Don’t Buy a House; Take a Sabbatical Instead

I’m writing this just a few feet from the beach – from the comfort our little self-converted recreational vehicle (RV). This is roughly our seventh month on the road – and almost one year since I’ve the office. As I’ve enjoyed learning a whole new skillset in van-building process (electronic schematics, electrical soldering), and as I’ve enjoyed traveling across the United States and Mexico, I can’t help but wonder: why aren’t more people doing this? Why aren’t more people taking more time to outside of work to explore the world, pursue hobbies, and make new friends? I think I know the answer: it’s not part of American culture. But, home ownership is.

## Americans and Europeans Work Differently

Outside of brief European jaunt following college graduation, most Americans don’t do anything but work – and raise a family – through their able-bodied years. This inclination for Americans to work more is reflected in – or is perhaps caused by – the relatively fewer vacations days American employers award their employee. That is, many Americans receive between and one and two paid vacation weeks each year; our European counterparts frequently receive in the neighborhood between four and five weeks.

## Homeownership is an Expensive Vice

Paid vacation days aside, I argue that the tendency for Americans to work more stems from another American tradition: home ownership. And if you’ve read some of my other posts, you know that I feel that homeownership is a relatively expensive proposition (if you live in a relatively larger city). Said more simply, Americans don’t take more time off work for the simple reason that they can’t afford to, because all their money is going toward the house. At least, I could see how that could be the case for my family.

Home ownership (in a relatively larger city) is a time-consuming and expensive proposition. If you had plans for the weekend, you can forget it: the lawn isn’t going to weed itself. If you did want to take a trip for some time off, the bad news is that the mortgage isn’t going to pay itself. Homeownership, then, is an expensive vice – limiting your freedom and options for life.

Of course, there are countless benefits for homeownership: forced savings, stability, arguable tax benefits. But – it’s my opinion – that these benefits don’t necessarily outweigh the freedom, flexibility and cost of the alternative: renting.

## Our Failed Venture into Homeownership

I can’t say that I’m the brightest guy; it can certainly take me quite a while to figure things out. So, when I lived frugally the entire life, the next logical step was to buy a home. After all, it was a prudent investment.

Then I lived it. And it learned that it was expensive, a lot of work, and it really wasn’t that great of an investment – considering illiquidity, real estate agent selling commissions, and ongoing expenses of large utility bills, real estate taxes, and repairs. There are higher-returning, lower maintenance investments available. (Yes, I ran the numbers.)

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Fortunately, home ownership is not an irrevocable proposition. You can always sell what you got; just don’t expect to beat the returns of the S&P 500 after you factor in all your costs and time. And that’s just what we did. We sold our home. With cash proceeds from the sale and little tying us to San Diego, we were now free to travel. And that’s just what we did.

However, I feel that our path wasn’t optimal. Were I to do it again, I’d skip the homeownership part entirely and go straight to the sabbatical. And that’s what I suggest to fellow young(er) professionals as well.

If you’re in a financial position to purchase a home, just don’t. If you’re earning a healthy sum annually and have managed to sock away enough for a down payment, don’t go the homeownership route. If you do, your down payment will be locked into your property and your healthy income (and your savings rate) will go of the way of home ownership expenses. Instead, take some of your down payment and invest it. Take the rest of that down payment and fund your year (or two) of sabbatical.

Don’t buy a house. Go travel the world instead. Because that certainly beats pulling weeds out of front lawn on the weekend.