THINGS TO CONSIDER WHEN

SELLING YOUR HOUSE

WINTER 2020
EDITION

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4 Reasons to Sell This Winter

Below are four compelling reasons to list your house this winter.

1. Demand Is Strong

The latest *Buyer Traffic Report* from the *National Association of Realtors* (NAR) shows that buyer demand remains strong throughout the vast majority of the country. Buyers are ready, willing, and able to purchase, and are in the market right now. More often than not, in many areas of the country, multiple buyers are competing with each other to buy the same home.

Take advantage of the buyer activity currently in the market.

2. There Is Less Competition Now

Inventory is still under the 6-month supply needed for a normal housing market. This means in the majority of the country, there are not enough homes for sale to satisfy the number of interested buyers.

Historically, a homeowner would stay an average of six years in his or her home. Since 2011, that number has hovered between nine and ten years. There is a pent-up desire for many homeowners to move since they were unable to sell over the last few years due to negative equity situations. As home values continue to appreciate and homeowner equity grows, more and more homeowners will be given the freedom to move.

Many homeowners were reluctant to list their homes over the last couple of years, for fear they would not find a home to move into. That's all changing now as more homes come to market at the higher end. The choices buyers have will continue to increase with new construction, too. Don’t wait until additional inventory comes to market this spring.

3. Buyers Are Serious At This Time of Year

Traditionally, homeowners think about spring as a great time to list their homes, when more buyer traffic may be out there actively searching. In the winter, however, the buyers who are seeking a home – whether for relocation purposes or otherwise – are serious ones. They're ready to make offers and they're eager to move, often quickly. Your house may be exactly what they're looking for, so listing now while other potential sellers are holding off may be your best opportunity to shine.

4. There May Never Be a Better Time to Move Up

If your next move will be into the premium or luxury market, now is a great time to move up. There is currently ample inventory for sale at higher price ranges. This means if you're planning on selling a starter or trade-up home and moving into your dream home, you'll be able to do that now. Demand for your entry-level or middle-tier home is high, and inventory in the luxury or premium market is too.

According to *CoreLogic*, prices are projected to appreciate by 5.6% over the next year. If you're moving to a higher-priced home, it will wind up costing you more in raw dollars (both in down payment and in your mortgage) if you wait.

Bottom Line

Selling your house and moving up sooner rather than later could lead to substantial savings and may end up being your best option in the current market.

What Experts Are Saying About the Market

With low mortgage rates coupled with home price and wage appreciation, many are wondering about the housing market forecast for 2020.

Here's what some of the top experts have to say:

Mike Fratantoni, *Chief Economist* at MBA

"Moderating price growth is healthy, as it allows household incomes to catch up with home values…This improvement in affordability will lead to more home sales – especially given the rise in household formation and growing demand from first-time homebuyers."

Ralph DeFranco, *Global Chief Economist* at ARCH

"Low interest rates and a shortage of starter homes will continue to push up prices. This is especially the case for lower price points since builders have tended to focus on more expensive, higher-profit houses and less on replenishing low inventories of entry-level homes."

Freddie Mac

"We forecast that the average 30-year fixed-rate mortgage rate will be 3.8% in the fourth quarter of 2019 and 4.0% for full-year 2019. We expect rates to remain low, falling to a yearly average of 3.8% in 2020 and 2021. The housing market will continue to stand firm: home sales will rise in 2019 to 6.0 million before increasing to 6.1 million and then to 6.2 million in 2020 and 2021, respectively. House price growth will continue to decelerate through 2021 with annual rates of 3.2%, 2.9% and 2.1% in 2019, 2020 and 2021, respectively."

