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Get Ahead of the Curve

By Alec Stephens

Sometimes, the media seems to lag behind the business cycle...often we do not get the whole picture. "Home sales down 17%" screams the headline. Is this nationally, locally, for what period of time, compared to what? Positive news is sometimes lightly reported and on the last page. It is more exciting to say oil is going to \$200 per barrel vs. oil is falling below \$40 per barrel.

What else is newsworthy? Gloom and doom are the bywords of the day. Phrases like "economic crisis", "credit meltdown", "worst downturn since the depression", and "biggest deficit in history" are all terms we hear and see everyday.

But, there is another side of the coin. Maybe this oil market will fuel new ways to produce energy. Perhaps, we will create a burgeoning new industry with millions of jobs. Maybe we will clean up the earth and atmosphere as a byproduct of less carbon fuel use. Certainly, this would be a positive benefit.

Another bright side of the current situation is that while fewer new homes are being built and inventory is being reduced, it is a great time to buy. Think of all the positive aspects of less construction activity, from lower material costs, more labor available (lower subcontract prices), and more competition among builders. And who benefits? We all do.

One of the greatest bonuses is interest rates for home mortgages have reached a 45-year low. Despite all the talk of frozen credit markets, banks have to lend to create revenue. If they don't lend, they don't stay in business as they would have no cash flow. Good credit is a valuable asset and allows borrowers a lot of flexibility. While sub-prime loans are very difficult to secure, current rates of 4.5 to 4.75% are extremely attractive and make new construction a historic great buying opportunity. Here are two pluses: more house for less money or a smaller home with lots of features.

The Saratoga region has been blessed by nature and its strategic location which is midway between Boston, Montreal, and NYC. This has enabled the local area to weather this downturn very well. That old cliché about the "law of contrary opinion" is very valid. The best times to act is when the majority of the buyers are afraid to act. Positive signs for growth in our area include the very high quality of our lifestyle, the central location of the city, and the charm of Saratoga. Activities from horse racing to world class entertainment enhance the many attractions available here. Skiing, highgoal polo, a great state park, golf, museums, and restaurants all add to the ambiance.

If this point needs reinforcement, think of some of the underlying factors that led AMD to decide that this area was "the best in the world" to build their cutting edge chip plant complex. This move by AMD and IBM could increase employment here by 12,000 to 15,000 jobs - not warehouse workers, but highly skilled and very lucrative jobs. Other companies that will supply/service this new venture will also move to this area.

The sun has set on 2008. It is foolish to let past events cripple our ability to move forward. President Obama has promised to pull all troops out of Iraq within a very short time. Not having to fund the war will free up billions of dollars for projects in the US. Rebuilding infrastructure will create thousands of jobs. Let us think locally and focus on what is happening in our own backyard. The stock market is poised for appreciation with billions of dollars in cash on the sidelines waiting to get back to work.

In short, there has never been a better time to build. Smaller homes, energy efficient, well designed and reflecting a new lifestyle, are now ready to be built. New materials, new construction techniques, and zoning that allows more intelligent land use make this an exciting time to think about a new home. Green building is no longer a buzz word but a practical approach to energy efficiency. New autos will have better efficiency and burn less fuel. Our new homes can also reflect this technology with a smarter building envelope with much lower energy requirements.

Another bright spot is the nano-technology school at SUNY Albany - the only one in the world and a great opportunity to educate our children and allow them to live and work in this area. Despite the refrain about "growth is out of control", this area must grow or perish. Hundreds of small towns across American would love to have our problems. Growth is the sign of a vibrant economy. Saratoga is so nice that young families are moving in to the area and more and more people are choosing this region for retirement.

The net result is that it is time to be a pacesetter and take some action. Talk to some banks...make them compete for your business. It is a great time to build and builders are not turning away business. Every potential client is very important and a builder should have time to give you individual attention. The economy will turn. Why not be ahead of the curve?

For more information about SAS Builders LLC or to discuss your new home, call 518-573-0446 or visit www.sasbuildersllc.com.