

# 5 POSITIVE FACTS ON TODAY'S HOUSING MARKET



Although the media has raised concerns about today's housing market, the current conditions can be beneficial for several reasons. Here are five things to keep in mind during your home search.

## 1: Homebuilding is cyclical.

Everyone knows the housing market is in a down cycle, but what many people may not understand is this: Homebuilding is a cyclical business, as are the airline and automotive industries. The last housing downturn occurred in the late 1980s and early 1990s. New home sales began recovering in 1992 and continued growing until the next peak in 2005.

Despite short-term market cycles and fluctuations, long-term home values have increased historically. On average, the value of a home nearly doubles every ten years, according to research from the National Association of REALTORS®.<sup>1</sup> And the Federal Deposit Insurance Corporation reported that between 1978 and 2003, the nationwide House Price Index grew an average of 5% per year.<sup>2</sup>

So what does this mean for you? It's a sound reminder to think about your long-term goals. While today's market may not be optimal for investors seeking a quick turnaround profit, it could be an ideal window of opportunity for people who are seeking a place to live out their lives and build memories, dreams and futures.

**2: Great financing opportunities.** With low interest rates and a variety of loan programs geared toward current needs, many homebuyers may be able to take advantage of outstanding opportunities. For example, temporary changes are being made to FHA loans, which could potentially increase the loan amount that buyers may qualify for. This means that many customers shopping in markets where homes were previously above the FHA loan limit may now be able to apply and qualify.

**3: Buyers are in the driver's seat.** In today's market, you can get more for your money. You'll have outstanding choices when it comes to homes and locations. You can get more value, with the beautiful design features you've always dreamed of. You can enjoy more personal attention and customer care, with associates working closely with you to help you find the home of your dreams.

Most people have heard the phrase "Buy low, sell high." The market could change at any time—and judging by historical standards, it's only a matter of time before the cycle shifts again. So why wait for prices to go up when you could be living in the home of your dreams right now?

**4: Local market conditions vary.** Homebuyers today are flooded with national economic news that is not necessarily representative of their local market. Every area is different, as are many neighborhoods within a given area.

Pay attention to factors like an area's economic standing, employment centers, schools, transportation and nearby amenities. These factors can have a substantial impact on home prices. Other ways to add value to your purchase? Choose features that will make your home stand out in any market, such as a great homesite, a three- or four-car garage, and desirable design options like granite countertops and hardwood flooring.

**5: Tax advantages and lifestyle benefits.** Paying rent each month makes no financial investment in your future. Your rent goes to your landlord, and is gone forever. On the other hand, when you buy a home, you should be investing money in your own future. It's "The American Dream," and one way the Federal Government encourages pursuing it is by offering tax benefits for homeownership.

If you itemize your tax return, the interest and property taxes you pay each year may be deducted from your gross income. This can reduce your taxable income, in effect lowering the taxes you pay. You may also be able to write off "points" you pay when you first finance your home purchase. You should contact a local tax consultant for advice on which tax advantages you might qualify for.

Perhaps most important of all, though, are the lifestyle benefits homeownership can provide. When you buy a new home, you're investing in something far more valuable than any stock or bond can offer. You're investing in memories. A home is a place where you can throw dinner parties, game nights and sleepovers; a place where you can play a game of catch in the backyard or sit on the front porch and watch the neighborhood kids play.

That's the kind of investment that is worthwhile in any market.

## Sources:

1. National Association of REALTORS® (2008). *Public Awareness Campaign: Home Values*. Retrieved March 10, 2008, from <http://www.realtor.org/pac.nsf/pages/HomeValues>

2. Federal Deposit Insurance Corporation (February 10, 2005). *U.S. Home Prices: Does Bust Always Follow Boom?* Sect. 8: What Does History Suggest about the Current Situation? Retrieved March 10, 2008, from <http://www.fdic.gov/bank/analytical/fyi/2005/021005fyi.html>