Bottom Line

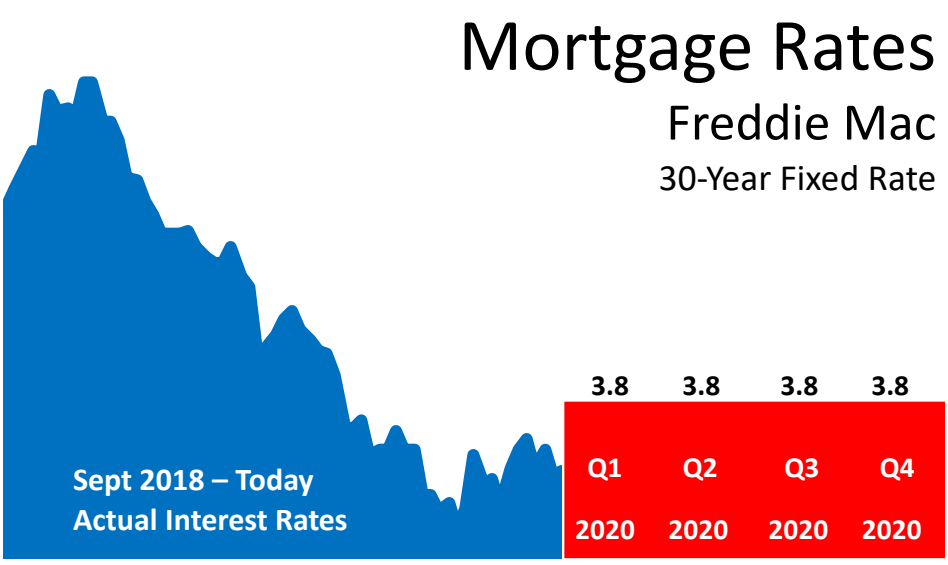
If you're thinking of selling and moving up, now may be the time. Demand for your house will be strong, particularly when buyers are looking to lock in at low mortgage rates.

What's the Latest on Mortgage Rates?

Mortgage rates have fallen by over a full percentage point since Q4 of 2018, hovering at near-historic lows. This is big news for sellers who want to downsize or move up to a new home while getting more for their money in the real estate market.

According to *Freddie Mac's Primary Mortgage Market Survey, "We expect rates to remain low, falling to a yearly average of 3.8% in 2020 and 2021."*

Freddie Mac notes that this is great news for the market, stating, *"Modest increases in home sales and house prices will boost purchase mortgage originations for the foreseeable future."*



The best thing you can do is work with a trusted advisor who can help you keep a close eye on how the market is changing. Relying on current expert advice is more important than ever when it comes to making a confident and informed decision for you and your family.

Bottom Line

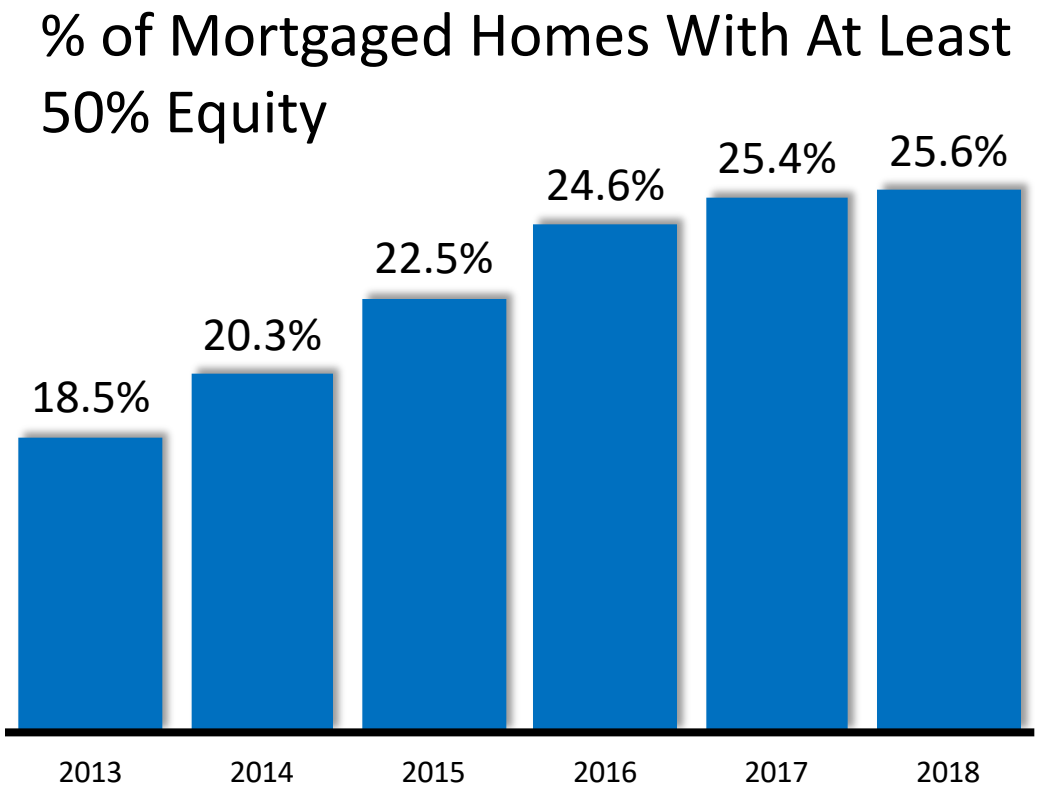
Even a small increase (or decrease) in mortgage rates can impact your monthly housing costs. If downsizing your house or moving up to your dream home is on your short list of goals to achieve, let's get together to determine your best move.

