

Re: Book on buying a house?

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- *From:* Ron Peterson <ron@xxxxxxxxxxxxxxxx>
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On Mar 14, 2:43 am, "sinister" <sinis...@xxxxxxxxxxxxxxxx> wrote:

My own model is that, while the bubble has deflated somewhat recently,
(1) it takes quite a while for prices to adjust downward---at least a year
in response to changes in the fundamentals,
(2) prices will really take a beating when interest rates go up.

You have to look at the community where you live. Interest rates won't
change much.

If your community is growing, house prices will be high because of a
shortage of lots, in which case you should buy ASAP.

The price of a house should be the price of the lot plus the price of
the building minus depreciation.

I don't know when rates will go up again, but the rest of the world cannot
keep lending to the US forever. My estimate is that in 15 years, it's a
certainty that this part of the world economy (trade balance, etc) will have
gone back to equilibrium. 10 years, very likely. Five years, probably but
not at all certain.

When the US pulls out of Iraq in 2012, the economy will recover
because of the reduced drain on the economy.

My wife really wants to buy, and even though I've explained the fundamentals
to her and she's not at all stupid...well, let's just say that my impression
is that on average women are much more emotionally attached to the idea of
owning an abode.

I don't think that just women have that need. It helps if you can buy
your furniture and appliances on a long term basis.

Re: Book on buying a house?

The safest and most profitable time to buy real estate is when prices have been steady for a year after a crash.

Agreed...like I said above, though, the real crash won't happen until rates go up 100+ basis points, and I think that's coming, but my wife's patience will be exhausted first.

Interest rates for house buyers isn't that low now, banks just use the difference between what they pay for interest and what they charge to enhance their profits.

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Ron

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