



“Should I Buy a Home Now, or Wait?”

Will prices get better if I wait? Will mortgage rates be lower if I wait? Will I have a wider choice of homes to buy if I wait?

All good questions. They deserve good answers.

The average home price in Northern Kentucky has fallen by 16 % over the past year. As the number of homes for sale shrinks (see question #3 below), that will create pressure for higher home prices. It may not happen over night, but it will happen. In a recent Baylor University survey, 8 of 10 economists agreed home prices will rise in the next 5 years. So will rental costs.

Do you want to capture the advantage of equity build-up...or collect “throw-away” rent receipts?

(2) Will mortgage rates be lower if I wait?

Today’s mortgage rates are near 50-year lows. They are at bargain levels. But if you’ve never bought a home before, you just don’t realize the “borrowing power” of today’s low rates (unless your parents, friends, or other relatives told you). You don’t have to pay 15% interest for a home loan, as you did in the early 1980s, or 7%-to-8% in the 1970s and 1990s. Today’s rates are between 5-6%. That’s all. But when inflation returns, you can “kiss goodbye” mortgage rates under 7%.

(3) Will I have a wider choice of homes to buy if I wait? There are currently **3,514** homes for sale in the Northern KY MLS. One year ago that number was **4,041**. Two years ago it was **4,241**. The trend in the number of homes available is definitely downward. The lower the inventory, the greater pressure for higher prices. So, should you wait for a wider choice? Fewer homes on the market = higher selling prices. So, do you want to buy low (*now*), or buy higher (*later*)?

Bonus Question:

Is there any particular reason, as a First-Time Buyer, why I should buy now?

Yes. Until April 30, 2010, first-time buyers are eligible for a “federal tax credit” up to \$8,000 on the purchase of a home that is closed by that date. That’s pure credit, no repayment. Anyone who hasn’t owned a home in the past 3 years may be eligible, if they meet income limits --single buyers, \$75,000 a year; married couples \$150,000. The credit decreases for single buyers earning between \$75,000 and \$95,000, and between \$150,000 and \$170,000 for home buyers filing jointly. If you finance your home through FHA, you may use the tax credit money to help pay for down payment or closing costs. You may also be eligible for further tax credits through the Kentucky Housing Corp or Kentucky Dept of Revenue (new construction).

If you've been sitting on the fence, now is the time to get off that fence. Arm yourself with the facts, and join the 75 million homeowners nationwide who enjoy the benefits of home ownership (equity build-up, home appreciation, tax advantages, and pride of ownership).

Call your REALTOR. He or she knows (a) local market home inventories, (b) homes values, (c) lending programs, (d) first-time homebuyers tax credit program and (e) everything else to help you make a housing choice...TODAY. It's time to...*Get Off the Fence.*