

SHOULD YOU WAIT TO BUY A HOME?

What makes people want to buy a home? Space, privacy, proximity to family and friends, and a sense of community all contribute to the emotions of buying a home.

Tax breaks, transportation, amenities, and the opportunity to build equity are also factors.

But the biggest reason cited by home buyers year after year is simply the desire to own. According to the National Association of REALTORS®, 75% of first-time buyers are former renters. They prefer to build equity for themselves than for someone else.

There's always a risk that home prices will fall further, but prices and mortgage interest rates have bounced along the bottom long enough that sooner or later one or both will start rising again. That means the risk is greater that prices and mortgage interest rates will rise, rather than fall.

Researchers at the Center for Economic and Policy Research studied 100 communities and found that affordability is a strong incentive to buy now. You can build equity within four years, and take the money you've put in the home back out again when you leave, which is not possible for renters.

So how do you know if it's the right time to buy?

It's affordable

Only you know if you're in a position to buy a home. Your lender will let you know how much home you qualify to buy.

Work with your real estate professional to find neighborhoods and homes that are within your borrowing limits. Compare the rent you're paying now with the monthly payment you'll be making including property taxes and hazard insurance.

The time is right

Buying a home is one of the greatest lifestyle changes you can make. It goes hand in hand with forming a family and becoming a productive member of the community. If you want the amenities of home ownership, you will enjoy owning.

Incentives are huge

Mortgage money is the cheapest money you'll ever borrow. Couple that with low prices that are sure to rise and you have the makings of a great investment. Further, you can deduct your mortgage interest rate and property taxes from your income taxes. And you can sell your home after two years and not pay capital gains on any profits. You can rent your home to others and start building a portfolio of self-sustaining properties.

Don't worry about timing the market. Even the smartest investors don't wait for the bottom to buy – because you don't know where the bottom is until it's already passed you by.