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## Financial advisor says go! Changes in housing market

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Financial adviser, Deborah Borchardt, advised viewers January 2nd on the Today Show that the first six months of 2014 would be a better time to buy a house than the last six months. Her reasoning was that the current low interest rates would start to rise later in the year. That's fairly good news for bankers, brokers and appraisers because it should mean more business. But it's not really news - or it shouldn't be news to any of those same folks if they have been paying attention. Anyone who has been watching the financial markets knows that rates have been too low for too long. They just have to move up.

The great news for bankers, brokers and appraisers is that lots of people who watch the Today Show don't really watch the financial markets that closely. If a TV financial advisor says it's safe to buy a house, then it is! And what a great time for this advice to come. The spring selling season is right around the corner. Despite a foot or more of snow on January 2nd, the SuperBowl is just a month away, and that signals the start of the spring selling season.

The fundamentals are good. We've probably seen the bottom of the market. Much of the fear is receding. The rate of new foreclosures has dropped to manageable levels, and values have started to come back; in some markets, they have come roaring back. Many potential sellers that were trapped underwater now feel it is safe to list their homes for sale. In a real estate market starved for inventory, that is great news. And the advice to buy now - coming from a TV financial adviser - is just about the best closing tool anyone needs to bring a market back to life.

But, there's bad news in the good news. When too many folks believe that the market is completely healed - especially when a TV advisor says it is, the temptation to pay too much and to borrow too much can't be far behind. And, while a future with higher rates is good for banks, every low-rate mortgage made today could become a liability tomorrow. In addition, while rates are low and the temptation to pay more and borrow more is rising, the potential on appraisers to feel the pressure for higher values rises with it - whether that pressure is real or imagined.

Recent significant price appreciation in some locales is great news, but another year of such price increases might be a sign of the need for caution. Appraisers, brokers and bankers looking for higher prices will certainly find them. Finding substantial evidence of value might be a little harder. If it's there, an efficient market will find it. If not, let's hope that the professionals involved in the transaction can see it. Better than hope, let's make sure.

Shaun Fitzgerald is the owner of Fitzgerald Appraisals, Easton Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540