



House or Stocks :

Which is the better
investment?

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Despite what Wall Street wants you to believe, owning a home isn't the same kind of investment as stocks or bonds. What you get is a USE asset that depreciates over time while it grows in market value. All you have to do is keep the home in good repair to maximize your investment.

Here are five reasons why you get more for your money with a house than the stock market:

1. Leverage. With stocks, you put in all your money for a little piece of a company. With a house, you put in a little money to get the entire house.

2. Tax benefits. Uncle Sam knows that owning a home is a pain in the neck; that's why you get tax incentives. These are basically government bribes to get you to buy.

Think about it, with what other investment can you put in 5 percent of the cost of the asset, reap all the appreciation, and pay no capital gains? That's right: live in your home for at least two years, and you don't have to pay capital gains tax on up to \$250,000 in appreciation if you're single and a combined \$500,000 if you're a married couple.

And that's not all — consider the benefits of fixed-rate mortgages, property tax write-offs, interest rate deductions, and depreciation. Is this a great country or what?

3. Control. When you buy stocks, you're paying some CEO 500 times the average worker's salary for company performance that most other workers would lose their job over. With a home, you have control — what you buy, how much you pay, and where you live. You can improve the value with repairs and updates. Try comparing that to getting heard at the next shareholders' meeting!

4. Lifestyle. Do you want to look at a concrete jungle or your children playing in your own back yard? With a home, you're purchasing a vantage point for yourself and your family. The neighborhood you want to be in, and the size and style of a home that fits your needs.

5. Value. Unlike some stocks, your house will seldom become worthless. Barring a catastrophe, your home will retain a major portion of its value, even in the worst of times. So don't freak out about slight fluctuations in the value of your home in any given year. You'll make it up. Housing has lost value only one year out of the last 35. It's more normal to beat inflation by 1 percent to 2 percent.

Take Stock in This:

So let's add a little perspective here. You lost a greater percentage on the stock market this past year than if you owned a house. You lost more on your SUV. And you sure lost more on your iPhone.

And keep this in mind: When it rains, which would you rather have over your head — a roof or a stock certificate?

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