

How Will the Stimulus Package Affect The Housing Market—and You?

This is a monumental piece of legislation that will directly affect the housing market. I want to share my insights on how I believe it will affect the market so that you can make informed buying and selling decisions.

Homebuyers: Part of the stimulus package gives first-time homebuyers who purchase in 2009 an \$8,000 tax credit. "First-time homebuyer" is defined as someone who has not owned a home for the past three years. Combined with the fact that foreclosure filings during January decreased 10% from December 2008 and that some sales in December of 2008 rose 6.5%, we will see prices at the lower end of the price spectrum stabilize. All the really great deals will be snapped up in the next month or two and we should see a price increase in December of 2009 as those who wait will rush to buy before the \$8,000 credit is gone.

This will also help clean up some of the problem loans, short sales and foreclosures that have been a drag on home prices.

Three to six months from now we will see this start to move up to a little higher price range and by the end of the year, prices will stabilize in large mid-priced homes. High-end homes will be the last to stabilize sometime in 2010.

If you are thinking about buying, now is the time. Don't wait and end up wishing you had taken advantage of this opportunity.

Home sellers: If you are selling in the lower price ranges, you can expect to see increased activity and, if your home is reasonably priced, you will get it sold very close to that price.

If you are not at the low end of the market, and do not have to sell, my advice is to wait twelve to eighteen months, you will get a better price. If you have to sell now, price it right and get it sold now as we could still see a drop in value in the mid and high-end price ranges over the next 3 to 6 months.

If you want to talk further about the impact of this stimulus package, give me a call or drop me an email about your situation and I will give you my recommendation. Also check back here on a regular basis for updates on what is happening in our real estate market.