MARKET TIMING BUYER DECISION GUIDE

Should I Buy a Home Now or Wait?

Nobody can time the housing market, and trying to is the most expensive habit in homebuying. The question that actually has an answer is whether your file is ready - stable income, a payment you can carry comfortably, cash to close, and a plan to stay put for at least three to five years. If all four are true, waiting for a better market is a gamble with no scoreboard. If any one of them is false, waiting isn't losing; it's preparation, and it usually pays better than the market ever will.

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Key facts at a glance

WHAT YOU CAN CONTROL
Your file - Credit, debts, income stability, cash to close.

WHAT YOU CAN'T
Rates and prices - Neither is forecastable with useful accuracy.

MINIMUM HOLD TO BREAK EVEN
Usually 3-5 years - Closing and selling costs have to be earned back.

THE REAL TEST
Payment comfort - Not the approval amount - the amount you'd sleep well paying.

The one-minute answer

Nobody can time the housing market, and trying to is the most expensive habit in homebuying. The question that actually has an answer is whether your file is ready - stable income, a payment you can carry comfortably, cash to close, and a plan to stay put for at least three to five years. If all four are true, waiting for a better market is a gamble with no scoreboard. If any one of them is false, waiting isn't losing; it's preparation, and it usually pays better than the market ever will.

Buy now if:

Your income is stable, the full payment fits comfortably inside your budget, you have cash to close plus a reserve, and you expect to stay three to five years or more.

Wait if:

Your job or income changed in the last six months, the payment only works on paper, you'd close with nothing left in savings, or you may relocate within two to three years.

Consider an alternative if:

You're ready in every way except cash. Down payment assistance, a 3% conventional loan, or an FHA loan can move your timeline forward by years without waiting on the market.

REFRAME

"Is now a good time?" is the wrong question

BRIAN MIX, NMLS #111175
The market doesn't know you exist. Your file is the only variable in this decision you can actually move.

Every buyer asks some version of the same thing: are rates going to drop, are prices going to fall, should I hold out for a better moment? These are forecasting questions, and no honest lender, economist, or agent can answer them. Rate forecasts published in January are routinely wrong by spring, in both directions.

There is a better question, and it has a real answer: is my file ready, and does the payment work? Those are facts about you, not predictions about the world. You can measure them today.

Here's the practical framing. Four conditions decide whether buying makes sense right now:

- Stability. Your income is steady and likely to continue. No pending layoff, no probationary period, no job change into a new field mid-application.
- Payment comfort. The full monthly cost - principal, interest, property taxes, homeowners insurance, mortgage insurance if applicable, and HOA dues - fits your real budget, not your approval letter.
- Cash to close, plus a cushion. Down payment and closing costs covered, and money still in the account afterward.
- Time horizon. You expect to keep the home at least three to five years.

All four true? The market timing question is noise. Any one false? You have your answer, and it isn't about rates.

> FAST
> An approval tells you what a lender will allow. It does not tell you what you can afford. Those are different numbers, and the gap between them is where most buyer regret lives.

THE OTHER SIDE OF THE LEDGER

What waiting actually costs

Waiting feels free. It isn't. Four costs run while you wait, and most buyers only count the first one.

Rent. Every month of rent is money you don't get back. It isn't wasted - you're buying shelter and flexibility - but it doesn't build equity or lock in a housing cost.

Principal you're not paying down. In the early years of a mortgage, most of the payment is interest, but not all of it. Even a modest share of each payment is forced savings you don't get by renting.

Price movement. Prices can rise or fall. If they rise while you wait, your down payment target rises with them - 5% of a higher price is more dollars, and you have to save it out of the same paycheck.

Rent increases. Your rent has a landlord who reprices it. A fixed-rate mortgage payment's principal and interest does not change for thirty years. Taxes and insurance still move, but the biggest slice is frozen.

Against that, waiting has real benefits when you use the time: a higher credit score, a paid-off car loan, a bigger down payment, a longer job history. Those are not small. A buyer who waits nine months and eliminates a $520 car payment usually gains more purchasing power than a full point of rate movement would have given them.

The distinction that matters: waiting with a plan is investing. Waiting for the market is gambling.

> TIP
> Give your wait a job and a deadline. "I'm waiting until my score hits 700 and the truck is paid off, which is about seven months" is a strategy. "I'm waiting to see what rates do" is a stall with no exit condition.

