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Reasons you should buy a home NOW

from the Wall Street Journal

1. You can get a good deal

You can get a house at a bargain price now, especially if you play hardball. This is a buyer's market. Most of the other buyers have vanished since tax credits have expired.

We're four to five years into the biggest housing bust in modern U.S. history. And prices have come down a long way, about 30% from their peak, according to the S&P/Case-Shiller Indices, which track home prices in cities across the country. Yes, it's mixed. New York's prices are down only 20%. Arizona's have been halved.

2. Mortgages are cheap

You can get a 30-year home loan for about 4.3%. What's not to like? These are the lowest rates on record. As recently as two years ago, they were about 6.3%. That drop slashes your monthly repayment by a fifth. If inflation picks up, you won't see these mortgage rates again. And if rates fall further, you can refinance.

3. You'll save on taxes

You can deduct mortgage interest from your income taxes. You can deduct your real-estate taxes. And you'll get a tax break on capital gains -- if any -- when you sell.

Sure, you'll need to do your math. You'll get the income tax break only if you itemize your deductions, and you may be better off taking the standard deduction instead. The tax breaks are more valuable the more you earn and the bigger your mortgage. But many people will find that these breaks mean owning costs them less, often a lot less, than renting.

4. It'll be yours

When you own, you can have the kitchen and bathrooms you want. You can move the walls, build an extension or paint everything bright orange. Few landlords are so indulgent; for renters, these types of changes are often impossible.

5. You'll get a better home

In many parts of the country, it can be hard to find a good rental. All the best places are sold as condos. Money talks.

But this is a case-by-case issue: In Miami right now there are so many vacant luxury condos that owners will rent them out for a fraction of the cost of owning. Generally speaking, however, if you want a good home in the best neighborhood, you're better off buying.

6. It offers some inflation protection

Although housing can't entirely protect you from inflation, studies by professor Karl "Chip" Case, of Case-Shiller, and others suggest that over the long term, housing has tended to beat inflation by a couple of percentage points a year. That's valuable inflation insurance, especially if you're young, raising a family and thinking about the next 30 or 40 years.

7. It's risk capital

Your home isn't the stock market, and you shouldn't view it as a way to get rich. But if the economy does surprise us all and start booming, sooner or later real-estate prices will head up again, too.

One lesson from the past few years is that stocks are incredibly hard for most normal people to own in large quantities. Equity in a home is another way of linking part of your portfolio to the long-term growth of the economy and still managing to sleep at night.

8. It's forced savings

If you can rent an apartment for \$2,000 a month instead of buying one for \$2,400 a month, renting makes sense. But will you save that \$400 for your future? Most people won't.

Once again, you have to do the math, but the part of your mortgage payment that goes to principal repayment isn't a cost. You're just paying yourself by building equity. As a forced monthly saving, it's a good discipline.

9. There's a lot to choose from

There's a glut of homes in most of the country. The National Association of Realtors puts the current inventory at around 4 million homes. That's below last year's peak but well above typical levels and enough for about a year's worth of sales.

More homes keep coming onto the market, too, as the banks slowly unload their inventory of unsold properties. That means great choice as well as great prices.

10. Sooner or later, the market will clear

Demand and supply will meet. The US population is forecast to grow by more than 100 million people over the next 40 years. That means maybe 40 million new households looking for homes. Meanwhile, this housing glut will work itself out. Many of the homes will be bought. But many more will simply be destroyed -- deliberately or by inaction.

