



Is Buying a Home in Today's Economy a Good Idea?

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Let me say this right upfront. As a long-term investment, homeownership is **STILL** one of the best investments for individual households.

“Why” you may ask? After all, the headlines say the housing market is down and out, with defaults rising at an alarming rate, and mortgage markets so frozen that some buyers can't get a home loan at any price.

What buyers need to realize is that housing markets, like all markets, inevitably have their ups and downs. And homeownership has a track record that is virtually unmatched by any other purchase in terms of its real benefits.

Despite the turmoil in mortgage lending, if you have good credit, a job and steady income, you will find there is still plenty of mortgage credit to be had at good rates. For well-qualified buyers, rates are running at about six and a half percent, which is a very good range on a historic basis.

Another thing to keep in mind is that there are a lot of homes for sale, more than there have been in a very long time. There are also many builders that are very interested in working with you to realize your dream of a new home. That means you have a great selection of builders and homes from which to choose and should have no problem, finding exactly what you're looking for- and, you're in very good position to negotiate a good deal.

The choice of a new home may best suite your needs. The current availability of building lots gives you many options of the type of community and surroundings you may want to live. In “hot” market times, the premium lots with mature trees, creeks or ponds, or desirable views are usually reserved before the first piece of construction equipment arrives on the site. Today, you can find them in many new communities. As a long-term investment, many improvements and modifications can be done to the house, but starting with the right building lot will fortify a bright future for your investment.

Once again, it's important to understand that the long-term fundamentals for housing remain positive. Look at anticipated population and household growth; consider the increasing scarcity of available land in metro markets where jobs are located and where people want to live. Over time, these factors will help drive up the value of housing.

One more thing to consider: To make the argument that prices seem to keep going down, you have to believe that the cost of building a home is going to go down. That probably won't happen. Currently lumber and labor costs are stable but at some point land, material and labor costs will get higher, so the price of new homes will increase overall, and the price of existing homes, due to market competitiveness and stable appreciation, will go up as well.

A home should first and foremost be a place in which to live and raise your family. Too many people in the recent past got carried away with the idea of making a quick buck by purchasing a home or condo and then reselling it right away at a profit. Those days are long gone.

The bottom line if this: if you are looking for a place to live and for a solid *long-term* investment, now is a good time to buy a new home.