

Home Improvement Corner

Your money can work for you so you don't have to do the heavy lifting yourself.

Has Chicken Little visited you recently?

Each decade, our region experiences a cyclical decrease in home sales. This event typically normalizes housing production and prices. This time, builders and buyers alike are worried about an uncertain future fueled by media reports – resulting in what I call the Chicken Little epidemic. So how do you make a wise investment when the “sky is falling”?

The housing decline is a real issue, but it's not as great a concern as it is sold to be. For example, less than 1% of all mortgages nationally are non-conforming loans. The Fed knows this, and in attempt to dismiss Chicken Little, has systematically reduced the prime rate. To our insulated market, this means homeowners in the Seattle-metro area have a huge incentive for home improvement. So why is everyone waiting? Perhaps it is as simple as herd mentality.

It's no surprise that real estate investments have outpaced Wall Street for decades. This is why I often urge our clients to use financing options in place of liquidating more long-term investments to fund their lifestyle improvements. Here's a hint for how to take advantage of today's market conditions: break away from the herd mentality. If you have equity in your home and maintain a good credit score, you have a solution that pencils out quite nicely. In some cases, the cost of the loan will be recovered immediately following the completion of the project. Instant equity of up to 130% of the project cost is proven in industry surveys of kitchens, baths, additions and outdoor living spaces.

The sky isn't falling, but if your home improvement dreams have been in the clouds, they are certainly well within reach now.

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