

# Is This a Good Time to Buy a House?

Your Guide to the Housing & Mortgage Markets

## THREE QUESTIONS TO DECIDE IF THIS IS A GOOD TIME FOR *YOU* TO BUY A HOUSE

1

### WHAT'S THE ALTERNATIVE?

Where will you live if you don't buy a house? If you rent a house instead of purchasing a house, you'll likely be subject to rising rent costs with no real benefit. That's because none of your rent payments are going toward building equity. On the other hand, if you buy a house, at least a portion of your monthly payment is going toward principal reduction on the mortgage balance. This means you'll be building equity even if the home doesn't go up in value.

2

### WHAT'S YOUR TIME HORIZON FOR LIVING IN THE HOME?

If your time horizon is more than 4 years, buying a home in a market like this would likely make sense for you. Here's why: home price appreciation has slowed down a little from the break-neck speed of the past few years. Keep in mind that the fundamentals of the housing market are still strong: demand is greater than supply and will be so for quite some time because we have a housing shortage in the US. This means that even if house prices decline in the near term, they'll likely start to climb again during the next few years.

In the meantime, what happens if you want to sell the property and the next buyer doesn't want to pay you as much or more than what you paid? Here's a potential scenario to consider: let's say you buy a home and home values immediately drop by 10%, then they start going up by 4.46% per year, which is the long-term average home appreciation rate in the US. It would take roughly 4 years for you to break even and start building wealth through homeownership. In a potentially bad-case scenario like that, are you willing to keep the house for at least 4 years?

3

### IS THE HOME AFFORDABLE FOR YOU?

Wages have increased considerably in the past year and are likely to keep rising because there are over 9 million job openings in today's economy. If you tune out all the noise that's not specific to you, is the home you want to buy affordable for you given your specific income/employment situation? There's no one-size-fits-all solution in today's market. That's why it's important to run the numbers for yourself, consider the alternatives, and make your own decision. I'm here to help in any way I can!

Contact me  
for more info



4.46%

House prices have increased by  
an average of 4.46% per year  
during the past 20 years.

Source: Momentifi



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