



From the desk of **BRAD J. LAMB**

BRAD J. LAMB REALTY NEWSLETTER SEPTEMBER 2010

'TORONTO DOING FINE,' THANK YOU

"There may well be some period in the near future when financial markets are demoralized and much better buys are available in equities; that possibility exists at all times. But you can be sure that at such a time the future will seem neither predictable nor pleasant. Those now awaiting a 'better time' for equity investing are likely to maintain that posture until well into the next bull market."

This quote is from Warren Buffett in 1979. The world's most successful investor sums up the simple reason why 1% of the world controls over 50% of the wealth. It is that 1% that moves boldly when others sit on their hands, worrying about what could go wrong.

The time to buy anything is when people are selling; the time to sell anything is when people are buying. These two simple laws are how one can create great wealth, following them is another thing. The other factor that is vital is time, and patience. Quick buck artistry is not sustainable; eventually one gets stuck with the hot potato.

Honestly, the constant barrage of negative media attention with regards to real estate and equities has become absurd. Nowadays, there is too much media, an endless void that needs to be filled by vacuous talking heads. It is hard for regular people to gain perspective with the constant media backed threat of bubbles and crashes. I have been at this for 23 years and I have seen 3, perhaps 4, recessions of one kind or another and I can tell you with certainty that never before has there been so much media time devoted to this subject, and it is not due to any fundamentals; it is due to the

need to fill air time. They have to talk about something.

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Listen to this, buy appropriate stocks and real estate for the long hold, and stop speculating. If you buy assets for the long hold, you won't need to worry about the ebbs and flows of the economy. Speculators eventually get burned. Having said this, if you are fortunate enough to buy a property (or stock) at a certain price and shortly thereafter earn a substantial profit, it may be wise to take the profit. This is different to blatant speculation.

Instant wealth does not happen; it takes time, thought, patience, guts, and perseverance to become rich. I'm sorry to tell you there is no fast track to this. The start is ignoring the doomsday prognosticators and investing for a long holding time.

I am amused by the idiotic reporting I've seen lately in the local and national newspapers. The Toronto Life magazine recently published a "Bubble Trouble" feature on the cover, and of course BNN has been hammering home misleading facts and statistics about the national and local level real estate markets for months.

The truth sells less ad space and reduces circulation because it is less catastrophic. Does anyone really believe Toronto's real estate market is due for a

large correction? This is the most patently absurd theory I've heard in 10 years. Why, after a debilitating, horrific 9 month economic meltdown did our local market bounce back so fast? And why now would it collapse? Those of you sitting on the sidelines are going to miss the boat again, as you have for the last 19 years. I suggest you wait until you get a clear sign that you should buy; however, you may be interrupted in the meantime by death. How sad, putting a hold on one of life's best experiences; owning a home, to wait for a clear sign from above that now would be the right time to buy.

As for the recent misleading stats and facts, I've been witnessing for months now, I will summarize what I believe to be true. Many properties are selling for more than the asking price, most for full price. For July 2010, the average central Toronto sold price to asking price ratio was 98%. It was 98% for August as well. In July, the time to sell was 33 days, and 36 days for August. If you listed your condominium this summer for \$250,000, it was very likely that it sold for \$245,000 in one month. C'mon people, does that sound like a problem? The volume of MLS sales in July 2010 may be down 34% over July 2009, but this needs to be kept in perspective. July 2009

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was the best July on record, beating the previous best July by 11%. If we based all of 2010 on July's 6564 sales, we would have 78,768 sales, or the 7th best year on record and August numbers were similar. Of course, that won't happen because this summer, like virtually every other summer was slower than the spring and it will be slower than the fall. I expect 2010 to finish up with 88,000 sales. Only 2007 will go down as a better year overall.

The new development market is still very busy and will likely stay busy for the foreseeable future as we struggle to find a way to deliver the required 50,000 homes per year to keep up with the real population growth.

Our city is in great shape. Our real estate market is in great shape. The media is filled with journalists trying to put bums in seats. Scary economic news sells. We are through the worst and if anything, expect prices to rise for the next several years in Toronto.

BUZZ OFF

I recently saw a condescending post on some blog called Buzz Buzz written by someone named Matthew Slutsky. He was commenting on a newsletter I published a few months ago concerning my recommendation to buy a condo from floor plans and make an easy \$50-\$60K. Not only did he refute my recommendation, he attempted to belittle me while selectively quoting me.

Over the last 23 years, and based on my recommendation on where and what to buy, our clients have made hundreds of millions of dollars in capital gains and I have helped make hundreds of people millionaires many times over. Many of these people came to me with \$20,000 of money borrowed from friends and family. Their adherence to my philosophy made them rich. Almost 100 new condo projects stand in this city largely based on the advice given by me to my developer clients. Lastly, my development company, Lamb Development Corp., was founded on \$1.5 million earned from the sale of 10 condos bought from floor plans over a 5-year period. Lamb Development Corp. has developed over 2300 units in 3 cities for almost \$1 billion in sales.

People, there are always individuals like Matthew Slutsky that will tell you it can't be done. Well, I am, along with my clients, living proof that it can.

THE BEST AND THE BRIGHTEST AGREE — NO DOUBLE DIP!

I can't help taking shots at the Nouriel Roubini's and David Rosenberg's of the world. Both of these guys' only real claim to fame is their roulette-styled predictions of the real estate bust and the bleak future that would surely follow. So, they were right about the first part. Once in their 30-ish year careers they got it right. Who had ever heard of Nouriel Roubini before September 2008 and what rock did this guy crawl out of? He is now a fixture on every business news station, his bland face and irritating speaking-style predicting nothing but misery. What I'd like to know (as queried in the Globe and Mail recently) is did this guy actually put his money where his mouth is and bet against the economy? I bet not. I bet, like all negative

people, he didn't do anything, he never does anything. Instead, he chose to breakdown rather than build.

Nothing good comes from these people because their doom is unreliable – turning people into fearful lemmings, frozen, catatonic, terrified to do anything except stick their hard-earned money into bond funds, GIC's, or under their mattresses.

Instead, once again, I choose to be influenced by successful people like Warren Buffett who was recently quoted in the Globe and Mail: "I am a huge bull on this country. We are not going to have a double-dip recession at all," said Mr. Buffett, chairman of Omaha, Nebraska-based Berkshire Hathaway Inc. "I see our businesses coming back across the board." Mr. Buffett



said that the same things that worked for the country through a century of two world wars, a depression, and more – all while increasing the standard of living – will work again. He said banks are lending money again, businesses are hiring employees, and he expects the economy to come back stronger than ever. "This country works," said Buffett, during a Q&A at the Montana Economic Development Summit. "The best is yet to come."

I don't know about you, but my bet is always on creating, embracing positive ideas and attitudes, and using a little common sense.

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