THINGS TO CONSIDER WHEN

SELLING YOUR HOUSE



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EDITION

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THINKING OF SELLING YOUR HOUSE?
5 REASONS TO DO IT NOW

Many now realize that it is a great time to buy a home. It might also be an opportune time to sell your house. Here are the Top 5 Reasons we believe now may be a perfect time to put your house on the market.

1. Demand Is High

The most recent Existing Home Sales Reports by the National Association of Realtors (NAR) show a double digit percent increase in sales year-over year; sales have remained above last year's levels for 25 months. There are buyers out there right now and they are serious about purchasing.

2. Supply Is Beginning to Increase

Total housing inventory is again approaching historic norms of a 5 month supply compared with 4.3 months in January. Many expect inventory to continue to rise as 3.2 million homeowners escaped the shackles of negative equity in the last 12 months and an additional 1.9 million are expected to enter positive equity in the next 12 months. Selling now while demand is high and before supply increases may garner you your best price.

3. New Construction Is Coming Back

Over the last several years, most homeowners selling their home did not have to compete with a new construction project around the block. As the market is recovering, more and more builders are jumping back in. These 'shiny' new homes will again become competition as they are an attractive alternative for many purchasers.

4. Interest Rates Are Rising

Although Freddie Mac's Primary Mortgage Market Survey shows that interest rates for a 30-year mortgage have softened recently, most experts predict that they will begin to rise later this year. The Mortgage Bankers Association, Fannie Mae, Freddie Mac and the National Association of Realtors are in unison projecting that rates will be up almost a full percentage point by this time next year.

Whether you are moving up or moving down, your housing expense will be more a year from now if a mortgage is necessary to purchase your next home.

5. It's Time to Move On with Your Life

Look at the reason you are thinking about selling and decide whether it is worth waiting. Is the possibility of a few extra dollars more important than being with family; more important than your health; more important than having the freedom to go on with your life the way you think you should?

You already know the answers to the questions we just asked. You have the power to take back control of your situation by putting the house on the market today. The time may have come for you and your family to move on and start living the life you desire. That is what is truly important.



HOUSE PRICING IS STILL ABOUT SUPPLY AND DEMAND



Knowing how much inventory is for sale is crucial to determining where home values are headed. Pricing of any item is determined by supply and demand: how many items are available in relationship to how many want to buy that item. The reason for the strong year-over-year home appreciation numbers we have been seeing is simple to explain: demand for housing is up and the supply of homes for sale has been at all time lows. But that is beginning to change.

Total housing inventory is again approaching historic norms of a 5 month supply compared with 4.3 months in January. And it seems inventory will continue to increase as we move forward.

Realtor.com released their National Housing Trend Report, which looked at the movement in inventory levels of homes for sale across the country. Here are two major findings of the report:

1. Dramatic year-over-year inventory declines have evaporated.
Nationally inventories are only about 6 percent below the level of a year ago compared to being down 16.47 percent year-over-year in January.

2. Inventory declines decrease in local markets.
The number of markets with decreases in year-over-year inventory has declined. This suggests that fall inventories in some markets may return to levels of a year ago.

In the report, Steve Berkowitz, CEO of Move, Inc. explains the impact of these findings on home values:

"The recovery is entering a new phase where inventory shortfalls are no longer the driving force behind changes in housing prices in many markets. Larger inventories, especially in the hotter markets that experienced rapid price increases in the spring, are expanding buyers' choices and helping to moderate price increases."

Don't get carried away with recent news headlines when pricing your home. Let your real estate professional explain what this information means to the current value of your house.



SELLING A HOME?
WHERE ARE VALUES HEADED?

Today, many real estate conversations center on housing prices and where they may be headed. Some believe rapidly rising prices have created a new 'housing bubble'. Others believe that the sudden rise in interest rates will impact purchasing power to such a degree that it will force prices downward. There is no lack of opinions and there is absolutely no consensus.

That is why we like the **Home Price Expectation Survey**. Every quarter, *Pulsenomics* surveys a nationwide panel of over one hundred economists, real estate experts and investment & market strategists about where prices are headed over the next five years. They then **average the projections** of all 100+ experts into a single number.

The latest survey was recently released. Here are the results:

- Home values will appreciate by 6.7% in 2013.
- The average annual appreciation will be 4.7% over the next 5 years
- The cumulative appreciation will be 23.7% by 2017.
- Even the experts making up the most bearish quartile of the survey still are projecting a cumulative appreciation of over 13% by 2017.

Individual opinions make headlines. The survey gives a fairer depiction of future values.

5 DEMANDS TO MAKE ON YOUR REAL ESTATE AGENT



Are you thinking of selling your house? Are you dreading having to deal with strangers walking through the house? Are you concerned about getting the paperwork correct? Hiring a professional real estate agent can take away most of the challenges of selling. A great agent is always worth more than the commission they charge just like a great doctor or great accountant. You want to deal with one of the best agents in your marketplace. To do this, you must be able to distinguish the average agent from the great one.

