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THE TICKER

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## Rood: Buying a Home Now Is a Solid Investment

Due to current low interest rates and anticipated appreciation rates for the next few years, homeownership is "one of the last legitimate wealth creation opportunities," according to Tim Rood, chairman of Washington, D.C.-based business advisory firm The Collingwood Group in an interview with Westwood One radio host Dirk Van last week.



"The leveraged return if you put down 10 percent on a house, the trajectory of appreciation lately is you're going to get your money back inside of a year and then after that 5 to 10 percent appreciation rates," Rood said. "It's phenomenal."

Many economists and analysts have indicated that first-time buyers, which will largely consist of the millennial demographic, will drive increased home sales and the recovery of the housing market. Many millennials have been slow to enter the housing market, however. Rood said millennials are generally drawn to live in urban areas because of convenience, lifestyle, and walkable amenities, but they are paying 30 to 40 percent more in rents than they would be paying if they owned a home – and a result, they cannot save enough money for a downpayment for a house.

"That's why you see the regulators coming in and saying, 'We've got to think creatively about removing economic barriers to homeownership like lower down-payment programs,'" Rood said.

When Van asked if this was a better time to rent or buy, Rood said that housing inventory is one of the best barometers for health whether you want to rent or own. When inventory is plentiful, there is less urgency to buy, in which case it might make more sense to rent. However, inventory has been "drastically" low for the last several months, according to Rood.

"(Low inventory) makes for a pretty compelling case to get in now when you can lock in rates as low as they are, and still from what most of the forecasters anticipate, you're going to see 4 to 5 percent appreciation for the next three to four years, which is pretty impressive to say the least," Rood said.

Click here to hear the audio of the interview between Van and Rood.

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Brian Honea's writing and editing career spans 14 years across many forms of media. He served as sports editor for two suburban newspaper chains in the DFW area and has freelanced for such publications as the Yahoo! Contributor Network, Dallas Home Improvement magazine, and the Dallas Morning News. He has written four non-fiction sports books, the latest of which, *The Life of Coach Chuck Curtis*, was published by the TCU Press in December

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