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55 YEARS

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A look ahead to '08

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It's hard to believe but 2007 is in the history books. This time of year is traditionally one for forecasting and predicting trends. Here are some thoughts for 2008.

The New Year will bring continued challenges and opportunities for buyers, sellers, lenders and investors across most market sectors. Key indicators to watch are job growth, inflation and the price of oil. These are the early signs of future demand and the trend of operating costs.

The consensus is fairly clear on a few issues:

- *The time of quick flips, readily available easy financing and bidding prices up, up, up are behind us - in both the commercial and residential markets.

- *Cap rates are headed up as are operating costs.

- *Prices are likely to continue softening at least through the second quarter of 2008.

- *US real estate will continue to look cheap to foreign investors due to weakness in the dollar.

- *Presidential election years are always a wild card.

As we have seen through many cycles, fundamentals rule. Growth creates demand, oversupply leads to price corrections and loan terms which seem too good to be true, probably are not. 2008 will be a year of change and change brings both opportunity and heartache. Be ready for both. Stick with what you know works well and the basics will bring you through even the toughest of times.

Happy New Year!

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