

## Timing is Everything

The real estate market has been so active so long now that many people expect a change. People ask me “Can prices keep going up at this pace?” I don’t believe prices are likely to keep rising at the same dramatic rate we witnessed in 2004, 2005 and so far in 2006. But, I still look at demographics and I still expect there will be something of a price increase every year until about 2010, maybe 2011. My crystal ball is no more reliable than anyone else’s but that is what I sense from this market place.

So, is it still a good time to buy investment property? Absolutely. What one must keep in mind is that ever since the 1950’s and perhaps earlier, the market has had an overall upward trend. Yes there have been peaks and valleys in the values over the time period, but each peak has been higher than the one before, just as each valley has been higher than the one before.

My conclusion is that it is not as vital to choose a time to buy, just vital to choose when to sell. So, if values continue to rise for the next few years, one could consider selling their investment in the foreseeable future. But, if values do not continue to rise (not likely) the savvy investor would simply hold the property until the next cycle of pricing. My point is, that one can be in control of their profit simply by hanging onto the investment until the next upward pricing cycle. Flipping is a lot more risky than long term real estate investment.

Also bear in mind that if you purchase the sort of property that can be rented out the long term approach has a further benefit. The more years the rental income can be applied to the mortgage on your investment property the greater your equity. It is entirely plausible that your rental income can fully retire the mortgage in 15 - 20 years.

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