



March 17, 2008

Dear Editor,

In his commentary ("The (Always) Sunny Side of the Street", March 16), reporter Binyamin Applebaum chides the Realtor® organization and its members for promoting the home buying opportunities available in the current market. But is this criticism justified?

With some economists forecasting home prices to decline through this year he argues, consumers are best to wait before purchasing a home. For some that's just not practical, for most it's simply not prudent.

History clearly demonstrates that home ownership is one of the best, if not the best, means of accumulating wealth in this country. In fact, a recent study by the Federal Reserve found that the average household wealth of U.S. homeowners is \$184,000 vs. just \$4,000 for those who rent. Furthermore, despite a recent drop in home prices locally, the median price for a single-family in greater Boston remain 20 percent higher than it was five years ago and has risen 110 percent over the past 10 years.

The problem with Mr. Applebaum's wait-and-see approach is that it's impossible to time the bottom of the market because you don't know you've reached it until it's passed. Plus, there's no way to know for certain if prices are going to continue to decline, unless he has somehow gained possession of a magic crystal ball that can foresee the future. In many towns throughout greater Boston home prices have already stabilized, and by year's end mortgage interest rates could be higher which would likely negate any benefit of waiting to buy.

While many in the media are prone to focus on the gloom-and doom, for those who care to do their homework, the reality is this. Mortgage rates are near historic lows, housing prices have fallen from their peak in 2005, and loan limits for both FHA mortgages and Fannie Mae and Freddie Mac conforming loans have just been increased substantially for metropolitan Boston, which will provide more attractive financing terms for prospective home buyers. Along with improved housing affordability, many sellers have made improvements to their homes to make them more attractive in today's market, and the multiple-offer bidding wars so common during the middle of this decade when inventory levels were tight are now far less frequent, making this an ideal time to be house-hunting.

Remember, first and foremost, housing is shelter, but it's also a sound long-term investment. Veteran real estate professionals who've experienced multiple housing cycles understand this and know prices will soon be headed back up. It's our job to communicate this to consumers whether the media does so or not.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Friedberg".

David Friedberg
President
Greater Boston Association of Realtors®