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Housing bubble will burst

Expert says history reveals ups and downs in market

By John Rebchook
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By one definition, the housing bubble will burst, according to the founder of Keller Williams, the nation's seventh-largest residential real estate company.

"Oh yeah, of course it will," said Gary Keller, who spoke to more than 850 agents attending a seminar he gave in Denver on Thursday.

"But *housing bubble* is sort of a coined phrase that means different things to different people. If you mean will prices come down slightly and the sales volume drop, yes that will happen. We don't go through half cycles. Nothing goes straight up forever. Prices and sales have to come down."

By some measures, that already has happened in Denver, as the average price of a home sold and closed in February dropped from the same month in the previous year for the first time in 13 years.

"The average dropped, but the median price is still up from a year ago," said Al Alba, who owns eight Keller Williams franchises in the Denver area.

"That's because most of the softness is with the high-end houses, which is causing the average prices to go down," Alba said. "Lower-priced homes are still maintaining their value."

And the history shows that home prices never stay down long, David Jenks, vice president of research and development at Austin-based Keller Williams said.

Jenks, along with Keller, researched and authored the book *The Millionaire Real Estate Agent-It's Not About the money*, which formed the basis of Keller's all day conference.

Jenks noted home prices and sales plunged in the 1980's especially in the energy belt states such as Colorado and Texas after the oil boom crash, but later roared back to record highs. And across the country, the home sales market dropped again after the Persian Gulf War, but was soon booming again, he said.

“The trouble is, everyone forgets about history and just focuses on the here and now,” Keller said.

rebchookj@RockyMountainNews.com or (303) 892-5207

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