

The Real Estate Realities of the Current Economic Climate-00-23

Every evening the television brings a bit more bad news. Every day the newspaper paints an even gloomier picture than the day before. Where will it end? What is going to happen along the way? Although none of us can predict the future, there are a few expectations.

Firstly, some home owners will try to refinance their homes in the hope of lowering the payments thanks to a lower interest rate. The savings brought about by doing this can be quite substantial, and provide a much needed breather. This option, however, is only viable to those who still intent to stay in the property for a number of years to come, since the costs incurred will only be justified after approximately two years.

Secondly, many people are likely to sell their homes, and rather just rent apartments and houses. Besides being less expensive, there are a number of costs eliminated this way, including maintenance and insurance. The burden of maintaining a house can be quite substantial, especially if you are not prepared for it. Moving into an apartment can also remove the added burden of maintaining and cleaning a garden, which will be important for those who have to work long hours to make ends meet.

Yet another group will be those selling off at a loss just to get out of the mortgage contract. Some of these people may be trying to avoid foreclosure, and some of them may be trying to keep their credit score intact, even at a price. Families normally living off two incomes that suddenly have to survive on only one source of income will probably be a large percentage of these, due to jobs becoming scarce.

At the other end of the proverbial food chain will be the investors. Those who have capital available will buy properties while the price is low, and hang on to it for as long as it takes for the economy to restore itself. While a lot of these people may be considered "sharks", they are merely businesspeople who capitalize on a given opportunity. Many millionaires arose from the great depression of the 1930's, simply because they realized how they could benefit from the change in the economy.

About the Author

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