

FACT:

- Edmonton has 16 libraries and over 1.5 million books and materials available for borrowing
- Of all prairie provincial capitals, Edmonton receives the most snow
- Edmonton's first apartment building welcomed its first tenant in November of 1909

INSIDE THIS ISSUE:

- Labour squeeze 1
- Energy sector bounces back 1
- Landlording 101 2
- Residential price up 8.5% 2
- Ponzi scheme hits Alberta 2
- Average Selling Prices 3
- Q & A 4
- Contact Us 4

Labour squeeze expected in Alberta

As oil prices continue their upward march, Alberta is preparing for its next boom.

"We are about to start running into, believe it or not, another labour shortage," says Brian Vaasjo, president of Capital Power Inc.

Vaasjo believes the next labour shortage could start within a matter of months. "It is going to be significant again. I don't know how to deal with that."

Major players like ConocoPhillips and Total have big plans for their oilsands facility south of Fort McMurray. It's expected they will work together to quadruple their current production.

The coming energy boom likely won't be limited to wildrose country. Alberta projects will

need to compete with other Canadian energy hotbeds. There are a number of resource mega-projects on tap in Newfoundland and Labrador. Northeastern BC



A sign of things to come?

and southern Saskatchewan will also be breaking ground. This means that the coming labour crunch could drive wages even

higher than during the hiring frenzy of 2004-2008.

An influx of highly paid workers is great news for Edmonton landlords and real estate investors. More jobs translate into more workers and more workers means more renters. This increased demand for a place to live lowers the vacancy rate and pushes monthly rents higher.

The same logic can be applied to housing prices. As immigrants come west seeking work, many will decide to stay and put down roots. Again this demand for housing causes upward pressure on real estate prices.

A booming labour market and increasing wages are truly something for landlords and investors to get excited about.

Alberta's energy sector to bounce back

The Conference Board of Canada is bullish about the Canadian economy from coast to coast, and in particular, the prospect of a rebounding energy sector in Alberta.

The Conference Board also projects provincial economic growth

of 2.5 per cent this year. 2011 could be even bigger with anticipated growth of 4.1 per cent.

Additionally, the report states that in the short-term, government spending and stimulus will be the main economic driver of growth but expects that the

private sector will experience a recovery in late 2010 and into 2011.

"In fact, all provinces are expected to post positive economic growth this year," said Marie-Christine Bernard, associate director of provincial forecasting.



Property management will make or break a successful real estate investment.

“Not only is Alberta debt-free and able to fund its current deficits from savings, it's also sitting on a mother lode of oil that will only increase in value as prices rise, production grows and demand from China, India and other developing nations expands.”

-Gary Lamphier,
Business Columnist for
the Edmonton Journal

If it sounds too good to be true, further due diligence is required.



Property management is key

A recent court case illustrated the critical importance of good property management.

Veteran health inspector Sandra Hamilton testified that her visit to an inner city rooming proved to be, “[O]ne of the worst I've seen. There was so much disrepair... it was so dirty it was overwhelming.”

City building inspector Denis St. Once declared the property, “[P]robably one of the worse buildings I have ever seen.”

Unfortunately, stories like these are not unique and only serve to stress the importance of a quality property manager.

InvestInEdmonton.com believes that if your investment property can't be properly cared for by a professional landlord with a proven system, you're best served to find another vehicle in which to invest your hard earned money.

At a bare minimum, your property manager should be

checking each and every reference on a prospective tenant's application and pulling a credit report from the credit bureau.

But tenant selection is only half the battle. Is the property being maintained? Does your manager inform you of small issues before they become huge nightmares?

A good property manager must proactively manage both the rental unit and the tenant. Anything less is asking for trouble.

Edmonton buyers and sellers remain optimistic

REALTORS Association of Edmonton news release:

Edmonton, April 6, 2010:

Housing figures released by the REALTORS® Association of Edmonton for March and the first quarter of 2010 show that resale housing prices are up; listings and sales are up.

“There is consumer confidence in this market and both buyers

and sellers appear eager to enter the housing market,”

said Larry Westergard, president of the REALTORS® Association of Edmonton. “Prices are up about 10% from a year ago and sellers are eager to take advantage. Buyers are aware of higher mortgage rates ahead and are getting into the market before the rates rise.”