Over 50% of Homes Have At Least 50% Equity

Rising home prices have been in the news a lot lately, and much of the focus is on whether home prices are accelerating too quickly, as well as how sustainable the growth in prices really is. One of the often-overlooked benefits of rising prices, however, is the impact they have on a homeowner's equity position.

Home equity is defined as the difference between a home's fair market value and the outstanding balance of all liens (loans) on the property. While homeowners pay down their mortgages, the amount of equity they have in their homes climbs each time the value increases.

The number of homeowners that currently have at least 50% equity in their home is astonishing. According to the *Urban Institute*, 37.1% of all homes in the country are mortgage-free. In a home equity study, *ATTOM Data Solutions* revealed that of the 62.9% of homes with a mortgage, 25.6% of them have at least 50% equity. That number has been increasing over the last five years.



By doing a little math, we can see that 53.2% of all homes in this country have at least 50% equity right now. Of all homes, 37.1% are mortgage-free and an additional 16.1% with a mortgage have at least 50% equity.

Bottom Line

If you're a homeowner looking to take advantage of your home equity by moving up to your dream home, let's get together to discuss your options.

Thinking of Selling Your Home? The Waiting Is the Hardest Part.

Tom Petty famously penned the words, *"the waiting is the hardest part"* in his early 80's hit song *The Waiting,* and his thought process can surprisingly also be applied to individuals considering selling their homes today. Traditional thinking would suggest it may be best to wait until the spring to sell when there is a flood of buyers in the market, but right now may in fact be an even better time to list your house.

We can see the overall economy is good: wages are rising, there are near record-low unemployment rates, and mortgage interest rates are still very low too. Over the past 10+ years the housing market has stabilized, so what (if anything) is the biggest challenge in the housing market today?

