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Kelley Keehn

Sun, May 28, 2006



How high can the market go?

By **KELLEY KEEHN**

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LETTER TO
THE EDITOR



Unless you've been cryogenically frozen for the past decade, you know the Alberta real estate market is hot! The questions remain, how high can this market climb, and are there still profits to be had?

Hot for how long?

Without the absolute clarity of a crystal ball, the simple answer is, it's anyone's guess. However, even the most "cracked" fortune teller can follow some simple fundamentals in predicting future growth or an '80s bust.

Les Michaelson of the Edmonton Revenue Property Investors Association points to a steady supply of jobs and a seemingly endless supply and demand for oil in Alberta.

Both are paramount for sustainable growth in provincial real estate. He points out that others have seen the beginnings of a real-estate bubble-burst, in Nevada and Florida for example.

Low inventory of homes for sale in Edmonton, particularly in April, fuelled a seller's market, said Michaelson, who believes the market is a little over-inflated. Buyers who hold on until the summer or fall might find a better deal.

On new home construction, increasing costs for labour and supplies like lumber raise questions about how many developments will finish on schedule, he said. So resale on existing homes is a simpler purchase. More buyers move to that market, thereby driving up values.

The Edmonton Real Estate Board reports that so far this year sales have risen 12.4% and prices are 18% ahead of the same time last year.

"Prices are increasing steadily but housing is not overpriced," said Madeline Sarafinchan, board president. "Mortgage rates remain low and consumer confidence is high."

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Even in a seller's market, Don Campbell, author of Real Estate Investing in Canada, outlines some simple techniques you can employ to ensure that the ball falls in your financial court. Campbell suggests that you write a simple cover letter to the seller.

If you're a family of four and love the treed yard and can see your grandchildren coming over for Sunday dinner in a decade, let the seller know that.

It seems like an insignificant thing to do, but if the seller has kids of their own and suspects that the other buyers will tear down the home to build something different, you just might secure the sale, and even at a lesser bid.

Any room for profit making?

Randy Keehn, owner of the Renovation Store and a real estate flipper, is confident: "There are still deals to be had." Keehn cautions that you'd better have your chequebook ready to take advantage of these opportunities because asking for a condition for financing can lose you the deal.

Resources for the real estate mogul

Not sure whether you should sell your shack or cash in immediately? Check out these real estate resources that can support the "Trump" within:

Edmonton Revenue Property Investors Association:
www.realestatepays.com/erpi newsletters

Edmonton Real Estate Board: www.ereb.com

Motiva Group: www.motivagroup.com

Edmonton Apartment Association: www.eaa.ab.ca

Real Estate Investment Network: www.reincanada.com

Red hot or not? As with any investment, careful evaluation of real estate and how it fits in to your financial plan requires some research and professional advice. And that magic eight ball couldn't hurt either.

Kelley Keehn, lecturer, personal coach and author of The Prosperity Factor, uncovers the "inner games" people play surrounding wealth. Visit Kelley at www.TheProsperityFactor.com or call her at 780-732-0144. Letters to the editor should be sent to mailbag@edmsun.com.

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