Single family residences in the

Edmonton area sold on average* for \$388,473 in March which is up 4.7% from February and 11% from a year ago. Condominium prices rose by 8.4% month-over-month and 10.5% year-over-year. The average condominium sold for \$252,416 in March.

STATS NEXT PAGE

Gold-Quest: Ponzi and pyramid scheme

The Alberta Securities Commission has declared Nevada-based Gold-Quest International Corp. “both a classic Ponzi scheme and a classic pyramid scheme.”

It's estimated that roughly \$29-million (US) was raised internationally from almost 3,000 investors. 412 Albertans in-

vested over \$2-million.

Gold-Quest graphically illustrates why it's important to do your homework before entering into any investment.

Are you investing in an actual physical asset that you can see and touch? Is there an exit strategy or simply vague prom-

ises of abnormally large returns sometime in the future? Are you being pressured to act immediately? Is independent legal advice frowned upon? These are all signs that further due diligence is required.

The best time to ask these questions is BEFORE any money changes hands.

Realtors Association of Edmonton

Single Family, Condos & Duplex/Rowhouse

Average Selling Price

2005						
MONTH	SFD	%CHANGE	CONDOS	%CHANGE	D/R	%CHANGE
January	\$206,337		\$127,360		\$194,853	
February	\$204,886	-0.70	\$138,260	8.56	\$158,436	-18.69
March	\$216,187	5.52	\$133,784	-3.24	\$182,100	14.94
April	\$218,901	1.26	\$134,389	0.45	\$186,228	2.27
May	\$223,219	1.97	\$142,472	6.01	\$175,566	-5.73
June	\$225,077	0.83	\$144,345	1.31	\$180,793	2.98
July	\$224,074	-0.45	\$141,539	-1.94	\$165,495	-8.46
August	\$223,114	-0.43	\$149,542	5.65	\$175,922	6.30
Sept	\$216,490	-2.97	\$137,998	-7.72	\$193,165	9.80
Oct	\$225,887	4.34	\$141,106	2.25	\$198,233	2.62
Nov	\$226,110	0.10	\$146,337	3.71	\$176,615	-10.91
Dec	<u>\$225,130</u>	-0.43	<u>\$149,254</u>	1.99	<u>\$198,896</u>	12.62
YTD	\$219,618	9.11	\$140,532	17.19	\$182,192	2.07

2006						
MONTH	SFD	%CHANGE	CONDOS	%CHANGE	D/R	%CHANGE
January	\$235,222	4.48	\$133,745	-10.39	\$177,429	-10.79
February	\$249,925	6.25	\$146,933	9.86	\$198,394	11.82
March	\$256,159	2.49	\$156,988	6.84	\$193,378	-2.53
April	\$265,557	3.67	\$162,565	3.55	\$221,941	14.77
May	\$282,208	6.27	\$172,553	6.14	\$225,624	1.66
June	\$298,631	5.82	\$186,738	8.22	\$227,810	0.97
July	\$303,304	1.56	\$188,831	1.12	\$228,691	0.39
August	\$316,480	4.34	\$200,644	6.26	\$262,327	14.71
Sept	\$322,077	1.77	\$212,403	5.86	\$279,038	6.37
Oct	\$326,292	1.31	\$208,962	-1.62	\$282,551	1.26
Nov	\$334,039	2.37	\$212,596	1.74	\$283,919	0.48
Dec	<u>\$341,933</u>	2.36	<u>\$227,428</u>	6.98	<u>\$295,178</u>	3.97
YTD	\$294,319	45.37	\$184,199	70.05	\$239,690	66.36

2007						
MONTH	SFD	%CHANGE	CONDOS	%CHANGE	D/R	%CHANGE
January	\$357,325	4.50	\$233,175	2.53	\$294,148	-0.35
February	\$375,412	5.06	\$247,266	6.04	\$319,513	8.62
March	\$398,476	6.14	\$246,719	-0.22	\$323,322	1.19
April	\$413,488	3.77	\$261,044	5.81	\$341,083	5.49
May	\$426,028	3.03	\$266,100	1.94	\$347,257	1.81
June	\$417,265	-2.06	\$265,172	-0.35	\$342,836	-1.27
July	\$417,150	-0.03	\$271,908	2.54	\$339,417	-1.00
August	\$403,757	-3.21	\$269,139	-1.02	\$329,764	-2.84
Sept	\$399,555	-1.04	\$270,745	0.60	\$310,110	-5.96
Oct	\$397,189	-0.59	\$262,875	-2.91	\$367,964	18.66
Nov	\$376,267	-5.27	\$252,277	-4.03	\$311,193	-15.43
Dec	<u>\$382,022</u>	1.53	<u>\$253,270</u>	0.39	<u>\$306,967</u>	-1.36
YTD	\$396,995	6.91	\$258,308	8.62	\$327,798	4.36

