

# HomesFriday

## Why delaying a home purchase may cost you

By SHERRY GIEWALD  
Daily Herald Correspondent

A young couple with a small child has been socking money away each month for a down payment on a new home. They need more space for their growing family, but they're not sure this is the right time to buy the home they want. They're on the fence.

Suburban builders say this is good time to jump off the fence and into the marketplace. Why? Interest rates are low. Home prices and interest rates are expected to climb through this year. The inventory of homes for sale remains low.

### Interest rates

Interest rates are low, but they will not stay this low, said Anna Shodeen, sales and marketing director for Shodeen Homes. "The rates are going to change, and they could reach 6 percent before the end of the year."

Many experts predict the interest rate for a 30-year fixed



New homebuilders in Chicago's suburbs showcase their houses each spring. On Fridays during the show, the Daily Herald will cover a different housing topic. Future topics are:

**March 23:**  
Move-in-ready homes

mortgage will exceed 5 percent by the end of 2018. Locking in a lower interest rate on a mortgage now will save a

buyer tens of thousands of dollars during the period of the loan, which means that securing a loan now is in the buyer's best interest.

Jay Dulla, executive vice president of Meritus Homes, agrees. "Interest rates still at (near) historic lows is reason enough to purchase a new home now."

M/I Homes also believes waiting is not in a buyer's best interest.

"Our market is strong and interest rates are on the rise," said Cheryl Bonk, director of sales and marketing for the builder. "Taking advantage of the buying power as it is today is a benefit to anyone considering a new home purchase."

For many people, purchasing a home is all about affordability. If people wait until interest rates go higher, homes will be less affordable, and monthly payments may become out of reach. That means people will need to buy a smaller or less expensive home than they had planned, said Kim Meier, president of KLM Builders.

Pat Curran, president of West Point Builders, says that even if people wait 24 months, they might need to choose another home than one they can afford now.

### Prices climbing

Homes are getting more expensive by the day, and prices will only continue to go up, Shodeen predicted.

Price inflation as the economy improves, and higher demand because of a shortage of resale homes, are factors pushing up the cost of homes.

"During my 35 years in the



COURTESY OF K. HOVNANIAN HOMES  
**The new decorated Ontario townhouse model recently opened at Parkside of Libertyville. Builders suggest an improving economy in 2018 makes right now a good time to buy a home.**

business, I've seen that when the economy gets better, home prices increase," said Jeff Pelock, president of North Mark Homes, a division of Revco Ventures Inc.

Often prospective buyers don't think about factors that contribute to the rising cost of new homes. Builders spend a lot of money on construction materials, and they're dependent on prices set by suppliers, said Christy Whelan, sales director for Airhart Construction.

When lumber prices go up, or a window supplier calls on Monday with a price increase, it costs the builder more to build a new home. The price of materials is affected by the weather, too.

When hurricanes in Texas or wildfires in California suddenly destroy a lot of homes, there's a huge demand for lumber. And construction



COURTESY OF K. HOVNANIAN HOMES  
**Parkside of Libertyville will feature 48 three-story townhouses.**

resources usually go to places where there's an immediate need. Builders in the Midwest can get lumber, but they will pay more for it. And when the builder has to pay more for materials, homebuyers will pay more, Whelan said.

The high cost of land and lack of buildable space in the suburbs also impacts the cost

of new homes. Say a couple wants to live in their hometown of Elmhurst, which is built out. Sometimes there are scattered lots available, but they get snapped up quickly. People can't wait to buy a home and expect to build in an area that's already

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**The Sagebrook ranch plan is available at Springfield Pointe subdivision in Bloomingdale.**

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