

Top 5 Reasons to Buy a Home During the Holidays

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Few people like to uproot their family and go through the stresses of home buying and moving during the holidays, but for those who do not mind, the holiday season may provide home buying bargains. Here are a few of the reasons why.

- **Less Market Activity** – Lots of family, school, and work activities, combined with the weather in many locations, lead to fewer real estate transactions over the holidays. Since fewer people overall are looking to buy houses, you will have less competition for your preferred house – and this gives you leverage.

Holiday home sellers often have to adjust their price downward or make other concessions if they want to sell. Keep this in mind as you search for homes. Bargains may be available, and listed prices may be more open to negotiation.

- **Motivated Sellers** – People who are selling their homes over the holidays often have great incentive to sell, such as an upcoming job relocation. If a house has already been on the market for some time, that incentive is multiplied.

You may be able to use this urgency to your advantage (assuming you are not in a similarly urgent need to buy). Negotiate fairly but firmly with sellers and you should be able to extract a lower price and/or other concessions like paying part of the closing costs.

- **Potential Tax Advantages** – If you itemize your taxes, you can deduct any points you paid upon closing, as well as property taxes and mortgage interest. Whether it is to your advantage to buy before or after year's end depends on factors such as how many other deductions you have this year and expect to have next year.

It is best to consult with a tax professional before purchase. Even though you do not want to make a decision on a home purchase strictly for tax reasons, it could be to your benefit to close before the end of the year.

- **Better Interest Rates** – Within the general trend of interest rates, there is often a cyclical trend of lower interest rates during the holidays – not from the generosity of lenders but due to limited demand forcing greater competition among lenders.

There are plenty of factors that can obscure or swamp this cycle, but in general, you should see preferable interest rates around the holidays compared to the times immediately before or after.

- **Faster Closings** – Generally, all parties involved have incentive to complete transactions toward the end of the year. Lenders want to close their books, real estate agents want to receive their commissions before the year closes, sellers want to move on to their new home and settle in for the holidays – and just like the sellers, you want to settle in as well.

Since all parties are motivated and there are fewer transactions taking place during this time, it should be easier to put everything in place for a smooth and rapid closing.

These factors do not always apply. For example, if you are trying to buy a home in a winter ski resort area or similar high-demand winter destination, these dynamics may be reversed – except for the tax implications. However, for the majority of Americans, the holidays represent an opportunity to buy a home under mostly favorable economic conditions.

The weather may still be frightful, but your opportunities to buy a home around the holidays may be just as delightful. Enjoy the holiday season as you explore your options. Don't forget to give Santa your forwarding address!