

Five reasons for renters to buy now

Far too many renters think that owning a home is a distant goal. But you can change that by giving them the right information. Here are five facts they need to know:

1 A rule of thumb is that renters should buy if they plan to be in their home long enough for price appreciation to cover buying and selling costs.

2 Renters typically pay rent that increases at the rate of inflation. This means the cost of renting never decreases. Rent paid can never be recovered if it's in the landlord's pocket.

3 Every time a homeowner makes a mortgage payment, some of the principal is paid, which means equity grows.

Over time, homeowners pay less and less because the amount of principal owing decreases. Banks let homeowners borrow against equity, which provides a source of emergency funding or capital, particularly for seniors.

4 Buying a home offers capital gain. The real estate market may fluctuate, but house prices increase over the long-term. A detached home in the Vancouver area bought for \$57,763 in 1975, is now worth \$369,797.

5 Homeowners have privacy and control. There are no landlords to satisfy. Paint, remodel, rearrange – just keep within zoning bylaws. Renters need to live somewhere. Since they already spend money on housing, they should be able to reap the rewards. The best way is through home ownership.

Now is a great time for your clients who rent to take the plunge and buy their first home. Mortgage rates are historically low and the process is easier than ever.