

Why Buy a Home in Today's Market?

Buying a home in today's market may be challenging, particularly for those with credit problems or little saved to put toward a down payment. But there are many factors impacting the current housing market that make buying a home today a viable option.

Here are **FIVE** reasons for buying a home today:

1 Interest rates on long-term, fixed, and adjustable mortgages are at historically low levels. The rate on a 30-year, fixed mortgage is hovering just below 6 percent, while, by comparison, interest rates were hitting 8 percent and higher during the last market downturn in the late 1990s, and were between 10 and 12 percent at the height of the last housing boom in the 1980s. Lower interest rates make it easier to qualify for a loan, and your monthly payments are more affordable.

2 No one can put a price on the intrinsic value of homeownership. Home prices also reflect financial worth and, the good news is, across California the median sales price for a single-family home has been consistently rising for several decades. In short, housing remains a solid, long-term financial investment. While the pace of home appreciation has slowed over the last year, historical data suggest home prices will continue to appreciate over time. The projected median home price for a single-family home in California in 2008, for example, is \$553,000. By comparison, the median price in 2000 was \$241,350; \$193,770 in 1990, and \$99,550 in 1980. (source: C.A.R.)

3 The length of time a home remains on the market before it is sold has increased from roughly two weeks in 2004 to between eight and nine weeks in 2007. According to the unsold inventory index provided by the CALIFORNIA ASSOCIATION OF REALTORS®, it would take 16.3 months to sell all the homes on the market at the current sales pace, compared with 6.4 months in 2006. With more homes on the market for longer periods of time, you have more choices when it comes to selecting a home today.

4 The multiple-offer frenzy that dominated the latest housing boom has subsided, and there is less pressure on today's home buyers to outbid one another. REALTORS® in California reported that in 2007 only 28 percent of homes sold had multiple offers, compared with 57 percent in 2004. (source: C.A.R.)

5 The credit industry crisis that has made securing a home loan difficult for many has led to heightened scrutiny of mortgage lenders. As a result, state and federal agencies have created protections for home buyers that were not in place a year ago. The U.S. Federal Reserve, for example, has proposed a plan to require lenders to confirm a borrower's ability to afford a mortgage before making a loan and establishing guidelines for explaining subprime loan terms in order to better educate buyers. Many new public education and awareness campaigns, such as Freddie Mac's "Don't Borrow Trouble®" campaign, have been developed to help you achieve the dream of homeownership without the financial risks that led so many borrowers into trouble in recent years.





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