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Time for Home Buyers to Go Long

By Quentin Fottrell

Though real estate prices are barely budging, experts say this may be a good time to buy a house. But only for those willing to stay put.

On the face of it, the latest news doesn't bode well for potential house buyers. House prices will steadily rise in 2012 but economists don't see prices outpacing inflation over the next three years, according to a [new survey](#). Typically, home prices bounce back after a prolonged recession and even help fuel a broader economic recovery. Not this time, according to that survey. The growth in house prices won't even keep pace with that of a loaf of bread.

As real estate prices begin their slow crawl north, interest rates have only one way to go – up. “Whether you're a 35-year-old looking to get on the property ladder or a retiree wanting to downsize, it's still a good time to buy,” says Jay Tyner, president and founder of Semmax Financial Group in Greensboro, NC.

One caveat: Don't think of a home as a short-term investment. “This is a good time to buy assuming you want to live in that home,” says Sheldon Garon, a professor of history at Princeton University and author of “[Beyond Our Means: Why America Spends While the World Saves](#).” But don't treat real estate as a get-rich-quick investment, as so many Americans did during the 1990s and 2000s, he says. “In many areas of the country, developers seriously over-built, which will depress house prices for some time.”

Current conditions are a win-win for both potential homeowners and long-term investors, others say. “For households, the priority should be on meeting their shelter needs at the best price — which may not entail ownership at all. — and appreciation, if any, should be viewed as a bonus,” says Patrick O'Keefe, *director of economic research at J.H. Cohn LLP in Roseland, N.J.* “For investors with longer-term staying power and property management capability, conditions are attractive — but property specific.”

What's more, rents are also on the rise. Consumers are being hit by the rise in rents and the decrease in concessions being offered, according to a new survey by online apartment-lister Rent.com. Property managers predict that rents will rise between now and the third quarter of 2012 by 3%, above the 2.5% inflation rate between now and 2014 expected by most economists in a Wall Street Journal survey. Plus, the nation's [ratio of house prices to yearly rents](#) is nearly back to its pre-bubble average.

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