



Why Wait? The Hazards of Timing the Market

Buyers who wait until prices come down are making a decision that requires luck in both the price of the home *and the interest rate*. Many buyers don't understand that a 1 percent jump in interest rate nullifies a 10 percent drop in home prices.

Drop in Home Price Is Offset by Increase in Interest Rate			
Home Price	Starting Price \$200,000	5% Drop \$190,000	10% Drop \$180,000
Interest Rate	Starting Rate 6.0%	.5% Jump 6.5%	1% Jump 7.0%
Payment	\$1,199	\$1,201	\$1,198

Interest rates are near the best they've been in thirty-five years. Does this mean they'll stay low? As with home price, no one knows if they'll stay up or down until after the market reflects the change. The important thing to remember is that it's a myth to think anyone can time the market. Smart buyers can make smart choices about when to buy though.

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