

Major principles for purchasing a new house essay sample



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When purchasing a home a person needs to take the 10 principles of economics into consideration. If the wrong decision is made it can cause many long-term financial consequences for the individual. One of the major principles that will play a major role on deciding to purchase a home will be principle 6: Markets are usually a good way to organize economic activity. It is important to make sure you are researching to determine what how the real estate market is doing at that time to determine you are not overpaying for your home which can lead to financial struggles in the long run. Another principle that will affect the person's decision is principle 1: People face trade-offs. A person has to take into consideration that once they go from renting to purchasing a home there are many financial responsibilities they must take on. They will no longer be able to rely on a landlord for things such as repairs, lawn maintenance and so forth.

Upon purchasing a home they are now financially responsible for everything themselves. This is also a good example of principle 2: the cost of something is what you give up to get it. A person is giving up the peace that comes with knowing no matter what breaks or goes wrong it is not their responsibility but that the responsibility falls on the landlord. A person has to take all these things into consideration before making such a major decision. They need to determine what the marginal benefits and cost are for buying their own home. By owning their own home they can possibly save money by purchasing a home closer to work and cutting down on the commute. But they will acquire extra costs such as maintaining a large home and yard.

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