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Alberta real estate an investor's dream Report ranks Edmonton No. 1 in nation; Calgary third

Mario Toneguzzi, with files from Shaun Polczer, Calgary Herald
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If you want to invest and make money in residential real estate, Alberta is the place to do it.

The Real Estate Investment Network released its top 10 Alberta investment towns report on Tuesday, with Edmonton heading the list -- Calgary was third overall.

The report noted the top investment opportunities in Ontario and British Columbia would only rank eighth on Alberta's list.

"Alberta is the place right now to be putting your money for long term. Yes. Absolutely," said Don Campbell, president of the network and co-author of the report.

The report says Alberta's strong economy makes it the obvious place to invest in real estate in the country, despite recent large increases in values.

"Fundamentally speaking, Alberta's economy is as good as it gets," says the report.

"High energy prices, rapid population growth, low unemployment, an abundance of jobs, improved infrastructure and affordable housing costs translate into Alberta being the No. 1 region in Canada -- if not the world -- in which to invest."

Edmonton topped the list again this year followed by Grande Prairie and Calgary, with Red Deer, Sturgeon County and Strathcona County tied in fourth.

Calgary was third in the previous list as well, while Grande Prairie jumped from eighth place.

The report analyzes the current and future prospects for real estate investment and identifies the best towns for long-term real estate investing.

"Edmonton is No. 1 again due to the marketplace fundamentals all being in place for a strong, long run," said Campbell.

"Up in Edmonton, the potential for positive cash flow is still there for investors," said Campbell. "It means rents can still cover all of the operating costs of property. In Calgary, that is getting much, much more difficult from an investor's point of view.

"From a homeowner's point of view, Calgary and Edmonton homeowners are going to do incredibly well over the next five to eight years. The only reason Edmonton is a little ahead of Calgary is that Edmonton always follows Calgary 18 to 24 months behind. So, generally, whatever is happening in the Calgary region economically, housing market, etc., generally ripples up to Edmonton in the next 18 or 24 months. We've seen what's happened in the last crazy 15 months in Calgary and we expect a strong ripple from that to hit Edmonton in the next 18 months or so."

In September, the average residential MLS sale price in Calgary was \$369,928 -- an increase of 45.7 per cent from September 2005. In Edmonton, the average residential MLS sale price was \$278,732 -- an increase of 46.3 per cent from September 2005.

Alan Tennant, president of the Canadian Real Estate Association, said Alberta realtors and investors have known for some time that the province is a great place to invest in real estate.

"I guess this last several months has been our coming out party," said Tennant. "It's no secret that there's lots of great places to invest in Canada, but for Alberta to elbow its way up the line is very interesting."

He said the national residential MLS average sale price in major Canadian markets was \$294,245 in the third quarter of this year -- a 10.1 per cent increase from the third quarter in 2005.

Kevin Clark, president of the Calgary Real Estate Board, said real estate has "always maintained itself as a strong investment within the economy of investments."

"Now is probably one of the best times this year to be in a position as a buyer to enter the investment marketplace if they can . . . and long-term real estate should maintain itself as an investment," said Clark.

"An investment is going to be driven by the outside economy upon it. So if all the economic factors occurring in a given geographical area are strong then, yes, real estate is going to be a very good investment within that marketplace."

Campbell said Alberta will outperform the rest of the country this year, with a conservative estimate of a 10 to 15 per cent increase in the average price of residential real estate across the province.

"In Calgary, the market can't sustain the 40 per cent increases we've been seeing," added Campbell.

"It has to come back to reality in the next 18 months. But the Alberta reality will be records anywhere else."

The top investment places in Alberta also include Okotoks, High River and Cochrane.

"Lots of stuff in the Calgary region. The ripple from Calgary once again is pushed out. The in-migration, I think, is going to be the No. 1 thing for the region," said Campbell. "They're talking 250,000 new people (will move) into Calgary in the next decade, and I believe that's going to be low.

"On top of that, when Calgary starts to get more expensive . . . that pushes out into the surrounding areas and you could almost start including Black Diamond, Turner Valley."

Vic Pasay, a lifelong Redwater resident and Sturgeon County councillor who sits on its Economic Development Board, said: "I'm surprised to hear it, word has gotten out" of its fourth place ranking, tied with Red Deer.

"Sturgeon has always been very open to investment and so has the community. We're positioned strategically between Fort McMurray and Edmonton to make these projects happen," he said.

In addition to three heavy oil upgraders, Sturgeon is the proposed site of a hog processing plant and a bio-diesel facility to turn canola oil into fuel.

The county implemented an economic development department seven years ago to attract more industry to the community.

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Best Places to Sink Your Money

Top real estate investment areas in Alberta, according to the Real Estate Investment Network

1. Edmonton: Market poised for "a strong, long run"

2. Grande Prairie

3. Calgary

4. Red Deer*

*Tied with Sturgeon County and Strathcona County

5. Sylvan Lake*

*Tied with Lacombe

6. Okotoks*

*Tied with High River

7. Fort McMurray*

*Tied with Devon

8. St. Albert

9. St. Albert

10. Lethbridge

This story features a factbox "Best Places to Sink Your Money".

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