

Canada's oil boomtown

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\$3,500 for a no-frills one-bedroom apartment? Welcome to Fort McMurray, the gateway to the second-largest proven oil reserve in the world.

By Erik Heinrich, contributor

(Fortune Magazine) -- Two-bedroom apartments at \$3,200 a month sparking bidding wars. Cash deposits of \$6,000 made on the spot. Manhattan? Dubai? Think again. While the rest of North America is mired in housing pain, the market is scorching in Fort McMurray, Alberta.

This frontier town five hours north of Edmonton is the gateway to the Athabaska Oil Sands, the second-largest proven oil reserve in the world. With \$100-a-barrel oil making its costly extraction from the tar sands profitable, crude exports to the U.S. have spiked to record highs - and the exploding industry has drawn some 20,000 fortune hunters since 2005, pushing rents into the stratosphere. One-bedrooms average \$2,200; some are predicting that will soon climb to \$3,500. Vacancies are rare, and landlords can name their price, often for apartments in rundown buildings with moldy interiors.

But for all the growth and six-figure salaries - the average income here is Canada's highest - you won't find a luxury building boom to match. One reason is that the government of Alberta is not releasing public land to keep pace with demand. But developers are also not sure there's much of a taste for loft-style living among a largely transient population of tradespeople from across Canada. There are no eateries with celebrity chefs in this no-frills town of pickup trucks and cowboy hats, and not just because staffing restaurants is next to impossible. (Some fast-food joints are forced to pay as much as \$17 per hour to maintain a skeleton crew.)

Indeed, the folks of Fort Mac, as the locals call it, don't much care for the luxuries commonplace in big cities like Toronto or Manhattan. The crowd watching the Oilers-Flames hockey game on Saturday night at the Moose Head Pub appear to agree. They may be pulling down an average of \$110,000 per year, but they're more interested in a pint of Molson Canadian with spicy wings than microbrews and gourmet fare. Says Ross Jacobs, a native of Ottawa who moved to Fort McMurray in 2005: "We like to keep things simple."