

U.S. housing meltdown to last until 2011

The housing industry in the United States is in desperate straits — to say the least. We've all read, heard or seen news reports about the serious level of foreclosures there.

Millions of Americans are facing the worry of losing their homes, the building industry is holding thousands of complete but unsold homes because purchasers have been unable to sell their existing homes — and on top of all this is the looming threat of a recession.

But before I get into the bad news, just a couple of morsels of good news.

There is absolutely no relationship between asking and selling prices.

Sellers are firesaleing properties in several major U.S. markets, but this spells good news for those looking to buy.

As one economist said to me: "It has now become an affordable time for first-timers to get into the market."

The same holds true for Western Canadians looking to buy recreation property — and believe me, in talking with developers in California and Florida, they are noticing a strong interest from prospective buyers in Alberta and B.C.

The interest from Ontario isn't as strong, they say, because that province's manufacturing-based economy is also starting to wane.

The second piece of good news is that the U.S. Federal Reserve followed up its first cut of three-quarters of a per cent with another one-half point reduction in interest rates as a weapon to try to stimulate the American economy.

So, back to the more dire news from Housing Predictor, a Florida-based research company.

"The impact of the mortgage meltdown is only beginning to be realized by most people as it sends U.S. financial markets into further turmoil," says Mike Colpitts, a spokesman for Housing Predictor. "We don't see the situation improving until at least sometime in late



MARTY HOPE

2009 — but more likely in 2011 after the resets on hundreds of thousands of additional mortgages, which homeowners are struggling to pay, are foreclosed."

By way of background, this whole mess started with the sub-prime borrowers — people with not the best credit ratings in the world, who took out adjustable rate mortgages, and got nailed when banks started to reset the rates upward by two or three per cent or more.

Many of these borrowers couldn't afford the payments and are now losing their homes.

But the crisis is spreading into what is called the Alternative A conventional mortgage market, which offers adjustable rates to people with solid credit ratings.

These mortgages are now being reset by lenders as well.

Two of the larger mortgage companies in the U.S. say that more than 50 per cent of such mortgages are held by investors.

House prices in California and Florida, for instance, have already dropped as much as 40 per cent.

Across the U.S., more than one million homes have already been foreclosed, with another two million expected to suffer the same fate through 2009, says Housing Predictor.

But again, there are pockets of good news. There is still price appreciation happening in Texas and New Mexico.

As part of an online service provided by Housing Predictor, it

publishes lists of the best and worst 25 housing markets in the U.S.

At the top of the best list is Albuquerque in New Mexico, where prices have climbed just over nine per cent. In the top 10 are four Texas communities.

The worst category is made up of larger cities, with the worst of the worst being Miami, where prices have tumbled more than 13 per cent.

It is followed by Los Angeles, with a decline of just over 11 per cent; San Diego, with a 10.9 per cent drop; and Las Vegas at 10.4 per cent.

The woes of the American housing market have been a boon to Californians and other Canadians looking for a wintertime escape, or the opportunity to buy up American property at cheap prices.

Believe me, armed with sharpened pencils, they have been buying.

A story I heard a while ago is about a Calgary businessman who put \$300,000 together, called a realtor in Arizona and asked him to put together a list of a dozen properties valued at a half-million dollars.

When the list was compiled, the businessman and his realtor started knocking on doors offering

each seller \$300,000 — and he got a deal on the fourth home he visited.

In a recent poll by Housing Predictor, one out of every six American homeowners is fearful of losing their homes through foreclosure.

Not a pretty picture.

I'm sure there are going to be some foreclosure activity on the Canadian side of the border, but the mortgage approval system here is more stringent than in the U.S.

Borrowers here still have to qualify at a three-year rate.

MHOPE@THEHERALD.CANWEST.COM

A Better Quality of Life.

Rediscover Cimarron.

Cimarron is the perfect fit for homeowners who have concerns regarding cost, congestion and safety. At Cimarron, we have a right-sized home in a well-established community and the family atmosphere you are looking for.

Features and Amenities at Cimarron:

Small town living • Kids can walk to school • Daycare Centres • 30% green space
Health & Wellness Clinic • Recreation Centre • Live alongside the Sheep River
Hiking and Biking Trails • Ample Shopping • Fitness Clubs • Parks & Golf Courses
Visit our showhome parades to see much more!

Different Homes for Different Lifestyles Available

Affordable Homes by Excel Homes
Move-up Homes by Trico Homes & Cedarglen Homes
Estate Homes by Kunz Group, Coco Homes & Todays Homes
Country Estates by Lask Homes, California Homes & Timbercreek
Villas by Crossley Custom Homes

On Highway 2 south, turn right at the Okotoks turn off and follow Highway 2A to Okotoks. Simply follow the Cimarron signage to the community.

Showhome hours: Monday - Thursday 5-8pm • Weekends & Holidays 12-5pm • Closed Fridays

www.tristar-cimarron.com | 403.640.0708



Mark Elias, Bloomberg News

A worker helps construct a roof in Delray Beach, Fla.

VACATION ADVICE

Exterior lighting deters thieves

FOR THE CALGARY HERALD

Going on an extended trip? Leave a car parked in the driveway as it gives the appearance that someone is always home.

Flying to a foreign destination? Don't use your home address with your luggage tags. Instead, use your office address or a cell phone number.

Work late? If so, get in the habit of having your house key ready so you won't fumble with it at the door. Or, get a keyless entry.

Is your home well lit? An intruder's greatest fear is being seen. Good exterior lighting around your perimeter creates a psychological barrier.

Got deadbolts? Most burglaries are the result of forced entry. Make sure all exterior doors have deadbolts with at least a 1-inch throwbolt.

Lock your doors 24/7. Fifty per cent of all break-ins are through unlocked doors.

Going out of town? Give your neighbour a house key so he or she can check in. Better yet, install a Powerbolt and provide the neighbour with a temporary code.

Help the police help you. Make sure you keep your street address visible. If affixing numbers to your house, they should be at least four inches high, reflective and visible from the street.

Park your car outside? Always lock your car and consider taking your garage door opener with you instead of leaving it in the vehicle.

Been at the same house for a while? Replace your outside locks as you've probably given out your house key a lot through the years.

Got a hectic schedule? Keep it to yourself. Don't leave any specific information on your answering machine other than a cell phone number.

Backyard secure? Consider installing a fence and plant fast-growing bushes as extra barrier around the exterior of your home.

Band together. Start a neighbourhood watch program — it's the most effective method of keeping your home safe.

Keep an extra key outside your house? Stop! Burglars know all the hiding spots. Instead, leave a key with a trusted neighbor. Better yet, install a keyless entry system.

FOR MORE INFORMATION, VISIT WWW.WEISERLOCK.CA

THE RIDGES AT CRANSTON

Welcome to The Ridges at Cranston

Evolution by Greenboro — Greenboro Homes' new and distinctive multi-family division — introduces The Ridges.

The Ridges features 29 two storey, semi detached, limited edition homes in Cranston Estates.

From \$495,000*

*Prices subject to change without notice

The Ridges Sales Centre is located in the Greenboro Show Home at 18 Cranboro Terrace SE
Hours: Mon-Thu: 2-8 | Fri: Closed
Sat-Sun-Holidays: 12-5

Purchase now and receive a free upgrade to tile or hardwood in the foyer, main floor hall, kitchen, main floor bath, and mud room!

Offer valid until Feb 29th, 2008. See our Sales Representative for details.

Evolution by Greenboro 475-7655 | www.ridgesatcranston.ca