

BE IN THE KNOW!



Inflation Leads to Higher Interest Rates

As we continue to travel on the road to recovery of the housing market, we know that:

1. Inflation leads to higher interest rates; and
2. Houses are selling in higher quantities which may also cause an increase in prices.

If you are a seller, it may be time to be more realistic with your list price. If you are a buyer, now may be the time to purchase or you may miss out on the current financial opportunities.

"Get Ready for Inflation and Higher Interest Rates"

—Arthur B. Laffer, June 11, 2009, Wall Street Journal

Houses Are Selling in Higher Quantities

According to the National Association of Realtors' April 22, 2010 Existing Home Sales Rise on Home Buyer Tax Credit and Favorable Market Conditions article, "Buyers responding to the homebuyer tax credit and favorable affordability conditions boosted existing home sales in March, marking the beginning of an expected spring surge."

The report revealed that sales of single family, townhomes, condominiums and co-ops rose 6.8 percent to a seasonally adjusted annual rate of 5.35 million units in March from 5.01 million in February and are 16.1 percent above the 4.61 million-unit level in March 2009.

Although many people are purchasing distressed properties in foreclosure sales, there are also a large number of purchases made on non-distressed properties. These market trends may indicate that we have reached the bottom.

Message to Buyers and Sellers

Buyers and sellers, our message is simple: Things are changing and the opportunities available today, won't last forever.

Buyers: You may not want to make the mistake of waiting for everyone else to make a move before you feel comfortable enough to make a purchase. Many people have already made a purchasing decision and we never know what the bottom of the market is until it has passed. Here's one thing that is certain: for buyers who need to finance their purchase of real estate, increasing the interest rate is the equivalent of a price increase.

Sellers: If you are serious about selling your property, you may want to adjust your price to where the market is moving, take your lumps and move on or you may be waiting a very long time.

If you are ready to make an informed decision about your real estate opportunities, please contact me today:

Leslie Leis

Coldwell Banker Office
970-310-7093

leslie@lesleleis.com
www.lesleleis.com

Look at the difference that just a 1% increase in the interest rate makes in these loans:

Loan Amount	Type of Loan	Interest Rate	Monthly Payment
\$417,000	30 year fixed	5%	\$2,238.54
\$417,000	30 year fixed	6%	\$2,500.12
\$417,000	30 year fixed	7%	\$2,774.31