

THINGS TO CONSIDER WHEN
SELLING YOUR HOUSE



WINTER 2017
EDITION

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5 REASONS TO **SELL THIS WINTER**

Here are five reasons listing your home for sale this winter makes sense.

1. Demand Is Strong

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

Take advantage of the buyer activity currently in the market.

2. There Is Less Competition Now

Housing inventory is still under the 6-month supply that is 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 buyers in that market. This is good news for home prices. However, additional inventory could be coming to market soon.

There is a pent-up desire for many homeowners to move, as they were unable to sell over the last few years because of a negative equity situation. Homeowners are now seeing a return to positive equity as real estate values have increased over the last two years. Many of these homes will be coming to the market this winter.

Also, as builders regain confidence in the market, new construction of single-family homes is projected to continue to increase reaching historic levels in 2017.

The choices buyers have will continue to increase. Don't wait until all this other inventory of homes comes to market before you sell.

3. The Process Will Be Quicker

Fannie Mae anticipates an acceleration in home sales that will surpass 2007's pace. As the market continues to strengthen, banks will be inundated with loan inquiries causing closing-time lines to lengthen. Selling now will make the process quicker & simpler.

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

If you are moving up to a larger, more expensive home, consider doing it now. Prices are projected to appreciate by 5.2% over the next year, according to *CoreLogic*. If you are moving to a higher-priced home, it will wind up costing you more in raw dollars (*both in down payment and mortgage payment*) if you wait.

You can also lock-in your 30-year housing expense with an interest rate around 4% right now. Rates are projected to increase in the next 12 months.

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

Look at the reason you decided to sell in the first place and determine whether it is worth waiting. Is money more important than being with family? Is money more important than your health? Is money more important than having the freedom to go on with your life the way you think you should?

Only you know the answers to the questions above. You have the power to take control of the situation by putting your home on the market. Perhaps the time has come for you and your family to move on and start living the life you desire.

That is what is truly important.





LACK OF LISTINGS SLOWING DOWN THE HOUSING MARKET

The housing crisis is finally in the rearview mirror as the real estate market moves down the road to a complete recovery. Home values are up. Home sales are up. Distressed sales (foreclosures and short sales) have fallen dramatically. This will be the year that the housing market again races forward.

However, there is one thing that may cause the industry to tap the brakes: a lack of housing inventory. While buyer demand looks like it will remain strong throughout the winter, supply is not keeping up. Here are the thoughts of a few industry experts on the subject:

Mark Fleming, PhD. Chief Economist at First American:

"Extremely limited supply is stopping the market from reaching its full potential, counteracting positive increases in market fundamentals, such as employment and wages."

Jonathan Smoke, Chief Economist at realtor.com:

"Overall, the fundamental trends we have been seeing all year remain solidly in place as we enter the traditionally slower sales season, and pent-up demand remains substantial as buyers seek to get a home under contract while rates remain so low."

Lawrence Yun, Chief Economist at NAR:

"Healthy labor markets in most of the country should be creating a sustained demand for home purchases. However, there's no question that after peaking in June, sales in a majority of the country have inched backwards because inventory isn't picking up to tame price growth and replace what's being quickly sold."

"Inventory has been extremely tight all year and is unlikely to improve now that the seasonal decline in listings is about to kick in. Unfortunately, there won't be much relief from new home construction, which continues to be grossly inadequate in relation to demand."



DON'T WAIT! MOVE UP TO THE HOME YOU ALWAYS WANTED

Now that the housing market has stabilized, more and more homeowners are considering moving up to the home they have always dreamed of. Prices are still below those of a few years ago and interest rates are still around 4%.

Sellers should realize that waiting to make the move while mortgage rates are increasing probably doesn't make sense. As rates increase, the price of the house you can afford will decrease if you plan to stay within a certain budget for your monthly housing costs.

The chart on the right details this point.

With each quarter of a percent increase in interest rate, the value of the home you can afford decreases by 2.5% (in this example, \$10,000). Experts predict that mortgage rates will increase by at least half a point by this time next year.

Act now to get the most house for your hard-earned money.