RATE REALITY

What rates do and don't decide

Rates matter - they set your payment. But they matter differently than most buyers assume.

A rate is not permanent, a price is. If rates fall meaningfully after you buy, you can refinance. If prices rise while you wait, you pay the higher price forever and your down payment has to grow to match. That asymmetry is the single most useful thing to understand about timing. It's also why "marry the house, date the rate" became an industry clich - clichs earn their status by being mostly true.

Refinancing isn't free. Closing costs run roughly 2%-5% of the loan amount, so a refinance only makes sense when the monthly savings earn those costs back inside the time you'll keep the loan. The refinance calculator does that break-even math.

Falling rates bring competition back. Lower rates increase the pool of buyers who qualify. More buyers bidding on the same inventory tends to push prices up and weakens your negotiating position - fewer concessions, fewer repairs, more competing offers. The cheaper rate is real, but it doesn't arrive alone.

Rate buydowns exist right now. A temporary or permanent buydown, sometimes paid by a seller, can lower your rate today without waiting for the market. Ask your loan officer to price both.

> WATCH
> Refinancing is never guaranteed. Qualifying again depends on your credit, income, and the home's value at that time. Buy at a payment that works at today's rate, not at a rate you hope to get later.

THE HOLD-PERIOD RULE

The three-to-five-year test

Buying is expensive to enter and expensive to exit. Closing costs on the way in commonly run 2%-5% of the purchase price. On the way out, selling costs - agent commissions, title, transfer taxes, prep, concessions - often total 6%-10%.

That round trip has to be earned back through some combination of appreciation and principal paid down. Depending on your market and your loan, that usually takes three to five years. Sell before then and you can walk away with less than you put in even if prices went up.

So the time-horizon question is not soft. It's the sharpest single filter in this decision:

- Might relocate within two years renting is almost certainly cheaper.
- Three to five years, reasonably confident buying usually wins if the payment is comfortable.
- Five-plus years buying wins in most scenarios, including flat-price scenarios.

The rent vs. buy calculator runs this against your actual rent, price range, and expected stay.

DIAGNOSIS

How to tell whether you're actually ready

Run these five checks. They take an afternoon and they replace months of vague worrying.

1. The payment comfort test
Build the full payment - principal, interest, taxes, insurance, mortgage insurance, HOA - with the mortgage payment calculator. Then subtract it from your take-home pay along with every other bill you actually pay: groceries, childcare, gas, subscriptions, insurance. Lenders don't count those. Your bank account does.

2. The debt-to-income check
Add your monthly debt payments plus the new housing payment and divide by gross monthly income. Under roughly 36% is comfortable; automated approvals commonly stretch to about 50% depending on program and file strength. Run yours in the debt-to-income calculator.

3. The cash test
Down payment plus closing costs plus a reserve. Closing costs are typically 2%-5% of the price; the closing costs calculator estimates yours. If closing empties the account, you are not buying a home - you're buying a crisis on the first repair.

4. The credit check
A higher score buys a better rate and, on conventional loans, cheaper mortgage insurance. If you're 15 points below a pricing tier, waiting sixty days to cross it can beat any market move. See the credit score guide.

5. The stability check
Two years of documentable income history is the standard lenders work from, with plenty of exceptions for school, military service, and same-field job changes. Changing industries or moving to fully commissioned pay right before applying is the most common self-inflicted delay we see.

The Readiness Score runs all five at once and tells you which one is actually holding you back.

> **WATCH**
> Most buyers who think they're waiting on the market are actually waiting on one fixable item - a collection account, a car loan, or two more months of job history. Find out which one before you decide anything about rates.

THE HONEST CASE FOR PATIENCE

When waiting is clearly the right answer

A guide that always says "buy now" is a sales pitch. Here are the situations where waiting is genuinely the better financial decision:

- Your job is uncertain. Pending layoffs, a company in trouble, or a probationary period. A mortgage is a thirty-year commitment made with today's income.
- You're about to change careers or go self-employed. Self-employment typically needs a two-year history to document. Buy first, or wait until the history exists.
- Your down payment is borrowed from your emergency fund. Closing with zero reserves is how a $6,000 HVAC failure becomes a missed mortgage payment.
- Your credit is mid-repair. If you're 40 points from a better pricing tier and actively paying down balances, six months can change your rate and your mortgage insurance cost materially.
- A large debt is nearly gone. Paying off a loan with ten or fewer payments left can free up hundreds of dollars of qualifying income overnight.
- You might move within two years. See the hold-period math above.
- You haven't seen the real payment yet. If you can't state your full monthly cost including taxes and insurance from memory, you're not deciding - you're guessing.

