

Five Reasons Houses Beat Stocks

by Blanche Evans

It's high time we told buyers, sellers and homeowners the truth about whether a home is a good investment.

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 max out your take.

Here are five reasons why you get more for your money with a house than a worthless sock puppet.

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 all of the house.
2. **Tax benefits:** Uncle Sam knows that owning a home is a pain in the neck, that's why you get subsidies. These are basically government bribes to get you to buy. 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 two years, rent it for three, sell it, and pay no tax on capital gains up to 250,000 for singles, \$500,000 for married couples. And you're worried about paying too much?

And that's not all - think about the benefits of fixed-rate mortgages, property tax write-offs, interest rate deductions, 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 results you'd lose your job for. 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. Compare that to getting heard at the next shareholders' meeting.
4. **Lifestyle:** Do you want to look at a dumpsite or your children playing in their own back yard? With a home, you're purchasing a vantage point for yourself and your family. The neighborhood you want to be in, the size and style home that fits your needs. And the more wisely you choose, the better off you are.
5. **Value:** Unlike our little sock puppet friend, 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 a losing a few percent this 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 one to two percent.

Let's get a little perspective here. You lost a greater percentage on the stock market this 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?

So stop whining about the housing market. Complain about Wall Street instead.