

canoe network ... **cnews** SEARCH:

SERVICES SUBSCRIBE EMPLOYMENT NEWS RESEARCH CENTRE CLASSIFIED

TORONTO SUN.com Click to Enlarge

IN TOMORROW'S PAPER:
Mike Zeisberger looks at the surprises as the NHL season hits the quarter-pole.

Wed, November 16 / 05

editor@tor.sunpub.com

Current Conditions



Light rain showers
8°C

Full Forecast

Money Columnists

Linda Leatherdale

Sun, November 6, 2005

- Home
- News
- Sports
- Photos
- The Buzz
- Entertainment
- Comment
- Columnists
- Lifestyle
- Money
- Linda Leatherdale
- Gas Coupon
- Stock/Fund Search
- Travel



Streets of dreams

There are fortunes to be made in real estate investing

By **LINDA LEATHERDALE**, TORONTO SUN



Admit it: There are days you dream of becoming a rich real estate investor like Donald Trump.

But then fear sets in. What if our hot real estate market crashed? What about rising mortgage rates? And, heaven forbid, what about tenants from hell?

Add in skyrocketing home heating, electricity, insurance and property tax bills, and POOF ... the dream goes up in smoke.

You decide it's better to pay down the mortgage on your home, and then to borrow more to gamble in a hot market that some analysts predict will slow down.

Face it: Real estate investing isn't for everyone, but there are people who've made a tidy fortune.

And today, with equity markets still volatile after hi-tech bubble burst, and housing market still sizzling at record levels fuelled by cheap mortgage rates -- it's no wonder more and more are taking the plunge.

Take this weekend: In Edmonton, about 40



(Tim Peckham, Sun illustration)

INSIDE JAR
THE O ENTERTAINMENT FIX YOU
SUN TV
fun to v
ROGERS C BELLEXPRESSE STARCHO

Featured A

Online TRAVEL
YourTravelTick
Is Your Vehicle
Visit Krown.com
YOUR BEST B
FREE DAILY W

Find a Business

Type Province

Name

City

Find a Person

SUPERPAGES.ca
Your Phone Book Online

- Golfers' Choice
- Winter Car Care
- Higher Education
- Autonet Drive
- Career Connection
- Diverse City
- Contests

Classifieds:

- Classified Extra
- Jobboom
- Flirt Personals

SUNshine Girl



prospective investors from the Toronto area are taking part in a real estate investing workshop, and its organizer, Don Campbell, says if they follow his guidelines, they should do well.

On Canoe:

[Lotteries](#)
[Comics](#)
[Crossword](#)
[Horoscopes](#)
[TV Listings](#)
[Movie Listings](#)

Services:

[Subscriptions](#)
[Advertising](#)
[News Research](#)
[About Us](#)
[Privacy](#)
[Contact Us](#)
[Buy Sun Photos](#)

One of Campbell's students, Arlen Dahlin of Edmonton, took his course 10 years ago, and today he's the wealthy owner of 332 properties, which have netted him average annual returns of 9% to 11%.

"The first rule of buying investment property is leave your emotions at home," says Campbell, president of The Real Estate Investment Network, and author of Real Estate Investing in Canada.

Campbell explains it's okay to let emotions flow when buying a principal residence, but when it comes to investment property, it's the cold, hard numbers that count.

Simply put, positive cash flow is key. In other words, you must be able to get enough rent to cover all your monthly ownership expenses. That always includes mortgage and tax payments, and can also include utilities, maintenance and insurance. If you're a long-distance landlord, don't forget property-management expenses.

Campbell also uses the 10% rule to decide whether to proceed with a property, or walk away.

"If the annual gross rent is 10% or more of the purchase price, then the property is worth further investigation and a more detailed analysis," said Campbell. On page 81 in his book, there's a simple calculation to use.

The bottom line is you don't want to buy an "alligator" property that eats up all your money, he says.

He also warns that a mistake many investors make is to base their investment decisions on an analysis of the national housing market, or even provincial markets. It's the fundamentals of a town or city where the property is located that's key.

Campbell says it takes 12 keys to unlock the real estate investment vault. These include understanding that low mortgage rates aren't necessarily good for investors, since cheap lending rates encourage renters to buy, not rent. Check out apartment vacancy rates.

Also, investors should study average incomes in the town they're investing in. Are they rising? Is there increased population inflow and demand? Don't forget the ripple effect. That's buying in neighbourhoods close to areas that have already boomed, for example, areas close to the Beaches or the Kingsway.

Politics count too, since they'll affect the local economy. Is the town attracting new businesses? Areas in transition can net great results. Remember how Cabbagetown prices soared, once it became the trendy place to live.

Using the property to its best potential will also yield great results, as will quality



marketing to get the right renters.

And don't be afraid to use a little sweat equity and renovate.

Another key is transportation. Are there new highways or transit that can attract commuters?

That's why Orillia and Barrie are in the Number One spot for investment property cities. By 2007, the GO train system will be expanded to Barrie.

"Orillia is a speculator place, and it's an easy commute to Barrie, where people can jump on the train," said Campbell.

Both Ontario and Alberta rank as the provinces with the best towns and cities in which to invest. Ontario attracts many immigrants who will rent, and Alberta's economy is booming.

Campbell points out that in Fort McMurray, the population has grown from 40,000 to 60,000 in just two years, and 10,000 people are living in camps, waiting to find housing. Yet, this city ranks 10th because it's tough to find property to invest in.

And Vancouver -- the most expensive housing city in Canada -- doesn't rank at all, since it's very difficult to find properties where you'll get positive cash flow. "There are lots of alligators in Vancouver," he said.

However, there are opportunities in B.C. cities like Fort St. John, Dawson Creek and Abbotsford.

On the East Coast, Halifax has some gems, but you have to search them out.

The bottom line is investors who buy on good fundamentals should get up to 10 years of decent gains. "But you have to keep watching the fundamentals," he said.

Also, don't leave your day job, at least until income from the real estate investments equals or is higher than your salary. It takes three years to become comfortable, he said.

Interested? Check it out at ontariorein.com.

TOP 10 CITIES

Ten top cities in the two best provinces for real estate investing:

ONTARIO

1. Orillia and Barrie
2. Kitchener, Waterloo, Cambridge
3. Brampton, Orangeville
4. Hamilton
5. Markham, Stouffville
6. Pickering, Ajax, Whitby

7. Aurora, Newmarket

8. Oshawa

9. Ottawa

10. Toronto

ALBERTA

1. Edmonton

2. Devon

3. Sylvan Lake

4. Calgary

5. Red Deer, Okotoks

6. Lacombe, High River

7. Cochrane

8. Grande Prairie

9. St. Alberta

10. Fort McMurray

Source: Real Estate Investment Network

• You can call Linda Leatherdale at (416) 947-2332 or e-mail at linda.leatherdale@tor.sunpub.com

• Have a letter for the editor? E-mail it to editor@tor.sunpub.com

[Columnists Home](#)




SUN MEDIA CORPORATION
A QUEBECOR MEDIA COMPANY

Sun Media Newspapers

This site is updated by 6:00 a.m. EST each day ar stories and columns from the day's print edition of

[SUBSCRIBE](#) [EMPLOYMENT](#) [NEWS RESEARCH CENTRE](#) [CLASSIFIED](#)

[Send a Letter to the Editor](#)
CANOE home | We welcome your [feedback](#).
Copyright © 2005, [Canoe Inc.](#) All rights reserved.

Proprietor and Publisher - Sun Media (Toronto) Corporation, 333 King St. E., Toronto, ON, M5A 3X5