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Buyer's market

■ Low rates, high inventory mean good deals are available

BY SCOTT KERBS

skerbs@thespectrum.com

ST. GEORGE — The mounting foreclosures and plummeting home prices that have made headlines in the past 12 months have fueled misconceptions and confusion among many prospective homebuyers. The reality, though, is that the current environment has made this the perfect time to buy a home for those who are able.

Industry experts in Southern Utah say the key is for potential homeowners to know what to expect as they navigate a heavily saturated market.

There are plenty of good deals to be had. Home values in the St. George area fell by 8.63 percent in December when compared against the same month in 2007, according to a recent First American CoreLogic report. With discounted prices and historically low interest rates, most industry experts said the current market is rife with opportunities for motivated buyers.

"Buyers really are in the driver's seat," said Vardell Curtis, CEO of the Washington County Board of Realtors. "There is more inventory to choose from now than in recent history."

He said there are approximately 3,000 homes listed for sale in Washington County, so now is the time to buy. Curtis said he believes the value of homes priced less than \$300,000 have hit rock bottom. Further adjustments are expected in properties valued at \$500,000 or more, he said.

While foreclosures and other bank-owned properties represent attractive options for buyers, Curtis said private sellers are becoming motivated to offer their properties at lower prices.

"They may have foreclosure imminent," he said. "Rather than go through that stigma, they are motivated to sell."

With a surplus of homes in Washington County, Kelly Wasden, a local banker, and his wife, Shanana, jumped at the opportunity to find their first home at an affordable price.



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Kelly Wasden, right, and his family tour a Washington City home with the assistance of local real estate agent Jeremy Larkin.

"The market has been so terrible," Wasden said as he inspected a home for sale in Washington City alongside his wife and Jeremy Larkin, a local Realtor. "You can pick up a good deal."

Although Wasden said he has prequalified for a \$170,000 loan, he underscored the importance of finding a home priced below the limit in an effort to ensure financial stability in his future household.

Curtis said finding a suitably affordable home is essential, and buyers should never allocate more than 30 percent of their monthly income to their mortgage payment.

While the flood of inventory has slashed home prices in many cases, Ron Adams, president of the Iron County Board of Realtors, said low interest rates play an integral, and often-overlooked, role in offering affordability to buyers.

Bank-owned homes not always best option

BY SCOTT KERBS

skerbs@thespectrum.com

ST. GEORGE — With heavily discounted prices, bank-owned homes often represent attractive options for buyers, but industry experts said the financially distressed properties often present difficulties.

Jeremy Larkin, a St. George real estate agent for Keller Williams Realty, said bank-owned properties represent

more than 50 percent of his total business, but navigating the foreclosure market is a difficult task in many cases.

Drawing upon his experience with foreclosures, Larkin said approximately 75 percent of the bank-owned homes are physically distressed.

"There are a lot of houses on the market, but a lot of them are garbage," he said.

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"People have a tendency to chase prices, particularly in this market," he said. "It is more important to chase interest rates."

Even the slightest uptick in an interest rate can represent thousands of dollars in many cases, leading to an inflated, and sometimes unaffordable, monthly mortgage payment.

While lending standards have increased substantially in recent months, Michael Beckstrand, a loan officer at SunFirst bank in St. George, said many qualified buyers have received approval for 30-year mortgages with fixed interest rates in the 5 percent range.

Despite the crackdown on lending qualifications, Beckstrand said loans remain available to those with stable income, strong credit history and the funds to produce a down



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Kelly Wasden, his wife, Shanah, and their 2-month-old son visit a home for sale in Washington City.

payment of approximately 20 percent, in most cases.

"Funding is absolutely available, regardless of where you are looking," Curtis said. "You have to demonstrate that you have a job and the ability to pay the loan back. That is common sense."

With strict lending standards, rising rates of foreclosure and declining home values, the housing market has witnessed substantial change in recent months, Curtis said, amplifying the importance of seeking out the assistance of real estate professionals.

"More than ever before, I think you need the assistance of a real estate professional," he said. "With all the inventory to choose from, you need someone to help you narrow it down. I wouldn't dare try to buy a home without an experienced agent."

Curtis also underscored the importance of dealing with experienced lenders, appraisers, title companies and other essential housing industry professionals.

"For most people this will be the largest investment of their lifetime," he said. "Left to your own devices, there are just too many places this can go bad."

While many remain apprehensive about buying a home as a result of the nationwide housing crisis, which many agree sparked the recession, Curtis said he expects the market to recover.

"Historically, real estate has been a great investment," he said. "Over time, it is still a great investment."