



There is no one simple answer for when the time is right to buy a house. Everyone's personal, financial, and emotional circumstances are unique to them. (UBS)

Is this a good time to buy a house?

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One of the most frequent questions we have been asked by clients over the years is, "Is this a good time to buy a house?"

For the majority of the country, the decision to purchase a house is one of the most emotional, difficult, and financially impactful investments one can make. We believe there is no right or wrong answer to the question—only what is right for each client's specific profile and needs. In addition, as with stocks and bonds, we believe attempting to time the market is an extremely challenging endeavor that can often lead to erroneous choices.

When faced with the question of whether this is a good time to buy a house, we ask clients to consider the following five questions:

- Is the house being purchased for shelter, a long-term investment, or for a fix-and-flip?
- What is the anticipated time horizon for living in the house?
- What are the individual's near-term, medium-term, and long-term liquidity needs?
- Will purchasing the house significantly change one's lifestyle?
- Should the house suffer a significant decline in value—say, 20%—will that change one's lifestyle?

There are no right or wrong answers to the above questions. However, we have found that by asking clients to consider them, it helps remove a substantial emotional component of the purchase decision. For instance, someone who is buying a house for shelter purposes, anticipates owning it for an extended period of time, and has the liquidity profile to own the home and maintain their lifestyle, we believe they should be less focused on what is "the exact right time to buy." Conversely, someone who is considering a fix-and-flip, is more liquidity-constrained, and risks a lifestyle impairment should they not be able to sell the house in a timely manner might want to reconsider the purchase option.

In addition to the above considerations, we believe it is crucial that a house (and the associated liabilities, if applicable) be factored into one's overall asset and liability profile. Very often we find that clients are separating their primary residence and any associated liabilities from their overall financial picture. We strongly encourage everyone to include their primary residence in all of their long-term financial planning scenarios.

In short, there is no one simple answer to when is the right time to buy a house. Everyone's personal, financial, and emotional circumstances are unique to them. We believe that by working closely with their financial advisors and considering the five questions posed above, more often than not the correct decisions will be made in a financially prudent and significantly less emotional manner.

Read the original report [Is this a good time to buy a house?](#) 1 November 2021.

Main contributor: Jonathan Woloshin, CFA, Real Estate & Lodging Analyst Americas

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