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INSIDE ADVICE

Here are three reasons for buyers to act immediately

By John Adams
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The first house we ever owned was actually a duplex. The previous owner had converted the screened porch into an efficiency apartment. Because the big side was under a lease, I moved into the efficiency with my young bride, her cat and our big dog.

One reason I was so anxious to buy was that, in 1978, the long-term fixed rate was sitting at 8 percent, and I sensed a rate increase in the air. I remember that it was wintertime, and the apartment was rather cool, but the seller was a friend and agreed to accept a price of just \$40,000 for this old duplex.

It was time to make a move. I still own this property today. It's located near Emory, and is easily worth 10 times what I paid in 1978. It's one of the best investments I've ever made.

Many of you have been sitting on the fence, waiting for the right time to buy real estate. You don't *have* to buy anything, but you think that if you could get a good enough deal, you might be ready to move. Well, please consider this column to be your engraved invitation. I believe there are compelling reasons that you should seriously consider making your purchase in the next few weeks, and I've got three main reasons for sounding the alarm:

- If you are going to shop for a house, you want to do it at a time when sellers are most vulnerable. And believe me, sellers have taken it on the chin pretty hard lately.

If you are looking at resale homes, many of these have been on the market since last summer and still haven't drawn a serious offer. Every seller in the nation has been told to expect an offer asking for closing costs, discount points, a full inspection, and anything else the buyer can think of.

If you are considering new construction, there are plenty of builders who failed to notice the impending slowdown and continued building new homes at pre-2007 speed. As a result, they are now making huge monthly payments on their construction loans, and are highly motivated to make you a good deal.

To make matters worse, all sellers have endured an almost year-long barrage of news reports citing "rising fuel prices and falling home values," even though most of the latter has been felt more keenly in other parts of the nation. Bottom line: Sellers are ready to negotiate now.

- If I had to pick a time during the year for a buyer to buy, it would be right now. Everything else being equal, the winter in Georgia is sort of a blah time of year. And contrary to what Walter Reeves says, there is nothing in bloom now. It's cold and rainy, and it gets dark really early. That makes it hard to get out and see houses, especially after work. And that is exactly why I want you to get to work in the next couple of weeks.

Every year in March, Atlanta undergoes a phoenix-like transformation. First, the Bradford pears blossom in pure white as if to let you know winter is nearly over. Then our town breaks out in living color right around Easter. By the time you see the flowers in bloom, half the population of Atlanta decides it's time to start looking for a house, and your advantage is lost. Instead, brave the weather and the dark, and start looking at houses today. You can be sure that if you like a house in winter, you'll love it in spring. Bottom line: There are few buyers in the market now.

- And finally, long-term fixed rates have taken another suicidal plunge. As I write this, bankrate.com is reporting national 30-year fixed rates at 5.49 percent, and 15-year fixed rate loans are offered at an astonishing 4.96 percent. And if you shop around, you can usually find rates locally that will beat the national average.

Friends, we are looking at historically low interest rates, and I honestly didn't think we would ever see these again. But here they are, and you can lock in for 30 days now.

Remember that interest on your home loan is likely to be the greatest expense you will have associated with your home purchase. And interest rates have historically cycled up and down over a period of years.

Furthermore, the Federal Reserve has signaled its willingness to intervene as much as needed to help avoid a recession. That means we will probably see another prime-rate cut this summer, but higher long-term rates as a result. No one can know for sure, but I'm willing to bet my keyboard that we will see higher fixed rates by the end of the year, and perhaps much sooner than that.

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