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## **Real estate is great in 2008: Lower values and really low interest rates**

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Do you remember years ago when two great things, chocolate and peanut butter, kind of came together by chance and made one great new candy bar - the peanut butter cup. It made for a great commercial. Well two great things have come together in real estate, lower values and really low interest rates. This combination in the market makes for some phenomenal real estate deals. It should make for some great headlines. However, the press has generally highlighted only the negative aspect of a falling, or should I say crashing, real estate market. The very thing that fueled the market for a few years longer than most people thought possible, is the very thing that has also caused more of a crash than anyone expected and will continue to be a factor. Lending guidelines that were so loose that anyone who was breathing could get a mortgage most definitely added so many people to the pool of buyers that it created unusually high demand and pushed values up. The amount of fraud that often took place for that to happen is outrageous. It became so commonplace that the participants, mortgage brokers, appraisers, buyers, attorneys, sellers, and real estate brokers seemed to forget that it was fraud. The biggest problem was that people were "sold" and willingly accepted, in most cases, mortgages that they could not afford to pay. They did so with the rationalization that we'll all worry about it later - when that day comes that the payment goes up, or when the realization set in that we couldn't afford this mortgage, even before the rate went up. And so, like everything in life, there are consequences for those decisions. So many people are losing their homes. There are so many short sales and foreclosures that they are becoming the comparable sales and comparable listings in many areas, which greatly affects the price that a seller is likely to get.

I have been saying to everyone that will listen, there has never been a better time to buy! If you don't own real estate, or if you are moving either upward in value or even laterally in value, this is the time to do it. If you are lucky enough and haven't messed up your credit too much or have equity in existing real estate, this is the time to invest in more real estate. There are great opportunities, especially with rates as low as they are. We may never see such a great opportunity again for over a decade. You will probably make more money when the market turns around (and it will) than you can make at your job - no matter what it is.

Having said that, unless you are an expert in real estate investing, you need to surround yourself with a good team, because you can't afford to make a mistake right now. The market is not forgiving like it was when it was going up every day. You need a good real estate broker, a good home inspector or better yet a contractor. You need more than one good lender, preferably a banker and a mortgage broker. I find that different types of property require different types of lenders, but that is a whole new article. You need a good real estate attorney. Most importantly, you need a good

appraiser because there are not enough hours in the day for you to keep up with the market right now. It is just too volatile. And like I said, you can not afford to make a mistake when it comes to value right now.

Appraisers who belong to a professional organization are generally more qualified than those who don't and appraisers who hold a designation with a recognized organization generally represent the upper echelon of qualified appraisers. Beyond that, you need someone who really knows the area in which they are appraising. This is called "locational competence" and believe me it is often lacking in the market place.

So put together a team, go have some fun and buy real estate!

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