The answer is simple: ***inventory.***

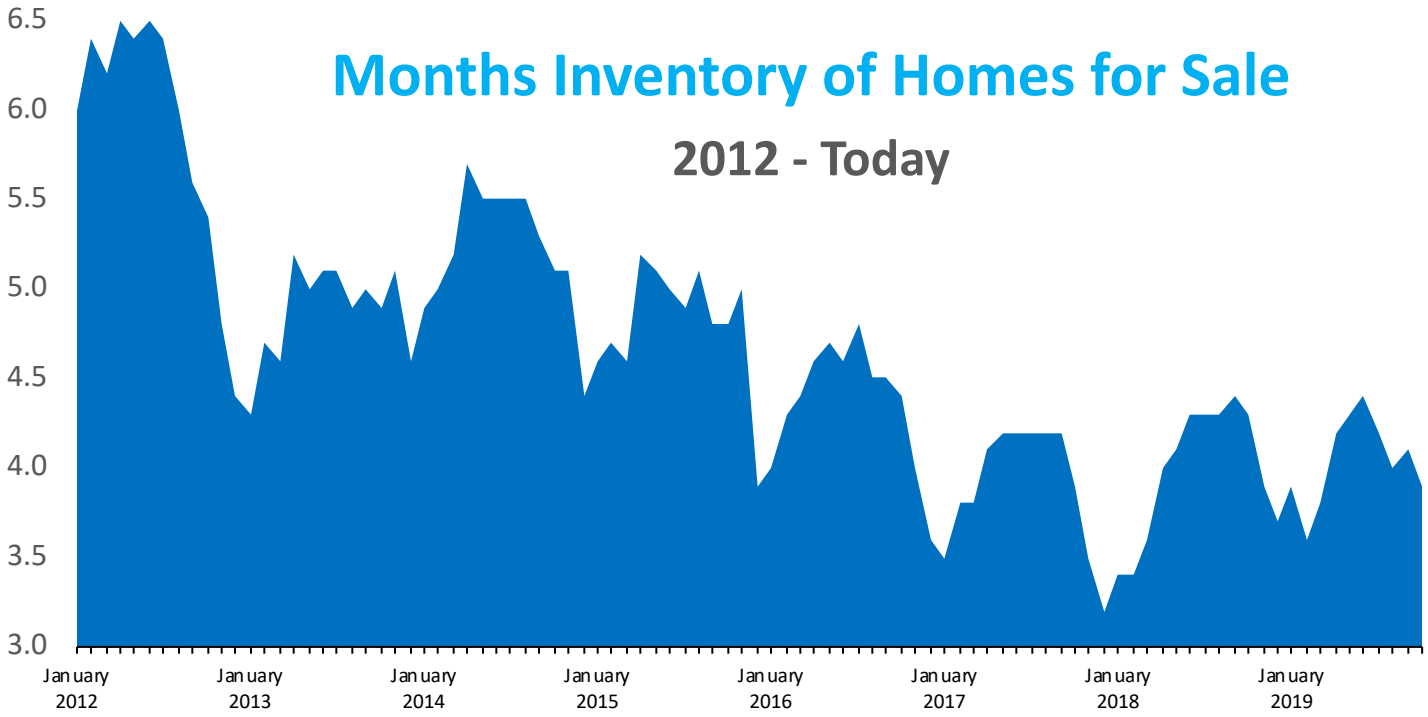
According to the *Existing Home Sales Report* by the *National Association of Realtors*,

> *"Total housing inventory at the end of October sat at 1.77 million units, down approximately 2.7% from September and 4.3% from one year ago (1.85 million). Unsold inventory sits at a 3.9-month supply at the current sales pace, down from 4.1 months in September and from the 4.3-month figure recorded in October 2018."*

What does this mean?

While homes are coming to the market, they aren't coming fast enough! Right now, across the country there is less than 6 months of overall inventory of homes for sale, putting us in a seller's market. The challenge is that there are not enough homes for sale to increase the supply needed for the number of people who want to buy, especially in the starter and middle-level markets.

To be in a balanced market (meaning we have enough inventory for the number of buyers in the market), we need to have 6 months of inventory available. Today we are nowhere near that number, and as a matter of fact, the last time we reached that height was August 2012 *(as shown on the next page)*:



When we look at the inventory challenge today, we can see that now is a great time to sell your house. Truthfully, waiting may end up being the hardest part in the long run. This landscape is a great place for sellers who own homes in the starter and middle-level markets to take the opportunity to sell in a seller's market, before inventory catches up with demand.