Buyer's Purchasing Power

RATE	5.25	\$ 2,208	\$ 2,154	\$ 2,098	\$ 2,044	\$ 1,988
	5.00	\$ 2,148	\$ 2,094	\$ 2,040	\$ 1,986	\$ 1,932
	4.75	\$ 2,086	\$ 2,034	\$ 1,982	\$ 1,930	\$ 1,878
	4.50	\$ 2,026	\$ 1,976	\$ 1,926	\$ 1,874	\$ 1,824
	4.25	\$ 1,968	\$ 1,919	\$ 1,869	\$ 1,820	\$ 1,771
	4.00	\$ 1,910	\$ 1,862	\$ 1,814	\$ 1,766	\$ 1,719
	3.75	\$ 1,852	\$ 1,806	\$ 1,760	\$ 1,714	\$ 1,667
		\$ 400,000	\$ 390,000	\$ 380,000	\$ 370,000	\$ 360,000
			-2.5%	-5%	-7.5%	-10%

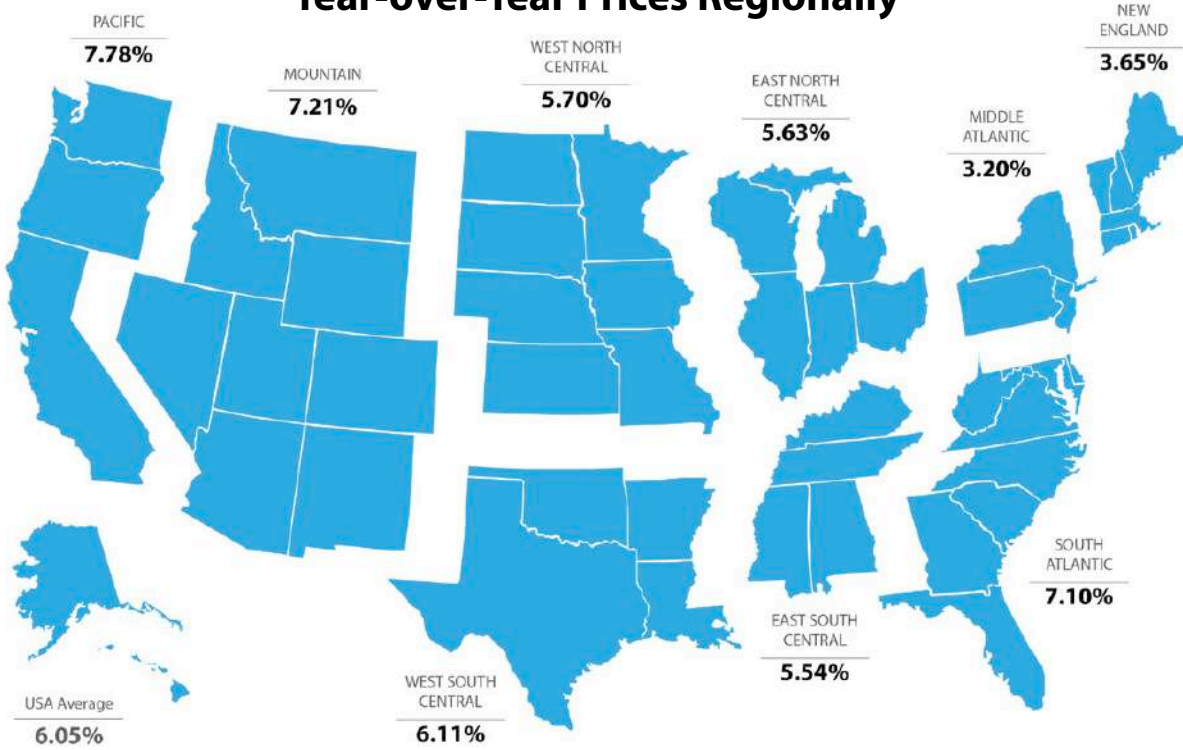


Principal and Interest Payments rounded to the nearest dollar amount.

