Rent vs. Buying, Interesting Information Below!!!!!!!!!!

Hi Guys and Gals, Below is an Article from the San Diego Association of Realtors !!!!!

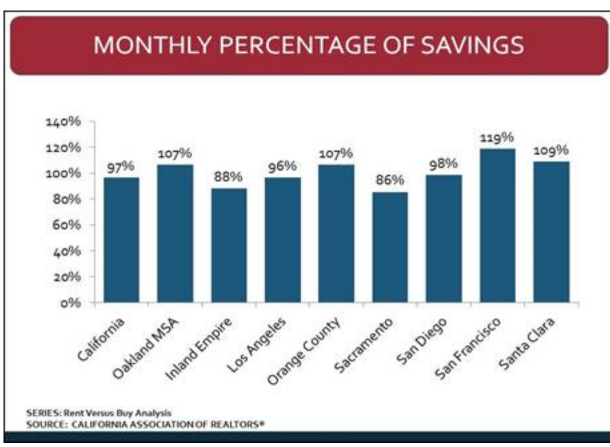
I have also included another article from the San Diego Association of Realtors (Market Snapshot) !!

Above is a Current Mortgage Rate Sheet in the Attachment!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

If You Know Anyone Interested in Selling, Buying or Just may have Questions about Real Estate Please let Me Know? Thanks,

Rent Vs. Buy

EXPLORE INDUSTRY 360°



The housing market across California has had large price gains over the past years, with statewide median prices attaining November 2007 highs. Consumers often contemplating whether it is more beneficial to buy a property now or continue renting. To assist with this decision, C.A.R. has looked at the costs and benefits of renting versus owning property in California and eight of its local regions over a seven year time horizon.

The costs of buying include the monthly mortgage payment, insurance and taxes, and improvements and repairs. These costs were offset by the benefits of buying: mortgage interest and property tax deductions, and investment appreciation. The costs of renting include the monthly rent payment and renter insurance, which were offset by the benefits of renting: the appreciation on investing the down payment in the stock market.

For the State of California, consumers can save 96.5 percent per month by buying a property. At the local level, buying in Los Angeles County will save you 96.4 percent per month.

In several counties, given price and rent appreciation, buying will net the individual income over the seven year time frame. For example, buying in San Francisco and Alameda will net the owner 119 and 106 percent respectively per month over the purchase time horizon.

These results are given with the caveat that the buyer must have on hand the standard 20 percent down payment, and are driven by the large increases in both rental prices and home prices across the state. Again, over the 7 year horizon buying make sense financially in these counties.

Along with incorporating price levels, the analysis includes tax deduction benefits as many of the costs associated with homeownership general upkeep, inflation, insurance, mortgage rates; as well as the opportunity cost of not investing in the market, and general price levels. On the rental side, it annualizes average rent and rent increases for the county (eg. it would understate the benefit of renting a rent stabilized unit) and includes rental insurance, and security deposits.

Several webpages can provide more personalized recommendations given your own income, and local situation with regards to purchase and rental prices. Feel free to use our assumptions on markets and prices to guide you: try the **Realtor.com Rent Vs. Buy Calculator** (click "advanced options" to tailor the analysis for your location.)

California Monthly Expenses	Buy	Rent
Mortgage/Rent	$1,684	$1,803
Insurance & Taxes	$509	$20
Improvements & Repairs	$198	$0
MID & Tax Deduction Savings	-$509	$0
Subtotal	$1,881	$1,823
Investment appreciation	-$1,842	-$711
Total	$39	$1,112
Monthly Savings	98%	-

CALIFORNIA ASSOCIATION OF REALTORS®

Market Snapshot

Does Construction Reduce Rents?

You may have heard someone say "We're building like crazy, why aren't prices going down?" You may have even thought: does supply and demand not apply to housing? But it largely does! While housing economics can be more nuanced at the local level in short periods – in a gentrifying neighborhood new condos may drive prices up as new wealthy residents come in and drive up local demand, at a city or county level this doesn't happen.

People move to a city or a county for a job and that demand for jobs given the supply of houses determines prices. And in the case of California, demand has been much greater than new supply.

For example, rents in Los Angeles-the state's largest housing market, have been rising since 2002, when the city's economy began to improve after the decade long recession ended. Housing production coincidently peaked around 2004, but at 20,000 units, a level almost a quarter below the city's peak of 80,000 units in 1988. As the economy ramped up in general, supply artificially constrained by zoning restrictions did not respond and prices rose.

Even in the recent high job growth period, new construction has increased only marginally from historic lows, remaining well below levels regularly sustained in the 1970s to the early 2000s. In this period of continuing job and economic growth, as soon as the rate of construction slows, prices jump.

This also holds for the entire state of California.

The state Housing and Community Development office estimates that we need 180,000 new housing units every year to keep up with general demand, about half of what we are making. Each year that the state produces fewer than 180,000 homes is a year where affordability worsens.

Does this happen elsewhere? Other cities like Dallas, Austin, Raleigh, and Houston have been growing to accommodate new domestic migration looking for jobs. This has meant expanding their geographic area, but at the benefit of comparatively flat housing and rental prices. For now, those cities have less limit on their growth than land constrained cities like Los Angeles and San Francisco (where zoning and anti-density activism keep building in cities low).

But what about California areas with seemingly limitless land, why aren't we building in the Inland Empire, or other low-density areas? On top of zoning rules that block construction, in most jurisdictions each additional unit carries substantial political and financial costs: impact fees, zoning, environmental and community litigations on building increases costs of construction. Cities in the Inland Empire – an area that is not space unconstrained, require $60,000-$70,000 of impact and development fees per unit before a single brick is laid, in San Francisco that amount is even higher. Those are additional costs that are baked into costs.

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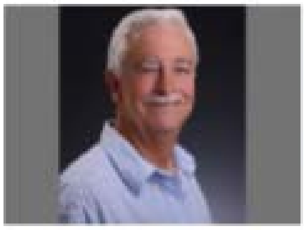

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