

Buying Tips - Homes, Houses, Apartments, Land

Why Buying Real Estate is a Good Idea: The Best Investment

As a fairly general rule, land and other real estate properties appreciate about four or five percent a year. Some years will be more, some less. The figure will vary from neighborhood to neighborhood, and region to region.

Five percent may not seem like that much at first. Stocks (at times) appreciate much more, and you could easily earn over the same return with a very safe investment in treasury bills or bonds.

But take a second look…

Presumably, if you bought a 200,000 pesos lot, you did not pay cash for the home. You got a mortgage, too. Suppose you put as much as twenty percent down – that would be an investment of 40,000 pesos.

At an appreciation rate of 5% annually, a 200,000-peso lot would increase in value 10,000 pesos or more during the first year. That means you earned 10,000 pesos with an investment of 40,000 pesos. Your annual "return on investment" would be a whopping twenty-five percent.

Of course, you are making mortgage payments and paying property taxes, along with a couple of other costs. However, since the interest on your mortgage and your property taxes are both tax deductible, the government is essentially subsidizing your home purchase.

Your rate of return when buying a home is higher than most any other investment you could make. Plus, you can always be secure with that proverbial sentiment of a true landowner. Land is your kingdom. So, take pride in all your dealings like a true king. Indulge in San Antonio Resort-Village.

Buying versus Renting

Do you buy or rent? This will depend upon your individual circumstances and preference. When renting a home you are usually limited to the changes/improvements you can make. When you own a home you can make almost any changes you want (subject to local planning restrictions). You benefit from living in the environment of your choice plus, in many cases, your improvements add to the value or saleability of your home. In addition, when renting a property, you will not benefit from any increase in the property's value.

Capital Growth

Generally speaking homes appreciate in value by approximately 4% or 5% per year, however this can vary from year to year and from area to area. There are many factors which can affect the rate of growth including interest rates, supply and demand, political influences, etc. Your rate of return on real estate may be higher than many other investments you make.

Funding your purchase

How you pay for your property depends upon your financial situation and, in most cases, a mortgage is used to fund the purchase. We have provided useful information on buying real estate. It is important to remember that your home may be at risk if you do not keep up repayments on a mortgage or other loan secured on it.

Structural Survey

A Structural Survey is a report from an experienced property assessor/surveyor to ensure you are aware of any problems affecting the structure of the property which may affect the purchase price, whether a mortgage can be obtained or which in any other way will affect your decision to proceed.

Legal Advice

It is advisable to obtain qualified legal advice when purchasing a property. In some countries it is mandatory to make a property purchase through a legal representative. Your legal advisor will advise on the title of the property (its' legal ownership and any restrictions) to ensure you are getting exactly what you are paying for. In addition information can be obtained regarding any planning/building restrictions or permissions affecting the property. Planned developments for the area surrounding your property may also affect your decision to proceed with the purchase and your legal advisor should be able to obtain this information on your behalf.

Renting Tips

If you do not already own a property you might consider renting a home while your real estate purchase proceeds. We have provided some useful rental tips to consider when renting property.

Real Estate Agents

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