



Rising mortgage rates don't faze market expert

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By Martin C. Daks

Mortgage interest rates were rising as 2010 ended, according to Bankrate.com, but a New Jersey real estate expert said the upturn might actually boost beleaguered builders' activity. As of Dec. 30, the average 30-year fixed-rate mortgage clocked in at 5.02 percent, compared to 4.96 percent the previous week, according to the national survey.

"Despite the recent rise, rates are still relatively attractive on a historical basis," said Jeffrey Otteau, president of East Brunswick-based Otteau Valuation Group. "To the extent they stay in the affordable range, the interest rate change shouldn't pose a problem. In fact they might boost sales as potential buyers who are on the fence may act now, fearing rising rates later on."

But Otteau would worry if interest rates get to about 7 percent.

"At that point, rates could choke off demand," he said. "I don't [think] that's likely until 2013, though, since interest rates aren't likely to go up significantly until the economic recovery is on firm ground."

— *Martin C. Daks*