HOME PRICES OVER THE LAST YEAR

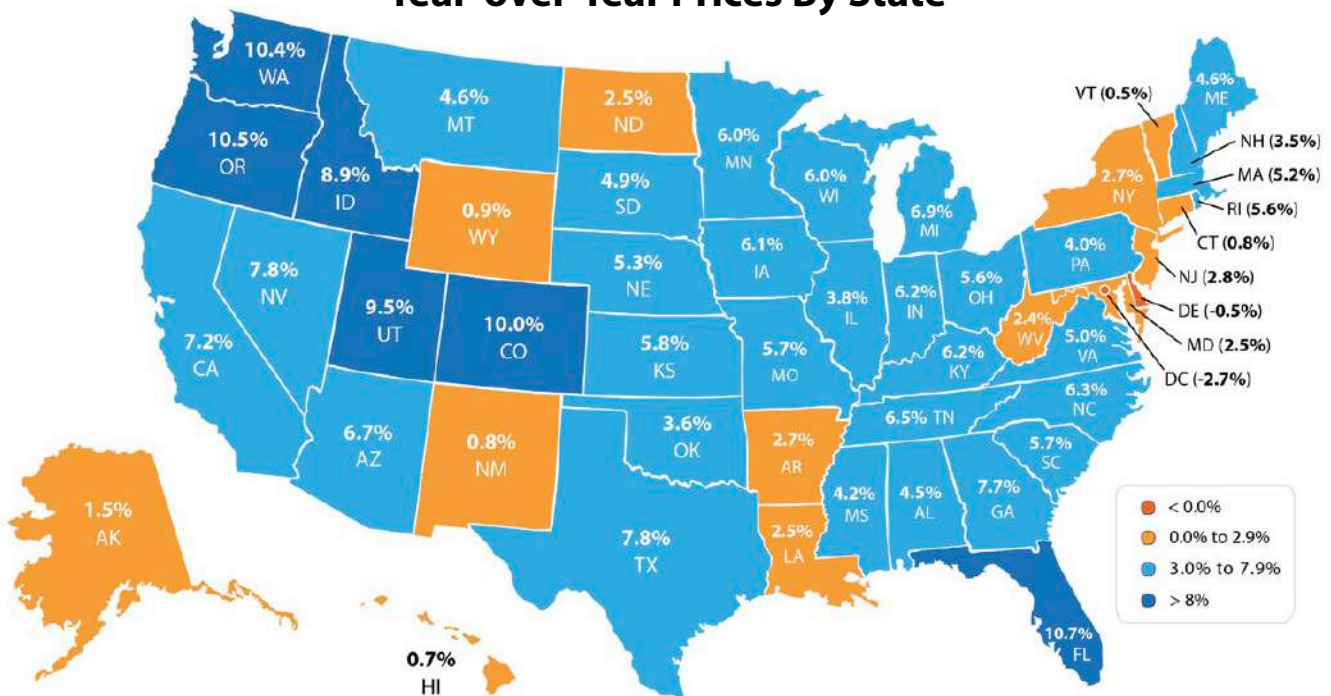
Every quarter, the *Federal Housing Finance Agency (FHFA)* reports on the year-over-year changes in home prices. Below, you will see that prices are up year-over-year in every region.

Year-over-Year Prices Regionally



Looking at the breakdown by state, you can see that each state is appreciating at a different rate. This is important to know if you are planning on relocating to a different area of the country. Waiting to move may end up costing you more!

Year-over-Year Prices By State



BUYER DEMAND CONTINUES TO OUTPACE INVENTORY OF HOMES FOR SALE

The price of any item is determined by the supply of that item, as well as the market demand. The *National Association of Realtors (NAR)* surveys “over 50,000 real estate practitioners about their expectations for home sales, prices and market conditions” for their *Realtors Confidence Index*.

