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3 CRUCIAL REASONS TO BUY A HOME BEFORE 2017 ENDS

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Interest rates have begun to rise and are likely to continue to increase, and home prices are also getting higher, making those looking for a new home nervous about the timing of their purchase.

“It’s tough to buy a home today in most places in the country because there are so few homes for sale,” says Jonathan Smoke, chief economist for realtor.com. “But if you wait to buy, then you’re gambling that the market will be better for you to purchase in the future.”

Those looking to enter home ownership should think about buying by the end of 2017. Realtor.com's Lisa Grodon presents three crucial reasons why:

1. Rates are rising

Last August, rates on 30-year mortgages bottomed out at 3.55%. Now that the Federal Reserve finally decided to raise its key interest rate, mortgage rates have been climbing slowly. Today, the average rate is just above 4%; by 2019 or 2020, rates could easily climb to 6%.

“All signs point to this trend continuing,” says Richard DeNapoli, managing director for Coral Gables Trust and a former Florida real estate commissioner.

“For buyers there still is opportunity,” says **Danielle Hale**, managing director of housing research for the NAR. “For those who are still able to get into the market, these low rates continue to be helpful.”

Another upside: When rates go up, competition and prices often go down.

“I’d tell buyers not to panic, because higher mortgage rates eventually cause sellers to be more flexible on pricing,” DeNapoli says.

2. Inventory is shrinking

In November 2016, there were only 1.85 million homes for sale. That’s a nearly 10% drop from the year before. And it continues a trend of steady decline since just before the housing crash, when inventory peaked.

Real estate experts predict that inventory will continue to shrink, at least for the foreseeable future. That means that in most areas of the country, buyers have more homes to choose from today than they will next year.

Or even next month. If you get moving now (during the winter, which is largely considered to be real estate’s off-season), you’ll have less competition for those homes than you will in the peak spring and summer months.

Bottom line: Every day you wait to start looking for a new home, you face stiffer competition for fewer homes.

“If you think it’s bad right now, wait until April to August,” Smoke says.

3. Home prices are still rising

The bad news for buyers is that home prices now stand higher than before the 2007

crash, increasing 5% from 2015 to 2016. And housing experts expect an additional 2% to 3% jump in 2017, DeNapoli says.

“Prices continue to go up; we have yet to see that ceiling,” says Trevor Levin, a real estate agent with Nourmand & Associates in Los Angeles. “I think they have room to grow.”

How high prices will rise and how long they’ll remain high is anyone’s guess. Rising mortgage rates and the new Trump administration have introduced “uncertainty” into the real estate market, Levin says.

“And uncertainty is never ideal,” he says.

The good news? If you jump into the market pronto, you just might make it before those doors close.