Serious buyers are actively searching and ready to make a move at this time of year. When inventory is limited at the lower end, like it is today, selling before more homes are listed could mean a significant seller's advantage to those who are ready to move up. The upper level of the market has much more inventory available to move into, so it's a win across the board.

Bottom Line

If you're considering selling your home, don't wait – *now is the time to make your move!* Take advantage of the high housing demand and the limited inventory for sale at the lower end of the market. Use your purchasing power while mortgage rates are low to go after the move-up home of your dreams.

Have You Outgrown Your Starter Home?

For many Americans, buying a home is their first taste of achieving part of the American dream. There's a sense of pride that comes along with owning your own home and building your family's wealth through your monthly mortgage payment.

It may seem hard to imagine that the first home you purchased (which made your initial dreams come true) might not be the home that will allow you to achieve the rest of your dreams. The good news is, it's okay to admit your home no longer fits your needs.

According to the latest *Home Price Index* from *CoreLogic,* prices in the starter home market have appreciated at 5.3% year-over-year. At the same time, a report from *Zillow* indicates inventory in this category has dropped 9.4%.

PRICES

UP **5.3%** year-over-year

INVENTORY

DOWN **9.4%** year-over-year

These two statistics are directly related to one another. As inventory has *decreased* and demand has *increased*, prices have been driven up.

This is great news if you own a starter home and are looking to move up to a larger home; the equity in your house has likely risen as prices have increased. Even better is the fact that there is a large pool of buyers out there searching for the American dream, and your starter home may be high on their list.

Bottom Line

If you've outgrown your starter home, let's get together to chat about market conditions in our area so we can make your move-up dreams come to life.

You Need More Than a Guide. You Need a Sherpa.

In a normal housing market, whether you're buying or selling a home, you need an experienced guide to help you navigate the process. You need someone you can turn to who will tell you how to price your home correctly right from the start. You need someone who can help you determine what to offer on your dream home without paying too much or offending the seller with a low-ball offer.

We are, however, in anything but a *'normal market'* right now, and the media is full of complex and confusing information to sort through. To successfully navigate the landscape today, you need more than an experienced guide. You need a *'Real Estate Sherpa.'*

A Sherpa is a *"member of a Himalayan people living on the borders of Nepal and Tibet, renowned for their skill in mountaineering."* Sherpas are skilled in leading their parties through the extreme altitudes of the peaks and passes in the region – some of the most treacherous trails in the world. They take pride in their hardiness, expertise, and experience at very high altitudes.

They are much more than just guides. This is much more than a normal real estate market.

The average guide just won't do. You need a *'Sherpa.'* You need an expert who understands *what is happening* in the market and *why it is happening.* You need someone who can simply and effectively explain it to you and your family. You need an expert who will guarantee you make the right decision, even in these challenging times.

Bottom Line

Hiring a real estate professional who has a finger on the pulse of the market will make your selling experience a positive and educated one.

Regardless of the Price, You're Going to Need Advice

In real estate today, there are essentially three different price points in the market: the starter-home market, the middle-home market, and the premium or luxury market. Each one is unique, and depending on the city, the price point in these categories will vary. For example, a starter or lower-end home in San Francisco, California is much more expensive than almost any other part of the country. Here's what you need to know about each of these tiers before you get ready to sell.

Starter-Home Market: This market varies by price, and these homes are typically purchased by first-time homebuyers or investors looking to flip them for a profit. Across the country, homes in this space currently have less than 6 months of inventory for sale. That means there aren't enough homes on the lower end of the market for the number of people who want to buy them. A low supply like this generally increases competition, drives bidding wars, and sets up an environment where homes sell above the listing price.

According to data from the *National Association of Realtors* (NAR) on *realtor.com*,

> *"The desire for affordability continues to push down the inventory for homes listed for less than $200,000.00."*

Middle-Home Market: This segment is often thought of as the move-up market. Typically, the buyer in this market is moving up to a larger, more custom home with more features, all coming at a higher price. Across the country, this market is looking more balanced than the lower end of the market, meaning it has closer to a 6-month supply of inventory for sale. This market is more neutral but leaning towards a seller's market.