In every one of these cases, notice what you're waiting for: a condition you control, with an end date. That's the difference.

Your options, compared

Buy now

Lock in a home and a payment while you continue building equity and stability.

Pros

- Principal and interest are fixed for the life of a fixed-rate loan
- You start building equity instead of paying rent
- Less buyer competition than in a falling-rate market
- You can refinance later if rates improve
- Seller concessions and rate buydowns are more negotiable when demand is soft

Cons

- Closing costs are real and immediate (roughly 2%-5% of price)
- You take on repairs, maintenance, taxes, and insurance
- Selling within three years usually loses money

- Today's rate is your rate unless you qualify to refinance later

Best for: Buyers with stable income, comfortable payment math, cash to close plus reserves, and a three-to-five-year horizon.

Avoid if: Your income just changed, the payment only works on paper, or closing would drain your savings.

Wait with a plan

Set a specific readiness target and a date, then buy when you hit it.

Pros

- A higher credit score can lower both your rate and your mortgage insurance
- Eliminating a monthly payment can add real purchasing power
- A larger down payment lowers the loan amount and may remove mortgage insurance
- More reserves make underwriting easier and homeownership safer

Cons

- Rent keeps leaving with nothing to show for it
- Prices may rise, which raises your down payment target
- Rents typically increase at renewal
- Discipline required - vague waiting turns into years

Best for: Buyers with one or two identifiable, fixable gaps and a written target date.

Avoid if: You're already ready and simply want to time the market. That isn't a plan; it's a forecast.

Buy sooner with help

Use assistance and low-down-payment programs instead of waiting to save 20%.

Pros

- Down payment assistance can cover much or all of the down payment for eligible buyers
- Conventional loans start at 3% down and FHA at 3.5% down
- VA and USDA offer 0% down for eligible buyers and properties
- Shortens the timeline by years for many first-time buyers

Cons

- Assistance programs have income, price, credit, and occupancy limits
- Smaller down payment means a larger loan and usually mortgage insurance
- Some assistance carries repayment or shared-appreciation terms
- Homebuyer education is often required

Best for: Buyers who are ready in every way except cash - especially first-time buyers under program income limits.

Avoid if: Your income or purchase price exceeds program limits, or the smaller down payment produces a payment you can't carry.

Keep renting for now

Stay flexible while life circumstances settle.

Pros

- No maintenance, taxes, or insurance exposure
- Maximum mobility for job or family changes
- No transaction costs to enter or exit
- Time to build savings and credit

Cons

- No equity, no fixed long-term housing cost
- Rent is repriced by your landlord, not by you
- You miss any appreciation that occurs

Best for: Anyone likely to move within two to three years, or whose income situation is genuinely unsettled.

Avoid if: You're stable, ready, and staying - at that point renting is just a more expensive form of delay.

Decision tree

1. Will you keep this home for at least three years?

If no, stop here. Closing and selling costs rarely get earned back faster than that, and renting is usually cheaper over a short horizon.

Verdict: No keep renting

2. Is your income stable and documentable for the last two years?

Gaps, brand-new self-employment, or a pending job change are underwriting problems, not market problems. Fix the file first.

Verdict: No wait with a plan

3. Does the full payment - including taxes, insurance, and mortgage insurance - fit your take-home budget?

Build it in the payment calculator and subtract it from real take-home pay alongside every bill lenders don't count.

Verdict: No lower the price target or wait

4. Will you still have savings after closing?

Aim for at least a few months of housing payments left over. Closing to zero is the most common source of first-year distress.

Verdict: No wait, or use assistance to preserve cash

5. Is cash to close the only thing missing?

Then the answer probably isn't waiting. Check down payment assistance, 3% conventional, FHA, VA, and USDA before you write off this year.

Verdict: Yes buy sooner with help

6. All four conditions met?

Then the market timing question has no useful answer for you. Get pre-approved, shop with a real payment target, and negotiate hard on price and concessions.

Verdict: Yes buy now

Cost examples

Renting one more year at $2,000/month

A buyer weighing a $350,000 purchase with 5% down against renewing a $2,000 lease for another twelve months. Illustrative round numbers - not a quote.

