

OPINION

Wait-and-see buyers may miss out on deals

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FOR THE CALGARY HERALD

We have come to the end of another year where real estate is one of the hottest conversations in town. The topic can be heard at the water cooler, in restaurants, at dinner parties and on airplanes. We talk about it because it affects us and because the continued correction in the market this fall was unexpected and driven by non-local factors.

I have heard both doomsday predictions and rosy outlooks. From this, I conclude that right now, people are looking for direction.

They are looking for some semblance of where the market is going, when the opportunities will emerge and how to best act on those events. While I cannot predict the short-term fluctuations of the market, I can offer insight based on MPC Intelligence's experience observing and documenting Calgary's development market.

I can provide some simple facts about the current market that will better allow consumers to sort through the fact and the fiction in the months ahead.

A Chinese proverb says: "May you live in interesting times." This is exactly where we find ourselves in today.

The rate at which our markets (real estate, financial, and stocks) have changed has been nothing short of dramatic.

It has caused many of us to question our own security and defer major purchasing decisions.

With this in mind, it is no surprise that we have witnessed a further decline in the number of homes sold through the second half of 2008. MPC documented the reduction of sales in

nearly every market in greater Calgary during the fall.

We attribute this to potential purchasers collectively adopting a "wait-and-see" approach to homebuying, which has resulted in some developers offering incentives to those who are willing to take more immediate action.

Preferred prices, mortgage rate buy-downs, and increased levels of finish and features are some of the most popular offerings.

The reality is, if you are looking to buy a home, there are some great deals if you act today.

The next truth of today's market is that consumers have the time to research, explore and contemplate their next home purchase.

MPC monitors every development in the Calgary region on a monthly basis. We monitor sales absorptions, values, completion schedules and new development activity.

In November and early December, MPC observed that the number of people looking for homes (that is, visiting presentation centres and display homes) has steadily been increasing, particularly for new homes offering attractive prices, and starter homes.

From this, we derive that people are more actively looking for a new home.

Another certainty of a correcting market is that it is impossible to predict the bottom.

I have often been privy to conversations that speculate where and when the very bottom of the market will occur.

I challenge, with all due respect, the idea that a decline is not nearly that predictable — and I suggest, during the coming months as we move towards the spring market, consumers looking for their next new home should start doing their due diligence.

They should start deciding what neighbourhood they would most like to live in, what type of house they want and at what price.

They should talk to the banks to confirm eligibility.

Of course, there is no guarantee that they will find exactly what they are looking for, but at least they will be prepared to identify opportunities and to take advantage of this unprecedented time in the market.

We also have to realize that this is a very different decline than in the past. As such, we must consider a few factors.

Most of us will only be affected by this correction psychologically as it is human nature to monitor the value of our homes.

We watch neighbours sell or advertise their place at a reduce value and we speak of the money lost at our own address.

We had similar discussions in 2006 during the heat of the market when we perceived we had made money through adjacent rising sales values.

For most of us, our home is where we dwell. It isn't just walls that provide shelter; it is where we live our lives and choose to spend our time.

While a handful of homeowners will list and sell their homes this year — because of lifestyle changes, financial motivation or the need to relocate — most of us will only watch, albeit with some trepidation, as the market twists and turns and comes back to normal.

"Normal" is a word that often gets misused. To me, it defines a market that is dependent on supply and demand, one that is not predicted to climb or fall with any large or permanent swings.

Normal means we are in a changed market, with changed definitions and requirements of participation.

It alludes to a market that will see corrections and one that is nearing a better balance.

Perhaps the greatest advice one can receive is that there is never a bad time to start building equity into a home.

Now more than ever, I see great opportunity for those who want to get into the market.

Of course, there will be price reductions moving forward, and motivated vendors will reduce their prices for quick sales.

However, as the financially motivated exit the market, the aggressive pricing will settle.

We know that no one can pinpoint the bottom (or top) of a market. Instead, we rely on intuition.

This real estate correction, coupled with the decline of most other markets, has created for some the prospect of finding a new, next or first home.

While not all homes on the market are good deals, with some research, buyers can be confident they are purchasing at a price that makes sense today and tomorrow and will have no regrets moving forward.

Five years from now, we will all be more disappointed with the things we didn't do and the opportunities we didn't take.

If what you are looking for is a home, a place to raise your families, entertain your friends, celebrate holidays and set your roots, then start looking in 2009 — because chances like this only come around once each cycle.



Jennifer Podmore Russell

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