

Is it better to invest in the stock market or buy a new home?
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Thanks to the concept of “leveraging,” purchasing a home is by far the best long-term investment. Leveraging means putting down a small amount of money to earn a big return.

For example, say you use that \$10,000 to purchase a \$250,000 home, and the house appreciates a modest 3 percent during the first year. That means after one year, the house would be worth \$257,500 – a gain of \$7,500. Your annual return on your \$10,000 investment would be 75 percent.

By contrast, putting the same \$10,000 in the stock market and posting a similar 5 percent gain would only net a \$500 return on investment.

Even if home prices drop a little bit more before you see any appreciation, you’ll still see a much greater return than with the stock market in the long-run. Historically, housing appreciates and recovers from temporary set backs the likes that we are currently experiencing .

As a home owner, your savings continue to grow in three ways. First of all, a greater portion of your monthly mortgage payment goes to the principal each year, reducing the overall loan amount. Secondly, your home appreciates over time, making home ownership one of the very best financial investments. Thirdly are the important tax advantages. Owning a home is by far the biggest and best tax break for most Americans. In most instances, the mortgage interest and property taxes you pay in a given year can be deducted from your gross income to reduce your

taxable income. These deductions can result in thousands of dollars of tax savings, especially in the early years of the mortgage when interest makes up the majority of the payment. Here is another way of looking at it, if you are in the 28 percent tax bracket, you only pay 72 cents on the dollar in mortgage interest payments.

Not only is homeownership a stepping stone to a future of financial security, it also helps to build neighborhoods and strengthen communities. It is truly the cornerstone of the American way of life, and the fulfillment of the American dream. Don't wait to fulfill your dream of owning a home. Now is a great time to buy a home because of the reduced pricing we are experiencing and because of the historically low interest rates available today. If you wait too much longer, you could miss the deal of a lifetime.

For more helpful information about buying a home, visit the Builders Association of Northern Nevada at www.thebuilders.com. Click on the 'consumer information' tab for homebuyer resources or search for a local builder with the 'search for a member' tab.