



Waiting to buy? That decision may have cost you more than **50,000** dollars!

By Fred Jaeger

For Buyers who may have been waiting for the market to finally bottom-out, that time may have already passed. As a matter of fact, the decision to wait may have already cost the average buyer 50 thousand dollars or more.

Last Spring I argued that there couldn't possibly have been a better time to buy:

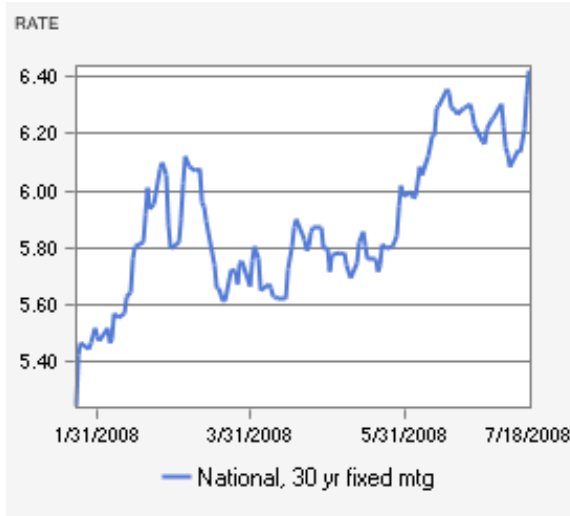
*“If you're waiting for prices to decline to an ultimate low, you may be missing the boat by overlooking **other variables** that should be entered into the equation at this time...*

..It's a great time to buy Real Estate now and not just because of the recent downturn in prices. Added affordability combined with historical lows for rates in the lending industry, huge selection due to massive increases in available inventory and market forces that are pressuring sellers to be more flexible than ever, are factors now allowing buyers to be nearly ideally positioned...”

Unfortunately, it now appears that the fence sitters who may have stubbornly waited for an even *better* time to buy than last winter or spring, will now be faced with not only significantly higher monthly payments, but tens of thousands of additional dollars being paid out over the course of their mortgages.

Interest Rates have gone up and they're more than likely to continue to rise.

Here's how rising interest rates may have impacted a potential buyer and their purchase:



Source: Bankrate.com

In January 2008, the average interest rate (nationally) on a thirty year fixed loan was approximately 5.4% for customers with good credit. Now, (late July 2008) the rate hovers around 6.4 % and will more than likely be higher by the time this article is published. Principal and interest payments on a \$250,000 dollar home would have been around \$1400 per month; now that same home will cost the buyer around \$1563 a month. Amortized over thirty years, **that amounts to more than \$57,000 dollars of additional expense.** (And that's not even considering the loss of

how that \$160/mo could have been invested over time.)

Although we're all feeling the financial pinch of a slowing economy and rising prices, the efforts made by the Federal Reserve to slow inflation by raising interest rates, may be the very thing a struggling Real Estate market needs least.

The Wall Street Journal recently stated:

"...A major economic policy move could come in the final weeks of the U.S. presidential elections. Traders are betting that before November, the Federal Reserve may execute an interest rate hike.."

Also from Forbes.com July 16:

"..Federal Reserve chairman Ben Bernanke said a 'top priority' for the central bank is to bring inflation to an acceptable level.

'We're going to be responsive to conditions as they evolve,' Bernanke said in testimony before the [House Financial Services Committee](#). He noted concern about commodity-related inflation bleeding into [headline inflation](#).. "

The point is that we should expect interest rates to go up with the inflation of other items, and because of that, anyone considering the purchase of Real Estate should carefully factor that into their decision about when to buy.

Prices are down, and may continue to fall, but, pricing alone should not be the only factor influencing a buyer's decision. When considering that selection is huge, seller flexibility is nearly maximized, and the price of money is still relatively cheap (but getting more expensive,) the potential overall return on investment on Real Estate available RIGHT NOW, is quite possibly at its very zenith. Whether you're a casual buyer or a full time investor, delaying a purchase now may prove to be a regrettable decision over then next few months and years.

As I said in March, if your waiting for the best time to buy, please allow your local Real Estate professional to explain why now is probably the best time to be helped down off the fence. Ten years in the future, when you see the results of a good investment made now, we're confident that you'll be pleased with your decision.

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