

## **Remember: It's always darkest just before the dawn**

It's certainly no secret that there is a lot of pessimism with regards to the housing market right now. Very few real estate professionals question that once this market has bottomed out that there will be a tremendous amount of pent up demand for housing that will rapidly come into the market. For this reason, there is a great deal of time and energy spent attempting to analyze when the bottom will occur and how we will recognize it. Here are some important points to keep in mind:

1. **It's almost impossible to time the exact bottom of a market** -- Being too late and buying as prices are on their way up is no better than buying at the same point when they are on the way down if they plan on living in the house for a good length of time.
2. **It is always darkest just before the dawn.** A bottom will form when there are the fewest number of buyers in comparison to the number of sellers. This is the classic supply vs. demand equation. The fewest buyers will occur when there is the maximum amount of pessimism in the market. In other words, a bottom will form at the time when people are the most afraid of purchasing a home. Now, I'm not saying we are there, but there is a tremendous level of pessimism out there. Much more so than in recent months. So, rather than viewing this as a negative, we should view this as a necessary progression of the healing process just prior to the market bottoming.
3. **When the mainstream media finally comes out and announces a bottom, it will already have happened.** As any insider will always tell you (whether they are an insider on Wall St. or in the real estate industry) - the media is always a month or longer behind. The media didn't start reporting the mortgage crisis until we were months into it. The reverse will be also be true. But that aside, let's say for a moment that this was not the case and that there was a chance that the mass media would all call a bottom on the precise day that this occurred (which incidentally is impossible). The sheer surge in housing demand that would take place as a result of this on that very day would cause the market to bounce immediately off of the bottom and begin it's ascension. This is because when it's in the general public's consciousness and is an assumed consensus then it's already happened and you are now caught in the rebound.

The point is this - though we are very close, few will be able to time the exact bottom of this market. Furthermore, if we are insistent that we want to buy a house at the precise bottom, then we need to be prepared to pull the trigger when there is the absolute greatest uncertainty in the market and everyone else is most scared of doing the same. Then and only then will we have a bottom.