2008						
MONTH	SFD	%CHANGE	CONDOS	%CHANGE	D/R	%CHANGE
January	\$379,567	-0.65	\$257,956	1.82	\$301,756	-1.73
February	\$381,965	0.63	\$264,204	2.36	\$294,780	-2.37
March	\$387,632	1.46	\$263,023	-0.45	\$308,908	4.57
April	\$386,033	-0.41	\$256,947	-2.36	\$316,065	2.26
May	\$383,167	-0.75	\$260,837	1.49	\$330,451	4.35
June	\$381,384	-0.47	\$262,365	0.58	\$313,023	-5.57
July	\$379,224	-0.57	\$253,850	-3.35	\$316,832	1.20
August	\$369,190	-2.72	\$251,048	-1.12	\$315,440	-0.44
Sept	\$362,097	-1.96	\$252,234	0.47	\$315,690	0.08
Oct	\$363,274	0.32	\$237,590	-6.16	\$307,178	-2.77
Nov	\$362,757	-0.14	\$231,531	-2.62	\$315,813	2.73
Dec	\$351,870	-3.09	\$234,286	1.18	\$292,893	-7.83
YTD	\$374,013	-7.87	\$252,156	-10.10	\$310,736	-3.03

2009						
MONTH	SFD	%CHANGE	CONDOS	%CHANGE	D/R	%CHANGE
January	\$352,689	0.23	\$238,535	1.78	\$299,222	2.12
February	\$347,309	-1.55	\$226,857	-5.15	\$309,180	3.22
March	\$349,716	0.69	\$230,469	1.57	\$276,776	-11.71
April	\$353,386	1.04	\$236,020	2.35	\$291,068	4.91
May	\$367,672	3.89	\$244,734	3.56	\$289,954	-0.38
June	\$369,859	0.59	\$247,071	0.95	\$291,071	0.38
July	\$372,741	0.77	\$244,265	-1.15	\$296,284	1.76
August	\$366,788	-1.62	\$242,035	-0.92	\$294,007	-0.77
Sept	\$371,947	1.39	\$245,546	1.43	\$299,964	1.99
Oct	\$363,694	-2.27	\$237,601	-3.34	\$299,843	-0.04
Nov	\$368,018	1.17	\$231,684	-2.55	\$285,849	-4.90
Dec	\$366,761	-0.34	\$244,174	5.12	\$296,061	3.45
YTD	\$362,548	3.99	\$239,083	2.36	\$294,107	-1.16

2010						
MONTH	SFD	%CHANGE	CONDOS	%CHANGE	D/R	%CHANGE
January	\$364,727	-0.56	\$240,890	-1.36	\$305,451	3.07
February	\$370,974	1.68	\$232,773	-3.49	\$314,956	3.02
March	\$388,473	4.50	\$252,416	7.78	\$313,836	-0.36
April						
May						
June						
July						
August						
Sept						
Oct						
Nov						
Dec						
YTD	\$374,725	6.51	\$242,026	4.78	\$311,414	2.75



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QUESTION:

What makes a good residential real estate investment?

ANSWER:

Positive monthly cashflow is key to the long-term success of a residential real estate property.

Whether you're buying a single house or an apartment block, the property must put more money in your pocket than it takes out.

Cashflow is more than rent minus mortgage payment. You need to factor in repairs and maintenance, vacancy costs, advertising costs, property taxes, condo fees, property management fees, insurance and special assessments and then subtract that number from your gross monthly rent before you're able to accurately calculate cashflow.

Property appreciation is always nice but without positive monthly cashflow, your "investment" will drain your bank account long before the property increases in value enough to generate a profit.

Remember: great property plus great management means higher than average rents.

They said it...

"I find it fascinating that most people plan their vacations with better care than they plan their lives. Perhaps that is because escape is easier than change."

Jim Rohn, American entrepreneur, author and motivational speaker