	Rent for 12 more months	Buy now
Housing paid over 12 months	$24,000	~$27,600 (full payment)
Goes to principal	$0	~$4,200
Cash needed up front	~$2,000 (deposit)	~$28,000 (down payment + closing)
Cost if prices rise 3%	Price target +$10,500	Equity gain, not a cost
Cost if prices fall 3%	Price target $10,500	Paper loss until you sell
Flexibility to move	High	Low for 3+ years

> TAKEAWAY
> Buying costs more per month and far more up front. It wins over time through principal, a fixed principal-and-interest payment, and any appreciation - which is exactly why the three-to-five-year hold matters more than the rate.

Waiting nine months to eliminate a car payment

Same buyer, $7,500 gross monthly income, carrying a $520 car payment with nine payments left. Comparing buying today versus buying after the loan is retired. Illustrative only.

	Buy today	Buy in 9 months, car paid off
Monthly debts before housing	$620	$100
Room for a housing payment at 45% DTI	~$2,755	~$3,275
Approximate price supported	Lower	Roughly $70k-$90k higher
Rent paid while waiting	$0	~$18,000
Credit profile	Same	Usually stronger

> TAKEAWAY
> This is what a productive wait looks like: a specific debt, a specific date, and a measurable gain in buying power that no rate forecast can promise. Compare that with waiting on 'the market,' which has no target and no deadline.

Timeline

Today - measure, don't guess

Run the Readiness Score, pull your credit, and build a real full payment. You cannot decide about timing until you know which of the four conditions you're missing.

Weeks 1-2 - fix what's fixable

Dispute credit errors, pay down a card below its minimum-payment threshold, or document income you already earn but never submitted.

Weeks 2-4 - get pre-approved

A real pre-approval, with documents reviewed, converts your opinion about affordability into a lender's position. Sellers only respect the second one.

Months 1-3 - shop to a payment, not a price

Set your maximum monthly payment first and let the price follow it. Ask about seller-paid rate buydowns and closing cost credits on every offer.

After closing - revisit annually

Re-shop homeowners insurance each year, watch assessed value changes, and check refinance break-even any time rates drop meaningfully.

Common mistakes

Waiting for a rate that has no arrival date

Rate forecasts are consistently wrong in both directions. A wait with no target condition tends to become years, and rent keeps clearing your account the whole time.

Shopping to the approval amount instead of the comfortable amount

Approvals are calculated on gross income and ignore childcare, groceries, and commuting. The maximum is a ceiling, not a recommendation.

Closing with nothing left in savings

The first water heater, roof leak, or job hiccup after closing is what turns a good purchase into a bad year. Reserves are part of the down payment plan, not an afterthought.

Assuming 20% down is required

Conventional loans start at 3% down, FHA at 3.5%, and VA and USDA at 0% for eligible buyers. Waiting years to reach

20% is often the single most expensive delay a buyer chooses.

Ignoring down payment assistance because it 'sounds too good'

Assistance programs are ordinary government and housing-finance-agency products with published rules. Check eligibility before you conclude you have to wait.

Changing jobs or financing a car mid-application

Both can change your approval after you're under contract. Nothing about your credit or employment should move between pre-approval and closing.

Treating a pre-qualification as a pre-approval

A pre-qualification is an opinion based on what you said. A pre-approval is a decision based on documents reviewed. Sellers know the difference.

Counting only the mortgage payment

Property taxes, homeowners insurance, mortgage insurance, HOA dues, and maintenance are the difference between the number you quoted yourself and the number that hits your account.

Buying with a two-year horizon

Transaction costs on both ends rarely get earned back that fast. If a move is likely, renting is usually the cheaper decision, not the weaker one.

Deciding without ever running your own numbers

Almost every buyer who is 'not sure if now is a good time' has never built a full payment or calculated their debt-to-income ratio. Ten minutes of math resolves most of the anxiety.

Expert tips

- Ask every lender to price a permanent rate buydown and a seller-paid temporary buydown side by side. In a soft market, sellers will often fund what buyers assume they can't ask for.
- If you're within 20 points of the next credit-score pricing tier, ask your loan officer to run a rapid rescore analysis before you shop. It can be the cheapest rate reduction available to you.
- Get your homeowners insurance quote before you remove contingencies, not after. In high-risk areas the premium can move your payment enough to change what you can afford.
- Write your maximum comfortable payment on paper and give it to your agent. Shopping to a payment rather than a price keeps taxes and insurance from ambushing you in a high-tax county.
- If you're waiting, put the exact condition and date in your calendar with a reminder. Waits with deadlines end; waits without them don't.

