

## 3 Questions You Need to Help Buyers Answer

Those considering a home purchase today are inundated with conflicting advice and opinions from the people they know--and even people they don't know. That's where you come in.

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Real estate trainer and negotiation expert Steve Harney shares smart responses to the top questions that buyers have today.

### 1. "If it's possible that prices will continue to fall, why should I buy now?"

**How to respond:** While price is the major concern for anyone selling a home, cost should be your primary concern as a buyer. That means you have to take into account what your monthly payment will be, considering not only the price of the home but also the interest rate of your mortgage. Waiting for prices to bottom out while rates are increasing can wind up costing more over the life of the mortgage. Fannie Mae, Freddie Mac, the NATIONAL ASSOCIATION OF REALTORS®, PMI, and the Mortgage Bankers Association are all projecting interest rates will increase over the next several quarters. It's best that you meet with your mortgage professional to help you determine what an interest rate increase will cost you based on the expected size of your loan. That will help you make a decision.

### 2. "When will I begin to see appreciation if I buy now?"

**How to respond:** Appreciation varies by market, so it's important to look closely at local pricing trends. Nationally, there are indications that values will begin to rise this year. NAR projects home prices to grow slightly (0.5 percent) in 2011. Macro Markets LLC, a financial technology company, recently asked more than 100 housing industry experts to project housing prices through 2015. The results—released in the company's 2010 Home Price Expectation Survey—show that experts think prices will start increasing in the second half of 2011, reaching a cumulative appreciation of more than 10 percent between now and 2015.

### 3. "Does buying really make better sense than renting?"

**How to respond:** Forget the finances for a minute. Why did you even begin to consider purchasing a home? The Fannie Mae National Housing Survey shows that four of the biggest reasons people buy a home have nothing at all to do with money: They want a place to raise and educate their children, a place where their family will feel safe, to have plenty of living space, and to have control over the space. What nonfinancial benefits will your family gain from owning a home? Your answers to that question should be the reason you decide to purchase or not. The bottom line is that the cost of a home will probably remain relatively unchanged even if prices continue to depreciate. Don't allow money to be the only factor in making the decision that's right for you.

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