

# real estate report



## YOUR GUIDE TO BUYING REAL ESTATE

### 3 Financial Reasons for Buying Real Estate

Real estate is a great investment. In fact, for most Americans, their home is their largest investment. So, besides your home being a place to live, it's also a fantastic asset. Consider the following.

#### **Appreciation**

As a result of our growing population—a net gain of one American every 14 seconds, according to the U.S. Census population clock - we could expect to have a population in excess of 400,000,000 in 2050 compared to 2002's population of 286,401,757. Loosely applying the rules of supply and demand, we can rest assured that with our current immigration patterns as well as our population growth, there will be a continued need for housing over the next 50 years. You can safely assume a minimum 3% to 4% appreciation level. Of course, some years will be better than others depending upon supply and demand and the escalation of costs and the increased costs of construction and land/infrastructures. As long as governments keep increasing fees for developers, your real estate investments will continue to appreciate.

Nationally, the average single family home sold for \$23,400 in 1970; in 2000, a similar

average home sold for \$169,000. That is an approximate 8% annual increase. Of course, appreciation will vary with the location and condition of the property as well as the condition of the local economy.

***Don't overlook the investment aspects of owning a home***

#### **Equity Build-Up**

You reduce your mortgage and increase your equity with every mortgage payment made on underlying debt. A portion of your payment goes toward reducing the principal. The shorter the loan period, the faster the equity builds. If you make additional principal payments every month not only will you build equity faster, but you'll reduce your interest expense and become debt-free sooner.

#### **Tax savings:**

Uncle Sam allows you to deduct your interest expense and real estate taxes. As a result, your homeownership will reduce your annual tax liability thereby letting you keep more of your hard-earned money.



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