

Buying a Home Offers Many Happy Returns

Excerpted from a Weichert news release



Investors who are uneasy with the ups and downs of an unpredictable stock market might be interested in a more reliable, steady option. If history is any indicator, perhaps the best decision those investors can make at the moment would be to purchase a home.

Since the 1940s, home prices have risen an average of 4 percent a year. However, since most buyers only put down a small percentage of the home's total cost, a buyer who pays 20 percent down still gets to enjoy all of the appreciation. That turns a 4 percent increase in home prices into a 20 percent yield on the money actually invested by the buyer.

"Today's market gives individuals a chance to enjoy some of the lifestyle perks associated with owning real estate that they might not otherwise be able to afford. This might be the only time they can move to the more prestigious neighborhood, trade up to the larger home or get that cabin by the lake they always wanted," said Jim Weichert.

Even with real estate's proven track record of financial returns, perhaps the best reasons to buy now are the personal benefits associated with homeownership that you just can't get from other investments.

"Many Americans successfully fund their retirement in large part through the equity they earned by owning a home over the years. Why not use that same investment practice for other purposes? Instead of buying mutual funds which are just paper until you cash them out, buy a vacation property that you can enjoy for 10 or 15 years and then sell when it comes time to finance your child's education. Not only will you have a place to build great family memories, you'll also see a healthy financial return," added Weichert.