

## Buying Now a Risk Worth Taking

by Dian Hymer, December 7, 2009

Recent good news about the housing market has many homebuyers wondering whether now is a good time to buy. For example, home sales activity increased 9.4 percent nationally in September, a 26 percent increase from a low point in January, according to the National Association of Realtors.

However, this doesn't mean that the housing market has bottomed out or that we're heading toward a seller's market. It could take years for the market to level out and turn around.

The \$8,000 first-time buyer tax credit has had some effect on stimulating the market. The Nov. 30, 2009, deadline for taking advantage of this credit has been extended, and a tax credit of up to \$6,500 is now available to repeat homebuyers who qualify. Income restrictions apply. To take advantage of these credits, the buyer needs to have an accepted offer no later than April 30, 2010, and close no later than June 30, 2010. The home-price limit for both credits is \$800,000.

An active first-time buyer market helps the move-up market as sellers move from smaller to larger homes. Low interest rates and an improvement in the home financing arena makes it possible for the middle-level home sellers to sell and move up or scale down. Lenders are processing home mortgage applications more quickly than they did earlier in the year and there is more jumbo financing available.

Many buyers are having difficulty finding a home to buy. The inventory of good listings on the market is low in many areas because many prospective sellers who don't have to sell now are waiting for a better market. To aggravate the situation, many sellers who need to sell now often take their home off the market after Thanksgiving and will bring it back on the market next year.

Buyers may find there's very little on the market to choose from for the next several months. However, they may also find that many buyers will drop out of the market over the holiday season, leaving less competition for the listings that are on the market during this period.

HOUSE HUNTING TIP: If you're having trouble finding a home to buy this winter, ask your real estate agent to search in the multiple listing service for listings that were either temporarily taken off the market or canceled. Find out if these sellers still want to sell. If so, ask if they would be willing to show you their home and entertain an offer.

Keep in mind that some of the listings that were withdrawn from the market didn't sell because they were priced too high. The appeal of not having to put one's home back on the market is a big draw for many sellers, perhaps enough to convince a seller to accept a realistic offer.

Interest rates are expected to go up next year, according to many analysts. If rates increase significantly, this will negatively impact affordability and make it more difficult for buyers to qualify. In other words, there's a lot of uncertainty going into 2010.

However, this doesn't mean that it's not a good time to buy as long as you have job stability, the monthly payments are affordable, and you buy for the long term. If you wait to buy for a couple of years, you could end up paying more.

THE CLOSING: Buying now may be a risk worth taking if you can find the right house that will satisfy your long-term needs.