

# Opportunity Knocks for Home Buyers

Homeownership is an important part of the American way of life, and there may never be a better time to buy than today.



National Association of Home Builders

# With the economic uncertainty of the past Is now a good time to buy a home?



## The answer is easy: **Yes.**

It's a very good time to purchase a home. There are many opportunities in today's market including affordable prices, low mortgage rates and great new homes.

And despite the housing downturn, home owners still place high value on owning a home, and recommend homeownership to others.

According to a January, 2012, poll\*:

- 96 percent of home owners are happy with their decision to own.
- 79 percent of home owners would advise a family member or close friend just starting out to buy a home.
- 74 percent said that despite the ups and downs in the housing market, owning a home is the best long-term investment they can make.

## Great Selection

An excellent selection of homes on the market makes today a very good time to buy. A plentiful inventory provides a great choice of homes, and many builders have brand new homes that are "move-in ready."

Additionally, many owners of existing homes who postponed trading up or downsizing due to market conditions are now ready to sell. And as employment improves, the number of relocations will increase, bringing more homes into the market.

## Attractive Pricing

Homes in many markets are more affordable now. Prices in some areas have moderated significantly, especially in major markets where they increased the most during the housing boom that occurred in many parts of the country.

\* Survey of 1,500 likely voters conducted on Jan. 2-5, 2012, on behalf of the National Association of Home Builders by Public Opinion Strategies in Alexandria, Va., and Lake Research Partners in Washington, D.C.

# few years, you may be wondering,

## How Interest Rates Affect Mortgage Payments

Monthly Principal and Interest on a 30-Year, Fixed-Rate \$150,000 Mortgage

Interest Rate	Monthly Principal and Interest
3.5%	\$673.57
4.0%	\$716.12
4.5%	\$760.03
5.0%	\$805.23
5.5%	\$851.68
6.0%	\$899.33
6.5%	\$948.10
7.0%	\$997.95

## Low Interest Rates

Like inventory and pricing, mortgage interest rates are still at very favorable levels, but rates are sensitive to market forces and can change quickly. Even a slight rate increase can push monthly payments to the point that a buyer might miss out on their first choice for a new home.

Prospective home buyers should be aware that lenders are looking more closely at borrowers today than in recent years. To ensure that the process goes smoothly, buyers should consider pre-qualifying for a mortgage and having financing in place before shopping for a new home. Buyers also may find that some home builders have arranged favorable financing for their customers or offer financial incentives.

## Greener and Better

With energy costs near the top of consumer concerns, it's good to know that new homes can be more energy efficient than ever. Innovative materials and construction techniques mean that today's new homes are built to be much more energy efficient than homes constructed a generation ago. Not only are new homes more resource-efficient and environmentally friendly, they also can be more affordable to operate.

## Designed with Buyers in Mind

Designed to accommodate today's busy lifestyles, new homes feature open floorplans, flexible spaces such as home offices, improved safety features, low-maintenance materials and other amenities that make them more appealing than ever before.

New homes are also wired to safely accommodate usage of modern appliances and technology components such as high-definition televisions and sophisticated lighting, audio and security systems.

And in many areas, prospective home buyers who wish to live in age-qualified communities for those 55 and older will find a large selection of homes tailored to the evolving lifestyles of the baby boom generation with features such as wider doorways and curbless showers.

**Home owners consider homeownership and retirement savings to be their best investments and those most likely to pay off the most for them and their families.**



# Benefits for Buyers

**Homeownership also provides important benefits to owners.**

## **Tax Benefits: For Home Owners Only**

Unique tax benefits that apply only to housing help lower the cost of homeownership. Both mortgage interest and property taxes are deductible. Moreover, for married couples, profits of up to \$500,000 on the sale of a principal residence (\$250,000 for single taxpayers) are excluded from tax on capital gains.

## **The Advantage of Leveraging**

Leveraging is another advantage of homeownership. A buyer can purchase a home and receive the full benefit of homeownership with a cash downpayment that is only a fraction of the total purchase price. This is called leveraging, and it makes the rate of return on a home purchase greater than on other purchases with the same value, such as stocks, where the buyer must put up the entire price.

## **Building Personal Resources**

For most Americans, homeownership is a primary source of net worth and an important step in accumulating personal financial assets

over the long term. Although property values have declined in many markets, Americans currently have a total of more than \$6 trillion in equity in their homes, and for most families, home equity represents the largest share of net worth.

In fact, the January 2012 poll respondents said that they consider homeownership and retirement savings to be their best investments and those most likely to pay off the most for them and their families.

## **There Really is No Place Like Home**

Although there are many positive financial aspects to homeownership, a home cannot be valued in monetary terms alone. Not only can homeownership be a steppingstone to greater financial well-being, it provides a permanent place to call home and great personal satisfaction.

Academic research also shows that homeownership provides a wide range of social benefits and strengthens the nation's people and its communities

Homeownership is truly a cornerstone of the American way of life.

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