Decision checklist

- ☐ I know my full monthly payment including taxes, insurance, and mortgage insurance
- ☐ That payment fits my take-home pay after every bill lenders don't count
- ☐ My debt-to-income ratio is calculated, not estimated
- ☐ I have cash for the down payment, closing costs, and a reserve after closing
- ☐ My income is stable and documentable for the last two years
- ☐ I expect to keep this home for at least three years
- ☐ I've checked whether down payment assistance applies to me
- ☐ I've compared FHA, conventional, VA, and USDA for my file
- ☐ I have a written pre-approval, not a pre-qualification estimate
- ☐ If I'm waiting, I've written down exactly what I'm waiting for and by when

Frequently asked questions

Is 2026 a good year to buy a house?

It depends entirely on your file, not the calendar. If your income is stable, the full payment is comfortable, you have cash to close plus reserves, and you'll stay three to five years, 2026 is a fine year to buy. If any of those is missing, no year is a good year until it's fixed.

Should I wait for interest rates to drop?

You can refinance a rate; you can't renegotiate a purchase price after closing. If rates fall, competition usually rises with them, which can push prices up and reduce seller concessions. Buy at a payment that works today, and treat any future refinance as a bonus rather than a plan.

Will home prices go down if I wait?

Nobody knows. Prices are local - two metros in the same state can move in opposite directions in the same year. Because that's unforecastable, the more useful question is whether you can carry the payment and hold the home long enough for transaction costs to be earned back.

How long do I have to own a home to break even?

Typically three to five years. Closing costs commonly run 2%-5% of the purchase price and selling costs 6%-10%, so appreciation and principal paydown need time to cover both ends of the round trip.

Is it better to rent and invest the difference?

It can be, mathematically, if you genuinely invest the difference every month and you move often. Most people don't invest the difference. Owning enforces savings through principal paydown and fixes the largest part of your housing cost, which is worth something that spreadsheets don't capture.

Do I need 20% down to buy a home?

No. Conventional loans start at 3% down, FHA at 3.5%, and VA and USDA offer 0% down for eligible buyers and properties. Under 20% down usually means mortgage insurance, which on conventional loans can be removed once you reach sufficient equity.

What credit score do I need to buy right now?

Common minimums are 620 for conventional, 580 for FHA with 3.5% down (500-579 with 10% down), and lender-set overlays around 580-620 for VA and USDA. Most down payment assistance programs require 640 or higher. Higher scores lower both your rate and your mortgage insurance cost.

Should I buy if I might move in two years?

Usually not. Two years rarely covers the transaction costs on both ends. If the move is possible but uncertain, weigh whether you could rent the home out instead of selling - and confirm the payment still works at realistic rent.

Is it cheaper to buy now or save more first?

Saving more lowers the loan amount and may remove mortgage insurance, but it takes time, during which rent continues and prices may move. The strongest version of 'save first' targets a specific milestone - clearing a debt, crossing a credit tier, or reaching a program's minimum - rather than an open-ended balance.

What happens if I buy and rates drop next year?

You can refinance if you still qualify and the break-even works. Refinance closing costs typically run 2%-5% of the loan amount, so the monthly savings need to earn those back within the time you plan to keep the loan. Qualification is never guaranteed in advance.

Does waiting hurt my chances of being approved?

Not by itself. Waiting only hurts when your file gets worse - new debt, a career change, or late payments. A wait spent paying down balances and holding your job steady almost always improves your approval.

How much should I have in savings after closing?

A practical target is two to six months of full housing payments left over. Some loan programs formally require reserves; even when they don't, reserves are what keep a first-year repair from becoming a missed payment.

Should I buy before selling my current home?

That's a separate decision with its own risks around carrying two payments and contingency offers. See the dedicated guide on buying before selling your current home.

Can down payment assistance help me buy sooner?

Frequently, yes. Many state, county, and city programs offer grants or deferred second loans covering some or all of the down payment for buyers under published income limits. The Down Payment Assistance Finder checks programs available where you're buying.

What's the single best way to decide?

Stop forecasting and start measuring. Build the full payment, calculate your debt-to-income ratio, count your cash after closing, and be honest about how long you'll stay. When all four clear, buy. When one doesn't, fix that one - that's the whole decision.

Sources

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