



First-time buyers: finding the home that's right for you

This year, Ontario consumers can count themselves lucky in one important aspect: they are living in time that offers unequalled opportunities to realize the dream of home ownership.

Interest rates are among the lowest in decades and the availability of housing of all varieties is at the highest level in years.

In fact, in many situations, renting a family dwelling can actually be more expensive than buying. If you consider a \$150,000 mortgage at 8 per cent for a 5-year term, the monthly payments would be less than \$1,200 per month. Compare this to renting a suitable three bedroom apartment or townhouse in many urban centres, and it's easy to see that buying a home has become an attractive alternative.

If you take a \$100,000 mortgage at the same rate and term, the payments shrink to less than \$800 per month. Even better, if you're willing to accept a one-year term, the interest rate drops at least two percentage points. This would peg a \$100,000 mortgage at only \$650 per month and a \$150,000 mortgage at around \$975.

There is another important benefit to home ownership that often gets overlooked. Over the course of 25 years (the usual amortization period for mortgages), the total amount of money paid by many renters can actually exceed the amount paid by a home owner. This is due not only to the fact that mortgage payments can be cheaper than rent, but because rental fees generally increase over the long term. Of course, interest rates may also rise, but so probably will the value of the property. Therefore, additional equity will be gained.

Add to this the reality that after a mortgage is paid off, homeowners will no longer make monthly payments while renters will continue to bear the burden for the rest of their lives. This savings can greatly impact your quality of life upon retirement.

These figures are only intended as broad examples. The fact remains that money spent on rent is still money down the drain.

Regardless of the number crunching, the bottom line is that owning a house is the best way to assure the happiness and well-being of you and your family. A home gives a family room to grow, and room to prosper.

The best childhood memories many of us hold include Sunday dinners in the family dining room, retreating to the rec room when friends visit, or skating on the backyard rink throughout the cold winter months.

If you've made the decision to buy, the first person you should talk to is a Realtor. These real estate professionals will help you with virtually every aspect of your home ownership needs. From putting together a 'buying blueprint' that details your specific housing requirements, to giving advice on what you can afford, a Realtor can cut through the complexities.

Constructing a 'buying blueprint' is a critical step for first time buyers. In it, you will list items such as: how many bedrooms do you really need; is a finished basement a necessity or can you afford to wait; how big a yard do you need; and most importantly, where do you want to live? All these considerations will affect your ability to buy.

For example, many first-time buyers will forego a property close to the downtown core in favour of a suburban or even a rural home. This can lead to huge savings which can be used to either lower the mortgage and monthly payments, or to acquire a bigger home for the same cost. Opting for a townhouse or resale home are other alternatives that can help first-time buyers escape the 'rent trap' and channel their funds into a solid investment.

When you've narrowed your requirements, a Realtor will scout properties for you and make recommendations on homes that suit your needs. Once you begin viewing, your Realtor will accompany you, offering advice on matters such as the amenities of the neighbourhood, repairs or upgrades that could be necessary, building inspections, carrying costs and so forth.

So, if you're one of the thousands of Ontario families caught in the cycle of paying rent and seeing nothing in return, now is the time to make a move. Buying a home can pay off in so many ways--you simply can't afford to pass up the opportunity.