mining sector, complementing the current environmental, engineering and project management services we offer, and give us the opportunity to provide our full suite of engineering, design and scientific services to McIntosh's existing clients," Stantec CEO Tony Franceschini said.

The firms expect to complete the transaction in early July.



Calgary Herald Archive

The AltusClayton Housing Report predicts Calgary starts will rise to 13,400 in 2009 from 13,200 this year.

# Housing starts set to rebound in 2009

## Uptick expected after construction breather in 2008

MARIO TONEGUZZI  
CALGARY HERALD

Total housing starts in the Calgary census metropolitan area are expected to cool this year, but increase in 2009, says a national real estate report.

The AltusClayton Housing Report said total starts in the Calgary region will drop from 13,500 in 2007 to 13,200 in 2008, but increase to 13,400 in 2009. The annual average for the Calgary CMA between 1997 and 2006 was 12,900.

"Calgary apartment starts are expected to be higher in 2008 as a number of projects come through the pipeline," said the report.

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

The AltusClayton forecast said there were 3,400 apartment starts in the Calgary CMA in 2007 and that number is expected to jump to 4,700 this year and then decline to 4.1 per cent in 2009.

"Condominium apartment starts in Calgary have increased dramatically

Condominium apartment starts in Calgary have increased dramatically this year"

ALTUSCLAYTON HOUSING REPORT

this year, boosting the number of units under construction," said the report. "But substantially softer sales in the existing market have led to increased inventories, resulting in softer price increases compared to last year."

Last year between January and March, there were 502 condo apartment starts in Calgary, but that has ballooned to 3,026 this year during the same period.

Toronto-based AltusClayton, which specializes in real estate research and market analysis, said the number of condo apartment units under construction at the end of March was 5,809 in 2007, but has soared to 9,030 this year.

The report said the number of MLS sales for condo apartments in 2007 was 2,657 for the first three months of the year. That number has dropped to 1,581 this year. The average sale price last year was \$302,000 while this year it's \$312,000 for that time period.

Canada Mortgage and Housing Corp. is today releasing its revised housing market forecast for the city and the province.

Todd Hirsch, senior economist with ATB Financial, said 2008 will see a "correction" from the record high levels of housing starts in 2006 and 2007.

"So no one's surprised that the dip in 2008 is there," he said.

"But overall the provincial economy, Calgary's economy, is still in really good shape. To see a little bit of a rebound up again in 2009, that seems perfectly reasonable, especially if these energy prices continue the way they are.

"That's going to stimulate more activity and more people moving here."

The increase in condo construction this year is the market responding to the shortage in the rental market and the high rents that Calgary can command, said Hirsch.

For new single-family home construction, the Calgary CMA will see a drop to 8,500 units this year from 10,100 in 2007, but will rebound to 9,300 in 2009, said the AltusClayton report.

For Alberta, the AltusClayton report said a cooling in housing starts is expected through 2008 as weaker migration coupled with high inventories dampen demand, but a still strong economy will spur some recovery in starts in 2009.

The report forecasts total housing starts in the province will decline to 36,669 units this year from 48,336 in 2007, but will then increase to 39,700 in 2009.

## FINANCE

# RBC rallies despite \$885M charge

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With multimillion-dollar write-downs the new norm for the banking sector, few in the industry were surprised or alarmed by Royal Bank of Canada's announcement Wednesday it will take an \$885-million charge in the second quarter of 2008.

"These writedowns can be absorbed within a quarter of earnings," said Brenda Lum, an analyst at DBRS Ltd.

"Bottom line: in our view the charge is pretty tolerable relative to the size of the bank and its capital base," said TD Newcrest analyst Jason Bilodeau, who had previously forecast the bank could be facing a charge of up to \$1 billion.

Blackmont Capital analyst Brad Smith called the charges "no big surprise" and said investors will likely be relieved after recent speculation of a multibillion-dollar writedown.

Following the announcement, RBC's stock price jumped 2.5 per cent Wednesday to close at \$49.82 on the Toronto Stock Exchange, a response that underscores a shift in sentiment among bank investors who now appear to see big writedowns as par for the course, as long as the credit crunch continues.

The Canadian banks have announced more than \$7 billion in combined writedowns since the final quarter of 2007 and it is possible up to another \$3 billion will be added to the tally by the time all the banks have reported their second-quarter results later this month.

Still, while concerns may be easing about further losses on structured products that are anticipated across the sector, there are other pressing concerns for bankers, too.

RBC's U.S. retail banking unit, based in the southeastern states, is facing earnings headwinds because of exposure to the hard hit real-estate sector in the region, noted Dundee Securities analyst John Aiken, who was one of the few analysts to react negatively to the bank's writedown announcement.

Other Canadian banks also have U.S. operations — Bank of Montreal operates in the area around Chicago, while Toronto-Dominion Bank is a major player in the northeastern U.S., where it is engaged in integrating a big acquisition valued at about \$7 billion US — and are exposed to the U.S. economic downturn.

All the banks are facing lower capital markets revenue because of the credit crunch, and there are concerns, too, about rising loan-loss provisions in Canada if the country is hit by a spillover from a slide in the U.S. economy.

Earlier this week, TD's Bilodeau forecast "the softest quarter we have seen in years" from the big banks.

RBC said the second-quarter writedowns are largely tied to valuation adjustments on investments in structured products. Chief executive Gord Nixon said the writedowns are "manageable."

In February, Nixon railed against new mark-to-market accounting rules he said have compounded financial-sector woes because the lack of liquidity has resulted in massive writedowns being recorded "even on those structures or securities that are of good credit quality."