Premium & Luxury Home Market: This is the top end of the market with larger homes that have even more custom features and upgrades. Nationwide, this market is growing in the number of homes for sale. In the same *realtor.com* article, we can see that year-over-year inventory of homes in this tier has grown by 4.7%. Today, there are more homes available in the premium and luxury space, leading to more of a buyer's market at this end.

Bottom Line

Regardless of the segment of the market, you're going to need the advice of a true local market expert on your side. Based on where inventory stands today, selling your starter home now and moving up to the home of your dreams may be your best move.

Why You Shouldn't "For Sale By Owner"

Rising home prices coupled with the current inventory in today's market may cause some homeowners to consider selling their home on their own (known in the industry as a ***For Sale By Owner***). However, a *FSBO* might not be a good idea for the vast majority of sellers.

The top five reasons not to FSBO are listed below:

1. Online Strategy for Prospective Purchasers

Studies have shown that 93% of buyers search online for a home. That's a pretty staggering number! Most real estate agents have an Internet strategy to promote the sale of your home. Do you?

2. Results Come from the Internet

Where did buyers find the homes they actually purchased?

- 55% on the Internet
- 28% from a Real Estate Agent
- 10% Other
- 6% from a Yard Sign
- 1% from Newspapers

The days of selling your house by putting up a sign in your yard or placing an ad in the paper are long gone. Having a strong Internet strategy is crucial.

3. There Are Too Many People to Negotiate With

Here is a list of some of the people with whom you must be prepared to negotiate if you decide to *For Sale By Owner:*

- The buyer, who wants the best deal possible
- The buyer's agent, who solely represents the best interest of the buyer
- The buyer's attorney (in some parts of the country)
- The home inspection companies, which work for the buyer and will almost always find some problems with the house
- The appraiser, if there is a question of value

4. FSBOing Has Become Increasingly Difficult

The paperwork involved in buying or selling a home has increased dramatically as industry disclosures and regulations have become mandatory. This is one of the reasons the percentage of people *FSBOing* has dropped from 19% to 8% over the last 20+ years.

5. You Net More Money When Using an Agent

Many homeowners believe they'll save the real estate commission by selling on their own, but the seller and buyer can't both save the commission.

A report by *Zillow* revealed that *FSBOs* are inclined to do so because they believe it will save money (46 percent cite this among their top three reasons), but they don't actually save anything, and eventually end up listing with an agent.

The same report revealed that,

> *"While 36% of sellers that (at first) attempted to sell their homes on their own, only 11 percent of sellers—in other words, less than a third…actually sold without an agent."*

It appears working with a real estate professional is the best answer.

Bottom Line

Before you decide to take on the challenges of selling your house on your own, let's get together to discuss your needs.

Tips to Sell Your Home Faster

1. Make Buyers Feel at Home
Declutter your home! Pack away all personal items like pictures, awards, and sentimental belongings. Make buyers feel like they belong in the house. According to the *2019 Profile of Home Staging* by the *National Association of Realtors*, *"83% of buyers' agents said staging a home made it easier for a buyer to visualize the property as a future home."*

Not only will your house spend less time on the market, but the same report mentioned that, *"One-quarter of buyers' agents said that staging a home increased the dollar value offered between 1 – 5%, compared to other similar homes on the market that were not staged."*

2. Keep It Organized
Since you took the time to declutter, keep it organized. Before buyers arrive, pick up toys, make the bed, and put away clean dishes. According to the same report, the kitchen is one of the most important rooms to stage in order to attract more buyers. Put out a scented candle or some cookies fresh from the oven. Buyers will remember the smell of your home.

3. Price It Right
When the competition in your neighborhood heats up, you'll want to make sure your home is noticed. A key to selling your house quickly is ensuring it is *Priced to Sell Immediately (PTSI).* This means you'll be driving more traffic to your property, and ultimately creating more interest in your home.