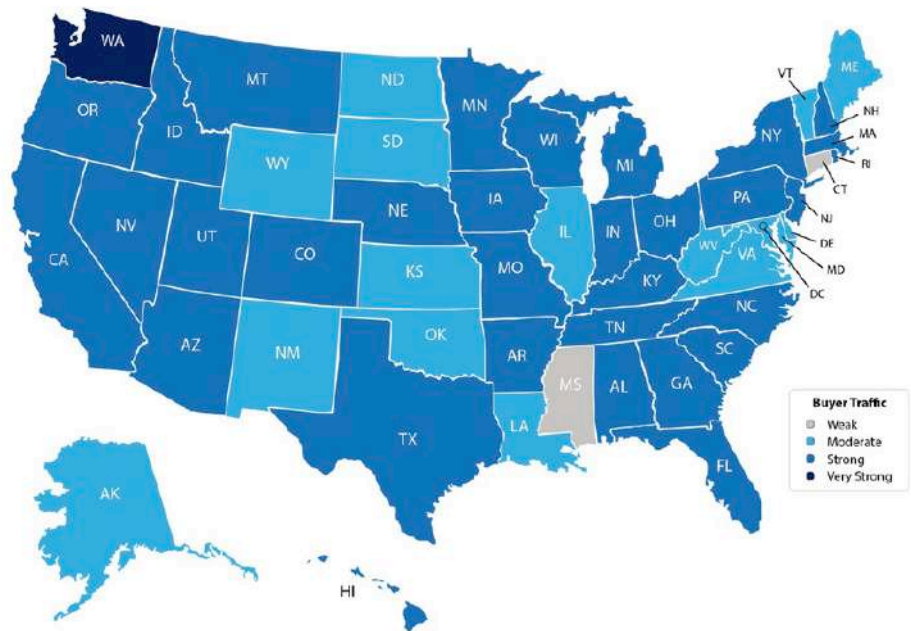
Their latest edition sheds some light on the relationship between Seller Traffic (supply) and Buyer Traffic (demand).

Buyer Demand

The map on the right was created after asking the question:

“How would you rate buyer traffic in your area?”

The darker the blue, more buyers are looking for homes in that area. Only four states came in with a weak demand level.

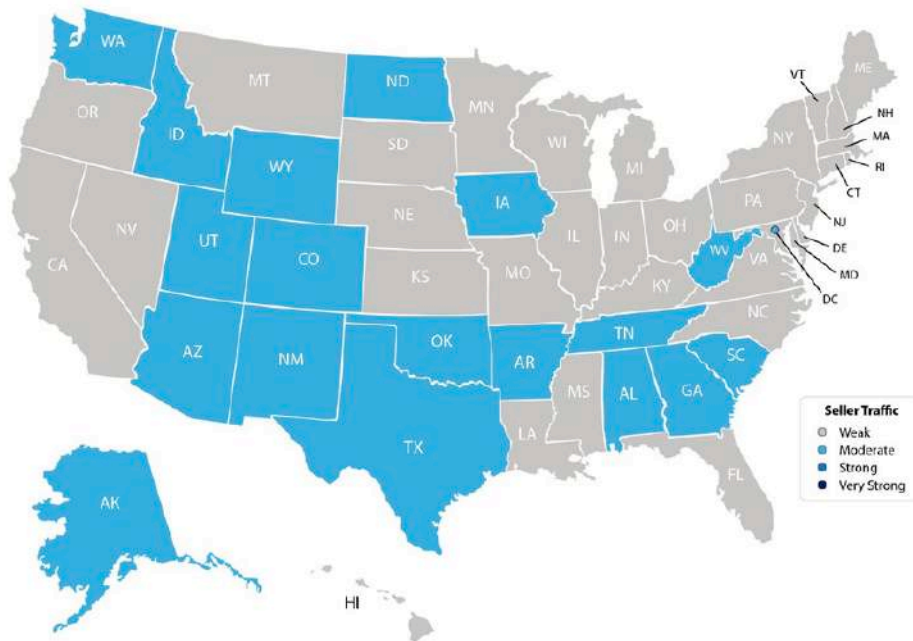


Seller Supply

The Index also asked:

“How would you rate seller traffic in your area?”

As you can see from the map on the left, the majority of the country has weak Seller Traffic, meaning there are far fewer homes on the market than what is needed to satisfy the buyers who are out looking for their dream homes.