Here are the top 5 demands you need to make of your Real Estate Agent when selling your house:

1. Tell the truth about the price

Too many agents just take the listing at any price and then try to the 'work the seller' for a price correction later. Demand that the agent prove to you that they have a belief in the price they are suggesting. Make them show you their plan to sell the house at that price – TWICE! Every house in today's market must be sold two times – ***first to a buyer and then to the bank.***

The second sale may be more difficult than the first. The residential appraisal process has gotten tougher. It has become more difficult to get the banks to agree on the contract price. A red flag should be raised if your agent is not discussing this with you at the time of the listing.

2. Understand the timetable with which your family is dealing

You will be moving your family to a new home. Whether the move revolves around the start of a new school year or the start of a new job, you will be trying to put the move to a plan. This can be very emotionally draining. Demand from your agent an appreciation for the timetables you are setting. You agent can not pick the exact date of your move, but they should exert any influence they can, to make it work.

3. Remove as many of the challenges as possible

It is imperative that your agent knows how to handle the challenges that will arise. An agent's ability to negotiate is critical in this market.

Remember: If you have an agent who was weak negotiating with you on the parts of the listing contract that were most important to them (commission, length, etc.), don't expect them to turn into Super hero when they are negotiating for you with your buyer.

4. Help with the relocation

If you haven't yet picked your new home, make sure the agent is capable and willing to help you. The coordination of the move is crucial. You don't want to be without a roof over your head the night of the closing. Likewise, you don't want to end up paying two housing expenses (whether it is rent or mortgage). You should, in most cases, be able to close on your current home and immediately move into your new residence.

5. Get the house SOLD!

There is a reason you are putting yourself and your family through the process of moving. You are moving on with your life in some way. The reason is important or you wouldn't be dealing with the headaches and challenges that come along with selling. Do not allow your agent to forget these motivations. Constantly remind them that selling the house is why you hired them. Make sure that they don't worry about your feelings more than they worry about your family. If they discover something needs to be done to attain your goal (i.e. price correction, repair, removing clutter), insist they have the courage to inform you.

Good agents know how to deliver good news. Great agents know how to deliver tough news. In today's market, YOU NEED A GREAT AGENT!





MOVING UP? DO IT NOW!!

New reports are revealing that the number of existing homeowners purchasing a house is beginning to increase. Some are moving up, some are downsizing and others are making a lateral move. Another study shows that over 75% of these buyers will, in fact, be in that first category: a move-up buyer.

There is no way to predict the future, but we can look at what happened over the last year. Let's look at buyers that considered moving up last year but decided to wait instead.

Assume they had a home worth $300,000 and were looking at a home for $400,000 (putting 10% down they would get a mortgage of $360,000). By waiting, their house appreciated by 12% over the last year (national average based on the Case Shiller Pricing Index). Their home would now be worth $336,000. But, the $400,000 home would now be worth $448,000 (requiring a mortgage of $403,200).

Here is a table showing what additional monthly cost would be incurred by waiting:

	Mortgage	Rate	P&I
Last Year	360,000	3.5	1,616.56
This Year	403,200	4.5	2,042.96
Additional Monthly Cost			$426.40

If your family is in this situation, it may make sense to move now, instead of waiting. Prices are definitely appreciating and interest rates are beginning to rise.

PRICING YOUR HOUSE TO SELL CAN BE TRICKY

The housing market is finally recovering. Sales are up and so are prices. This is good news for anyone thinking about selling. However, be careful not to fall into the trap of over exuberance. Pricing a house incorrectly when it is first listed for sale can be a huge mistake.

Ken H. Johnson, Ph.D. at Florida International University and Editor of the Journal of Housing Research, referring to previous research by John Knight, revealed:

"Sellers as well as Brokers/Agents should therefore be aware of the critical necessity of getting the price correct from the start. Sellers wanting to over list will ultimately take longer to sell and will sell their property for less, on average, according to Knight. Brokers/Agents' desire to take a listing and get the price right later will ultimately lead to their working harder according to Knight, and they are not doing their sellers any favors."

Why Bring This Issue Up Now?

Recent price increases seen in housing have been the result of a lack of salable housing inventory across the country. This inventory challenge is beginning to correct itself and many believe that price increases will begin to taper off.

Bill McBride, the author of the renowned economic blog Calculated Risk, explains:

"I think that inventory bottomed earlier this year, and that the NAR will report a year-over-year increase in inventory very soon. As more inventory comes on the market, buyer urgency will wane and price increases will slow and even decline seasonally in many areas this winter."

If you are putting your house on the market, make sure you consult a real estate professional before establishing your price. That is the only way you can guarantee getting top dollar in this market.

