

Things Get Better With Time...

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This may be true for wine and cheese, and it was true for interest rates over the last several years, but signs are now pointing to interest rate increases. On top of that, materials are also on the rise fueled by a recent (and seemingly sudden) increase in new home production.

I read an article on HBH.com

(library.hsh.com/articles/mortgage-rates-radar/rates-take-leap-on-economic-faith.html) that says mortgage rates are now pushing 4%. The article goes on to say that rates are expected to continue to rise due to the Federal Reserve purchasing less mortgage-backed securities. The bottom line is that these historic low rates may be fading into the sunset.

Coupled with the increase in mortgage rates is the fact that material costs are rising. According to Engineering News-Record, the average price for a 2x4 in May was up 10.9% from last May. Even more telling is the average mill price for softwood lumber, used to frame homes, was up 44% from a year ago according to Random Lengths located in Eugene Oregon. Here in Virginia, my suppliers are only guaranteeing their prices for 15 days because due to the volatility of the supply market.

Waiting to build a new home used to mean lower prices, but not anymore. Indications are that your new home is less expensive now rather than next year. So, let the wine and cheese age, but consume the building opportunities before they really stink!