4. Give Buyers Full Access
One of the top four elements when selling your home is access. If your home is available anytime, that opens up more opportunity to find a buyer right away. Some buyers, especially those relocating, don't have much time available. If they cannot get into the house, they will move on to the next one.

Bottom Line

If you want to sell your home in the least amount of time at the best price with as little hassle as possible, a local real estate professional is a useful guide. Let's connect today to identify what you need to do to sell your home as quickly as possible.

TOP 4 RENOVATIONS

FOR THE GREATEST RETURN ON INVESTMENT

1

GARAGE DOOR REPLACEMENT

"A good-looking garage door tops the list when it comes to getting cash back on your investment when you decide to sell your house, according to the 2019 Cost vs. Value report."

Average Cost: $3,611 **Cost Recouped:** 97.5%

97.5%

94.9%

MANUFACTURED STONE VENEER

"Replacing vinyl siding with stone veneer on part of your home, such as an entryway, is a big curb-appeal upgrade for your home."

Average Cost: $8,907 **Cost Recouped:** 94.9%

2

3

KITCHEN REMODEL

"Creating a modern-looking and functional kitchen can add more than just value to your home; it can boost your enjoyment of everyday activities like cooking, entertaining friends and sharing meals with your family."

Average Cost: $22,507 **Cost Recouped:** 80.5%

80.5%

75.6%

DECK ADDITION (WOOD)

"If you're lucky enough to own a house with a big yard, having a wooden deck can be an extra enhancement to enjoy the outdoors around your home."

