

Should I Buy a Home in 2014?

Real Estate Expert Ilyce Glink Answers This Question in Her Latest "Ask Ilyce" Video

ATLANTA, July 15, 2014 (GLOBE NEWSWIRE) -- With recent upswings in both home prices and interest rates, affordability is an issue. Many first-time homebuyers are wondering the same thing: Is this the year to buy a home?

"I always feel bad when first-time homebuyers ask me whether they should give up their dreams of becoming homeowners," Ilyce Glink, real estate expert and managing editor of the [Equifax Finance Blog](#), said in her recent "[Ask Ilyce](#)" video. "I know it's hard to face rising interest rates and rising home prices at the same time. The good news is there's still plenty of runway if you want to buy a house this year."

The housing market is still recovering from the housing crash of 2008, and while home prices are on the rise, they're not back to normal yet. According to the S&P/Case-Shiller Home Price Index, released on June 24, 2014, average U.S. home prices are hovering at their summer 2004 levels but are still nearly 20 percent off their mid-2006 peak. If prices in your local market have yet to top out, you could see the value of your new home rise over the next few years.

Today's low interest rates also make now a good time to buy. Though they're higher than one year ago, experts expect interest rates will continue to rise and may hit 5 percent by the end of 2014 or the first quarter of 2015.

If you're still unsure about whether buying a home is right for you, consider the following:

- **Your total debt load:** How much debt, such as student loans, auto loans, and credit card debt, are you already carrying? Experts generally agree that you can spend between 28 percent and 36 percent of your gross income in total debt service—that's your housing expenses plus your other debt payments.
- **The cost to buy vs. rent:** Are rents in your area high? If so, it might actually be cheaper to buy. Divide the list price of the home you're interested in by the annual rental rate of a comparable property to determine the price-rent ratio. If it's below 20, chances are it's a good time to buy.
- **Interest rates:** Can you lock in a low interest rate? If so, you can save yourself thousands over the life of the loan. On a \$400,000 mortgage and an interest rate of 4.2 percent, you'll pay around \$300,000 in interest over the life of a 30-year loan. With a 4.9 percent interest rate, that number jumps to more than \$360,000.

"You should definitely consider buying this year, because it's unlikely the housing market will look much rosier next year, when interest rates and home prices could be even higher,"

Glink said. Rents are also on the rise across the country, she noted, and if you continue to rent, you could wind up paying more each month for your rental home than you would if you owned a comparable property.

For more of Glink's information about buying your first home, visit the [Equifax Finance Blog](#).

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