

# FedWayMirror.com

## COMMUNITY

### Homeownership: Still a solid investment in Puget Sound

By Lori DeVore  
**Federal Way Mirror Real estate update**  
Jan 14 2009

The financial markets right now are having a direct impact on the real estate market.

There's the takeover of Fannie Mae and Freddie Mac, the "bailout bill" and subsequently, the volatile stock market. Yet, despite these events, people are still buying and selling homes, albeit at newly adjusted levels.

Sales activity in the Puget Sound area has declined, but over the next four years, it is expected to increase 40 percent to 60 percent from current levels. Home sales activity is markedly better for those homes that are purchased using a conforming loan. This can be attributed to the fact that interest rates for non-conforming (jumbo) loans continue to sit about two points higher than those for conforming loans.

Housing inventory levels peaked in May and have since declined in King County by 6 percent, which is an indication that buyers are still buying and sellers are understanding that they need to be truly motivated to sell in this market. The further the distance from the job centers, the higher the inventory levels, so those areas outside of King County have seen home sales decline more sharply.

The volatility of the financial markets is causing some homebuyers to pause. But the truth of the matter is that market conditions are ideal for first-time buyers, move-up buyers and investors. And what's driving many buyers in today's market is a desire to move closer to work, to be near family or to downsize to a smaller home.

Recently, Lawrence Yun from the National Association of Realtors said the bottom line is that the situation is manageable and things will improve. The recent passage of the bailout bill is a step in the right direction, but it will take time to see the results work their way into the economy.

Interest rates are at their lowest levels in history for conforming and FHA loans, and there are a variety of great mortgage options, despite perceptions to the contrary. Consumer confidence will take time to rebuild, but in the meantime, advantageous market conditions currently exist for those who are motivated to buy. And despite the uncertainty of the financial markets, homeownership continues to be one of the most solid investments an individual or family can make.

Move-up buyers who are going ahead with purchasing a home realize they will have to accept less for their current home than what they would have sold for last year. The good news is that the home they purchase today will be priced so well that they will come out ahead. Anyone who buys a home at today's prices will be thrilled in the coming years when the economy strengthens.

*Federal Way resident Lori DeVore is a Realtor with John L. Scott Real Estate. Visit [www.loridevore.com](http://www.loridevore.com).*