

# FINDING A FUTURE **AMIDST** **THE FURORE**



It's a different market than a year ago, so time to put your buying and selling skills to the test.

**BY OZZIE JUROCK**

Stocks plunge amid panicky selling! Housing prices may never recover! The new fear- deflation!

Sound familiar? Those were headlines from, respectively, October of 1987 and October of 1991. At a recent outlook conference, I also quoted very scary headlines from 1974 and 1998.

Similar headlines could – *and have* – run in national newspapers recently. We expect more of the same over the weeks ahead.

As it was 20 years ago and 16 years ago (even 34 years ago), the fear is palatable in today's market. People are naturally afraid when they read current headlines, and then, as they cut back on spending, those fears become manifest. The market is what people think it is...and what they hear/tell and retell about it. And fear is more powerful than euphoria.

When General Motors is selling for \$2.50 a share (the share price on February 13), you know the current financial crisis is serious. But it is also temporary. The recovery will come, as it has after the other 124 banking crises seen around the world over the past quarter-century.

Anyone buying a B.C. home in 1987, 1991 or 1974 would have shared in the largest real estate price appreciation in history. Twenty years ago, the average house price in Vancouver was around \$200,000. In 1991, it was in the \$225,000 range and in 1998, you could buy Yaletown condos for less than \$100,000 – right in the middle of the huge Asian currency crisis. Today, the benchmark house price in Vancouver, while down, is still over \$650,000.

With governments printing billions of dollars for bailout packages, we may continue to see the largest and most unreported inflation building in the background. And here is the rub. Just like in 1991 – after 9/11 – we debated the arguments that were put forward by deflationists, that we would go into outright deflation and we should pay off our debt and get into cash.



If you had, you would have been sorely left behind. JREI argued that what we had then was a crisis of confidence... and, that is exactly what we have today again. Not that it isn't serious. It is. Not that there isn't always a chance for some greater disaster, but governments like to pay off debt with printed money, not with real assets.

Over the past 45 years, we have endured the Cuban missile crisis, the collapse of the Soviet Union, the U.S. Savings and Loan debacle that closed 1,100 banks, the '87 market crash, the currency crises of 1998 and 9/11, all of which sparked headlines warning of imminent deflations/recessions or worse.

And through it all, anyone who simply purchased real estate in Western Canada would have not only survived but thrived. We suggested September a year ago to "take some chips off the table" and to "get safe" because we expected a downturn in six to 12 months, so you are likely not surprised at today's downturn. We have also mentioned time and again that the last three downturns in Canada lasted an average of three years and saw price declines from top to bottom of approximately 17 per cent. We expect no less this time. We had a 74-per-cent affordability rate problem, we became overly exuberant and now we will become too negative. We will not have some abject collapse but we will experience the declines of the past. Some product like presales - which we warned against for three years - and quarter share/hotel units (which we have never liked) may see much larger declines, while others may not see much



Ozzie Jurock, FRI, is president of Jurock Publishing Ltd. and the Jurock Real Estate Insider (Jurock.com) and is known as one of Canada's leading business motivators. You can reach him by email at: oz@jurock.com or look him up at www.ozziejurock.com.

of a decline but the market is now a buyer's market.

As a seller, sharpen your pencil. Do not worry about sales being down by 45 per cent; find out what you need to do to get your property into the 55 per cent that sells. You cannot get the price of yesteryear - you need to be priced below the competition or take it off the market. (You may also wish to look up "26 ways to make your home sell faster" at www.jurock.com). As a buyer, this a great time to make offers, keep looking and sussing out that "once in a lifetime"

deal. You have time to research, realtors have time and inclination to write a low offer and you can get organized. Today's market spells opportunity for the sharp researcher who loves the word "offer" and who then goes out and actually makes them and continues to make them. ■

**THE BC LOG HOME TIMBER FRAME & COUNTRY LIVING SHOW**

**March 14 & 15 | 2009** | **TRADEX** Abbotsford, BC

**Believe It... Or Knot!**

- \* 3 Log Homes Featured
- \* Over 20 Log/Timber Frame Builders
- \* Recreation Properties
- \* Alternate Energy (including Eco-Friendly Products)
- \* Wood Related Products & Services
- \* Great Seminars
- \* Plus Much, Much More!

**Everything for Cabins, Cottages and Country Homes**

Enter to win a \$1,000 Rustic Blackwood Coffee Table with Sneezewood Legs!

For Further Information:

**(877) 888-7111 | (604) 683-4766**

**www.squarefeetevents.ca | info@squarefeetevents.ca**