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Now Is A Great Time To Buy A Home

If you're ready to buy a home and can afford it, now is a great time to buy. Mortgage interest rates remain very low. In many areas, buyers have a lot of inventory from which to choose and long-term homeownership continues to be one of the best ways for the typical American to build wealth.

Don't let all of the negative media attention about the "mortgage meltdown" keep you from pursuing your homeownership dream. Mortgage industry woes are primarily limited to subprime loans and other types of creative and comparatively risky financing products. While the mortgage industry stalled briefly to reconsider its more exotic loans, there is plenty of conventional financing available for qualified homebuyers. Interest rates remain at historically low levels – still less than 7% for the typical, 30-year fixed-rate mortgage.

Indeed, the market has changed. It's gone from a frenzied seller's market to calmer buyer's market. In fact, buyers haven't seen a market this strong in years. When the national median home price dropped for the first time on record, the decline made huge albeit misleading headlines. For starters, there is no such thing as a national real estate market. All real estate markets are local and driven by local factors that include the local economy, housing supply and demand factors and other attributes like geography.

The slight decline followed years of unprecedented steep home price appreciation and the reality is that only a handful of markets experienced price declines. Corrections in markets that experienced exorbitant home price appreciation were expected and signal good news for buyers. According to 2007 third-quarter National Association of REALTORS® (NAR) statistics, the vast majority of the nation's metropolitan areas showed rising or stable home prices with most areas experiencing modest gains.

Right now there are many homes from which to choose and in most areas buyers don't have to deal with the harried and hurried competition of multiple bids. The changing market has also changed the inventory landscape to include fewer speculative sellers and a larger share of serious and motivated sellers.

Prospective homebuyers have some time to shop inventory and thoroughly compare home types and prices, amenities, neighborhoods, commutes and other important real estate-related features. And buyers have stronger price negotiation power as sellers compete for their attention by offering concessions or other incentives.

While all real estate markets have ups and downs, Americans continue to consistently build wealth through homeownership. According to the NAR:

- On average, the value of a home doubles every 10 years. During the past three decades, home values have increased an average of 6.6% per year.
- The average homeowner today has 36 times the wealth of the average renter. Homeowners are essentially paying themselves when they pay their mortgages and this means they're building equity. Homeowners also benefit from some real estate-related tax write-offs like mortgage interest.
- Sixty percent of the average homeowner's wealth is their home's equity. For homeowners who're in their homes for the long-term, home equity typically is their single largest source of wealth. Because every market is different, it's a good idea for potential homebuyers to contact a local real estate specialist to learn more about what's happening in his or her community and real estate market. The bottom line in real estate doesn't change – if you're ready to buy and can afford to make a long-term homeownership commitment, it's always a good time to buy!

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