

RENTING VS. HOMEOWNERSHIP

As home prices continue to rise, the discussion about affordability is a hot conversation. The National Association of Realtors (NAR) recently shared it's index on affordability which depicted homes are still more affordable today than historical averages, but many remain hesitant to buy a home.

Like many things in life, there are a myriad of ways to measure affordability, but very few compare affordability of owning a home to renting one. Here are a few highlights from

Homeownership IS Affordable Housing by Mike Loftin:

1. Renters pay a higher percentage of their income toward their rental payment than homeowners pay toward their mortgage.

"When we look at the median housing expense ratio of all households, the typical homeowner household spends 16% of its income on housing while the typical renter household spends 26%. You might say this is true because people who own their own home must make more money than people who rent. But if we control for income, it is still more affordable to own a home than to rent housing, on average."

2. Renters don't have extra money to invest in other assets.

"Buying a home is not a decision between investing in real estate versus investing in stocks. The home buying investment simply converts some portion of an existing expense (renting) into an investment in real estate."

Basically, you can't live in your 401K, but you can transfer housing expenses to your real estate investment. A mortgage payment is forced savings; it goes toward building equity you will likely get back when you sell your home. There's no return on your rent payments.

3. Your mortgage payment remains relatively the same over time. Your rent keeps going up.

A mortgage payment remains about the same over the 30 years of the mortgage while rent prices have more than doubled since 1990.

4. If you want to own a home and can afford it, waiting could cost you.

"We need to stop seeing housing as a reward for financial success and instead see it as a critical tool that can facilitate financial success. Affordable homeownership is not the capstone of economic well-being; it is the cornerstone."

Homeownership is the first step in building wealth for most households as your home is most often your largest asset. By building equity in a home, you are also setting aside money for your future.

If the current real estate headlines are making you nervous, contact us and we'll be happy to have a real talk about your personal situation and the true insights into your area.

Real Estate Snapshot Omaha/Lincoln Metro Area



Active Listings

1,360

Median List Price

\$235,000

Listings Under Contract

1,930

Median Sold Price

\$245,000

Total Closings

1,786

Days on Market

2

DESIGNED FOR DAD (HAPPY FATHER'S DAY!)



With Father's Day just around the corner, you may be looking for a great gift that shows your love and appreciation for the special men in your life a little better than the standard socks or tie. No matter what kind of guy your dad is, we'll bet there's always a room in the house where you tend to find them. He might love to read the paper in the home office. Or you might find him in the den or the kitchen. But like everyone, space plays a very important role in a man's life. Here are a few ideas to help make his favorite space extra special:

For the Handyman: Organize Tools and Toys. A new tool chest, perhaps? Or adding storage shelving or cabinets to help dad declutter!

For the Dad-cave: Add Some Flair. Something both fashionable and functional such as a new bar cart or a pretty BBQ utensil holder.

For the Reader: If he's an inside guy, a new reading chair or recliner would be perfect. Otherwise, you can't go wrong with a nice hammock for dad to kick back and read his favorites.

For the Pet-lover: A professional pet portrait of little Fido would add a bit of slobbery love to any space.

Love It OR Hate It: Open Floor Plans

If you watch any HGTV, the first thing to go are always the walls (open concept everything!), and although it may be easy on the eyes and easier still to decorate, is it actually lovely? Or not homey at all?

Open-concept homes boast airy, more spacious design with better energy-efficiency and inclusive entertaining. The un-functionality of an open floor plan becomes apparent when someone is trying to watch TV while another one is clanking around in the kitchen, or when smoke fills up the kitchen then quickly spreads to the other "areas" because the hood vent can't keep up (or so I hear... wink, wink).

A traditional floor plan separates each room to define space, add boundaries, and reduce noise. This style does tend to limit communication, ease of traffic, and natural lighting. Some folks even consider it a bit claustrophobic.

Do you love living in an open concept home? Or do you prefer the coziness of a more defined space?

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