Average Cost: $13,333 **Cost Recouped:** 75.6%

4

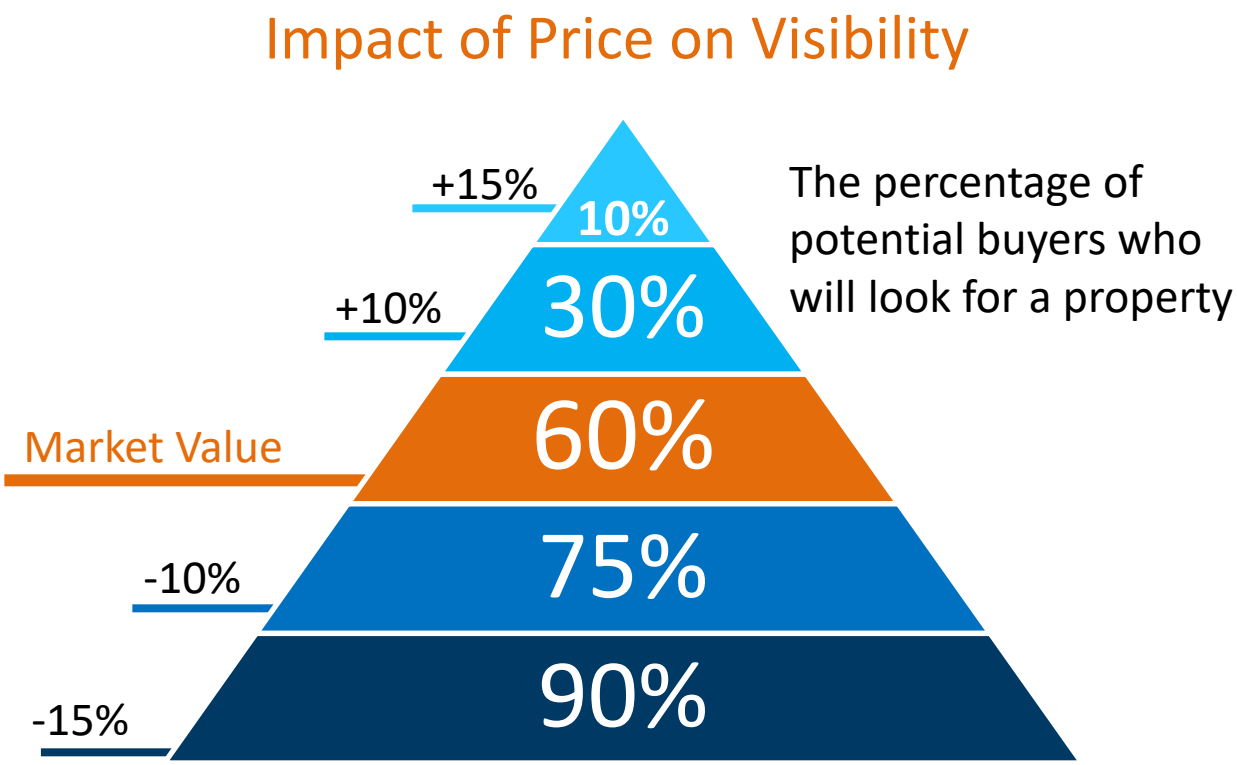
SOURCE: BANKRATE

Is Your House Priced to Sell Immediately?

In today's real estate market, more houses are coming to market every day. Eager buyers are searching for their dream homes, so setting the right price for your house is one of the most important things you can do.

According to *CoreLogic's* latest *Home Price Index*, home values have risen at over 6% per year over the past two years, but have started to slow to 3.5% over the last 12 months. By this time next year, *CoreLogic* predicts home values will be 5.6% higher.

With prices slowing from their previous pace, it's important to realize that pricing your house a little over market value to leave room for negotiation will dramatically decrease the number of buyers who will see your listing (*see the chart below*):



Instead of trying to '*win*' the negotiation with one buyer, you should price your house so demand for it is maximized. By doing so, you won't be negotiating with one buyer over the price, but will instead have multiple buyers competing with each other over the house.

The secret is making sure your house is *Priced To Sell Immediately (PTSI).* That way, your home will be seen by the most potential buyers. It will sell at a great price before more competition comes to the market.

Bottom Line

If you're thinking about listing your house, let's get together to discuss how to price it appropriately to maximize your exposure and return.

The Role Access Plays in Getting Your House Sold

When selling your house, there are four key elements to a quality listing. At the top of the list is access, followed by condition, financing, and price. Believe it or not, the level of access you provide can be a critical factor in how quickly you're able to go under contract.

Here are five levels of access you can provide to a buyer. Which one will you choose?

- **Lockbox on the Door** – This allows buyers the ability to see the home as soon as they are aware of the listing, or at their convenience.
- **Providing a Key to the Home** – Although the buyer's agent may need to stop by an office to pick up the key, there is little delay in being able to show the home.
- **Open Access with a Phone Call** – The seller provides a showing with just a phone call's notice.
- **By Appointment Only** – Example: 48-hour notice. Many buyers who are relocating for a new career or promotion start working in that area prior to purchasing their home. They often like to take advantage of free time during business hours (such as their lunch break) to view potential homes. Because of this, they may not be able to plan their availability far in advance or may be unable to wait 48 hours to see the house.
- **Limited Access** – Example: the home is only available for a couple of hours a day. This is the most difficult way to be able to show your house to potential buyers.

In a competitive marketplace, access can make or break your ability to get the price you are looking for, or even sell your house at all.

5 Reasons
to Hire a Real Estate Professional

Contracts

We help with all disclosures and contracts necessary in today's heavily regulated environment.

Experience

We are well-educated in real estate and experienced with the entire sales process.

Negotiations

We act as a buffer in negotiations with all parties throughout the entire transaction.

Pricing

We help you understand today's real estate values when setting the price of a listing or making an offer to purchase.

Understanding of Current Market Conditions

We simply and effectively explain today's real estate headlines and decipher what they mean to you.

CONTACT ME TO TALK MORE

I'm sure you have questions and concerns...

I would love to talk with you more about what you read here, and help you on the path to selling your house. My contact information is below. I look forward to hearing from you...

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Equal Housing Opportunity