

4 reasons your buyer clients need to purchase before 2020

Renewable energy and other tax benefits are a few of the items they can take advantage of now

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If your clients are not sure whether to buy a house now or wait until next year, you can give them four compelling reasons for why 2019 is a better time for a purchase than 2020.

1. They can take advantage of year-end tax benefits

When your clients choose to buy this year instead of next, they'll see the resulting tax perks sooner.

The benefits apply to their [2019 tax year filings](#). Interest paid on mortgages is typically tax-deductible, as are property taxes. However, [there are limits](#) as a result of the [Tax Cut and Jobs Act](#), and you should be aware of them and share those limits with your client.

If your clients purchase a home this year and make energy-efficient upgrades, they can get tax breaks that will be less next year.

More specifically, they can claim solar-based tax incentives after installing the respective equipment. The maximum reduction is 30 percent through the end of 2019, and [then it falls by 4 percent](#) in 2020.

Remind your clients how they can deduct some purchasing expenses from their 2019 taxes. Plus, they may qualify for the highest-percentage incentive if they decide to put solar energy equipment into the property.



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2. Prices are down in some markets

Analysts also say some factors make the current housing market particularly favorable to people who are ready to buy.

Jonathan Miller is the president of an appraising company called Miller Samuel Inc. He says [the market has excessive supply](#) coupled with prices that started to decline a few years ago.

"What was different in 2018, and will be even more marked in 2019, is that there will also be product coming onto the market that was held back in 2016, when the market started to soften," Miller said.

To put things in perspective, he anticipated that out of 8,000 new apartment units on the market at the end of 2019, only 2,000 would sell.

When discussing these matters to your clients, emphasize that looking at patterns in the marketplace don't always tell the tale of what could happen next year. That means they should try to understand

how several aspects make the market appealing now — they may as well seize those opportunities instead of hoping conditions hold for 2020.

3. Mortgage rates are declining

Mortgage rates are probably top-of-mind concerns for many of your buyer clients. The rates they receive [depend on factors](#) both within and outside of their control.

For example, having a [solid credit history](#), a high credit score and a steady job that generates enough income to ensure homebuyers can pay back their loans in full are all helpful. But, external factors such as inflation and the economy, also impact mortgage rates.

According to data published in early September 2019 by Bankrate, fixed and adjustable-rate mortgage rates are [falling](#). This means the rate your buyer clients pay to cover the mortgage on every \$100,000 borrowed is less than in the recent past. That prospect could make your customers realize they should make a move now rather than waiting to see what happens with mortgage rates in 2020.

4. 2020 could bring even more uncertainty to the economy

Half of the real estate economists and experts surveyed by [Zillow](#) late July [believed](#) that a recession will occur in 2020, according to the company's second quarter [Zillow Home Price Expectations Survey](#).

Recessions tend to cause people to change their spending habits and prepare for the worst. That may mean would-be homebuyers decide to delay purchases once a recession hits, especially if they hadn't saved up the entire amounts needed yet. (In contrast, if your clients have put money aside for years and are eager to buy, they may [have a better chance of success](#) during a recession.)

That's because the down payment is often a substantial obstacle for buyers, and some may view it as an out-of-reach obstacle during a recession. And, if unemployment rates are up and people worry about losing their jobs, they could understandably decide that purchasing property isn't a risk they want to take.

Additionally, 2020 is a presidential election year.

"[Elections generally slow down the housing market](#) because people are feeling unsure about what's next," Selma Hepp, Compass' chief economist and vice president of business intelligence told Mansion Global last year.

When people feel a restoration of political stability, the effects "bring confidence to the buyer and seller community."

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