



THE FACTS ABOUT REAL ESTATE:

A Market Update and an Important Note on Why Waiting May Not Be in the Buyer's Best Interest

Buyers: We're in a buyer's market! But history shows this market won't last forever and some early indications are that it may be changing sooner than you think. Here's why you may want to act now, before the market begins to adjust:

Fact #1: Affordability is increasing

Fact #2: Interest rates remain relatively attractive

Fact #3: Many sellers are motivated

Fact #4: There are a lot of homes to choose from

Fact #5: Historically speaking, Colorado real estate is a strong, long term investment

Why You May Not Want to Make the Mistake of Waiting

Many buyers are sitting on the sidelines waiting for Colorado real estate to "bottom out," but doing so could result in higher housing prices and/or higher interest rates.

Consider this: increase in the interest rates, even by just a half a percent, could decrease your purchasing power and alienate you from today's unique market at a time when, in all probability, there probably won't be as much inventory.

We live in one of the most desirable areas in the world and regardless of the recent slowing in the market, there is still plenty of pent-up demand.

Early Indications Show That the Market May Be Changing

While the stars remain aligned for buyers, in recent weeks there have been some noteworthy developments that could mean positive growth for real estate and a shift towards a more normalized, balanced market. According to an April 25, 2008 *Realty Times* article entitled, "Real Estate Outlook: Index Says Positive Growth Underway," there are several implications that show real estate growth may be on the horizon:

- Applications for mortgages to buy houses were up again, for the second straight week, according to the Mortgage Bankers Association of America's national survey. Applications for FHA loans to buy houses jumped by three and a half percent -- and conventional purchase applications rose 2.1 percent.
- The federal government reported that house prices nationwide stopped their slide between January and February -- and actually increased by six tenths of one percent.
- Interest rates remain well under 6 percent, according to the Mortgage Bankers, with 30-year fixed rate loans last week averaging 5.74 percent and 15-year loans at 5.27 percent. The Federal Reserve just cut short term rates from 2.5% to 2.25%.
- Freddie Mac announced plans to pump up to 15 billion dollars into the "jumbo conforming" loan market.

What The Experts Are Predicting

The National Association of Realtors is projecting that home sales will trend up this year. According to the national real estate organization's April 8, 2008 market update report entitled "Existing Home Sales to Stabilize Before Upturn in Second Half of 2008," "Little change is expected in existing home sales over the next few months, before improving notably during the second half of the year."

Lawrence Yun, NAR chief economist said the market will come into clear focus this summer, noting "Existing home sales could start to show a sustained increase within a few weeks, unless there are some additional economic problems or excessive inflationary pressure. We're looking for essentially stable sales in the near term, before higher mortgage loan limits translate into more sales in high-cost markets. The wider access to affordable credit should increase sales activity notably this summer as pent-up demand begins to be met."

The Bottom Line

The bottom line is that this is a very good market for buyers but it won't last forever. And while it is hard to predict when the market will officially "bottom out," the only way you will know for sure is when it has begun to rise again.

What I can tell you is that based on my own experience, we are starting to see homes sell, largely in part thanks to a drop in home prices, attractive interest rates and a large number of homes from which to choose. All of these factors are changing consumers' outlook on real estate and I tend to agree with the *Realty Times* article quoted above which so eloquently concluded "It's undeniable that there are some glimmers out there that the underlying economy and financing marketplace, which after all are what support real estate activity, finally may be headed in a positive direction."

If you are ready to enter the real estate market, you may not be able to pick a better time than now. Please contact me today so that we may assess your individual needs and determine if now is the best time to buy for you.

