



Why 2016 Is a Good Time to Buy

8 reasons to act sooner rather than later



With so many stars aligning last year to make 2015 the best time in decades to buy a house the question is inevitable: Is 2016 a good year to buy a house? According to the experts, the answer is unqualifiedly “yes.” Here’s why:

RISING RENTS

Nationwide, the rental market looks a lot like the housing market: not nearly enough units to go around. Low supply and high demand bring higher prices. In fact, rents grew faster than home values in 20 of the 35 largest housing markets last year. Plus, 88% of property managers raised their rates in 2015 and say they expect rents to climb 8% this year.

RISING HOME PRICES

According to property-information data cruncher CoreLogic, U.S. home prices rose 6.9% in 2015 and it predicts a 5.5% increase in prices by January 2017. So the sooner you buy a house the more affordable it will be.



LOW INTEREST RATES

Despite the Fed's short-term rate hike last December, mortgage rates have continued to fall, with the average 30-year, fixed loan dropping below 3.7% in late February. Though experts look for interest rates to inch up in 2016, we're still enjoying historically low rates (think 18.5% in the '80s!), saving buyers thousands over the life of their mortgage.

SMALLER DOWN PAYMENTS

Skyrocketing rents make it harder for would-be homeowners to save money, particularly the 20% down payment needed to avoid private mortgage insurance (PMI). But a variety of low down-payment options – such as 3% down programs from [Fannie Mae](#) or [Freddie Mac](#) or [FHA loans](#) with just 3.5% down – give buyers a helping hand.



LOWER MORTGAGE INSURANCE

Buyers who don't put down 20% can still save money if they get an FHA-backed mortgage. As of January 2015, the Federal Housing Administration cut the annual premium on its mortgage insurance from 1.35% to 0.85%, which sparked a 42% increase in FHA loans last year.

DOWN-PAYMENT PROTECTION

New this year, you can [insure your down payment](#) in the event your house loses value, you get a job transfer, suffer an illness or other situation that prompts you to sell your home in a down market. For an upfront premium that may be rolled into your interest rate, you can minimize the financial risk of such a significant outlay, up to \$200,000.



TRID

Thanks to the TILA-RESPA integrated Disclosure rule, or [TRID](#), enacted last fall, closing documents are now more user-friendly, easier to understand, and making clear the financial commitment of buying a house. Buyers also now receive closing papers three days before settlement, giving them ample time to review the forms and avoid any last-minute surprises.

TAX BREAKS

Though tax laws are always subject to change, they still smile favorably upon homeowners. Mortgage interest, property taxes and PMI premiums are just a few of the deductions homeowners enjoy. Download our [Top 11 Tax Breaks for Homeowners infographic](#) to learn more.



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