

Your Real Estate Advisor



When To Buy? When to Sell?

NAR chief economist Lawrence Yun points out that buyers are looking for clear signs of a market bottom and are content to wait on the sidelines until then.

When it comes to real estate, the questions on everyone's lips are: How low is low, and when's the perfect time to buy back in?

In the US nation some markets are expected to recover by mid 2008 according to the National Association of Realtors. In other markets, expected to recover more slowly, low buyer confidence coupled with an excess of housing stock has lengthened the slump.

Many markets will experience more declines in the coming years, while others will start recovering. Puerto Rico is not the exception. We can all see that. Our economy health states about the same. Not more to say, it is not easy to predict when will real estate prices will stop declining, and much less, when will prices sense, at least, moderate gains.

It's easy to see why. Most of the country's real-estate markets are feeling the effects of overproduction. Cities should burn off its excess inventory before prices are expected to increase. That will take into account housing affordability, vacancy rates, the strength of the local economy and job market.

We can only control the price variable. The short-term "home equity" increase that we experienced for the last few years is declining as fast as it raised. Old school dictates that purchases, at least, 15% under appraisal value are "good" purchases. Though Investors rather buy if it is about 20% under appraisal value.

On the other side, why I cannot find one single buyer, when some years ago there were so many? The answer is simple. Some years ago, people were in a hurry to buy in order to catch the short-term appreciation increase. Now that no increase is showing and/or expected and, for worst, prices still declining, there is no hurry to buy, unless, of course, it is a good deal.

Ok. So, what's the deal? The deal is: if you are to buy, just make your offer and wait, but not too long. If your offer is not accepted, try with another property... Wait, I am selling. Well, sell before it is too late. It is bad to lose "gained" equity, but it is way worst to lose part of your investment.

De La Guardia Group combines many years' experience, a thorough understanding of the real estate market, and cutting-edge technology to provide buyers and sellers with competent advice and proven results.

