



June 2011

**Ask a trust officer:
Housing**

DEAR TRUST OFFICER:

What's up with the housing market? Have prices stabilized? Is this a good time to buy?
—GIMME SHELTER

DEAR SHELTER:

No easy answers when it comes to the housing market, one of our major economic engines. The latest national reports indicate that home prices have fallen 33% from their peak in 2006, and that ignores the effects of inflation. To put that into context, during the Great Depression, home values fell 31%. You read that right; the housing market is already in worse shape than during the worst times of the 1930s. Still worse, no one is suggesting that we've reached the bottom yet. An estimated 30% of homeowners now have negative equity.

On the other hand, as the saying goes, there are three factors that influence the price of a home: location, location and location. Some cities and some markets (especially upscale) are doing better than others. There are undoubtedly some real bargains to be had for those who have the financial wherewithal to make a purchase. For some, 2011 could prove to be a golden opportunity to acquire a high-quality home for less money than they ever expected.

Do you have a question concerning wealth management or trusts? Send your inquiry to dave.fisher@bankibt.com.

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