

Garabedian Properties

CMB * GMB * CGP * TSB * GBNT * 20 Club
P.O. Box 93984, Southlake, Texas 76092

December 19, 2008

Friends & Families

Each year, I participate in conferences and briefings to keep abreast of economic developments. We are seeing a reoccurring theme which is being reflected by the market. Below is how we see these trends.

Short Term Gain – Long Term Pain - Inflationary Pressures

Interest rates rise and fall with the cost of energy/commodities.

The U.S. Government has been flooding the market with trillions of dollars. This will lead to too many dollars chasing too few goods. This is the very definition of *inflation*.

Banks will soon have to make loans to remain in business as they are losing money on their deposits. This rush to lend (being forced by the Feds) will also exasperate inflationary pressures.

The Federal Reserve will act too slowly to prevent the return of inflation. (Fed watchers know this has become habitual with them). The Wall Street Journal opines on this in today's issue.

The existing inventory of new homes has shrunk dramatically. Few new homes are being started.

When rates are at the lowest in early 2009, buyers will find fewer homes to choose from. This will lead to higher prices on what is available.

The ramp up time for building a home will have many families unable to lock in the lowest interest rates.

In 2009, there will be fewer builders leading to capacity problems in accommodating the anticipated demand.

Higher tax rates and increasing government regulations will exasperate the inflationary pressures.

The lowest rates will be available in early 2009. They will then trend upwards from there and expect them to climb over 8%. Some are projecting that rate level by the end of 2010.

This is a summary of what we have derived from our briefings. I won't give you a money back guarantee but if you look at the history of our economic cycles, it certainly reflects past trends. In my opinion, the first part of 2009 looks like the best time to get the biggest bang for your housing buck. After that, hold on to your hats! If you have questions on how these trends will affect your family's plans for a new home or how you can fast track your home to beat the next inflationary cycle, please give me a call.

Now, that I have finished my "kill joy" part of the letter. We wish your family a Merry Christmas, Happy Safe New Year and Joyous Holiday Season.

Sincerely

Garabedian Properties

Metro 817-748-2669 * Mobile 817-637-7245 * Fax 817-898-0304
mike@garabedianproperties.com garabedianproperties.com