Bottom Line

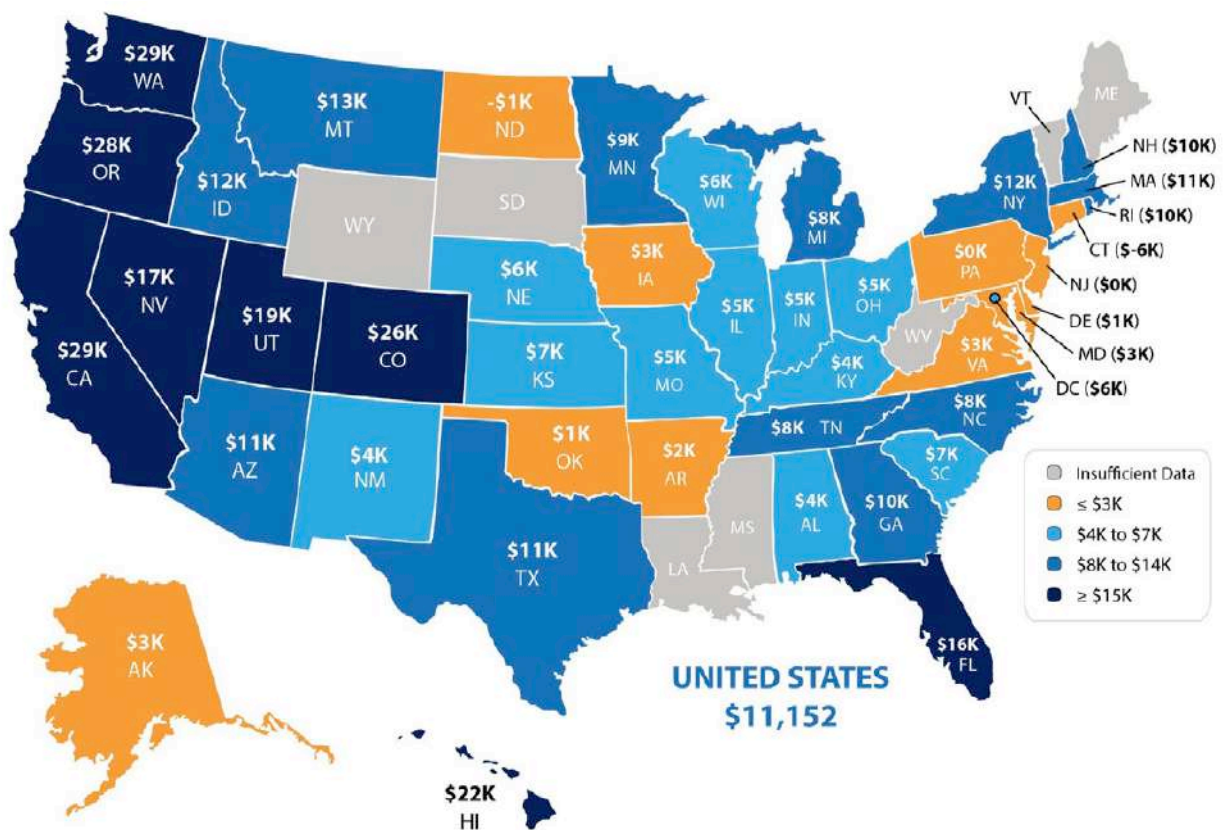
Looking at the maps above, it is not hard to see why prices are appreciating in many areas of the country. Until the supply of homes for sale starts to meet the buyer demand, prices will continue to increase.

THE 'GREAT NEWS' ABOUT RISING PRICES

Recently there has been a lot of talk about home prices and if they are accelerating too quickly. In some areas of the country, seller supply (homes for sale) cannot keep up with the number of buyers out looking for a home, which has caused prices to rise.

The great news about rising prices, however, is that according to *CoreLogic's* latest *US Economic Outlook*, the average American household gained over \$11,000 in equity over the course of the last year, largely due to home value increases.

The map below was created from *CoreLogic's* report and shows the average equity gain per mortgaged home over the past year.



For those who are worried that we are doomed to repeat 2006 all over again, it is important to note that homeowners are investing their new found equity in their homes and themselves, not in depreciating assets.

The added equity is helping families put their children through college, and even invest in starting small businesses, allowing them to pay off their mortgage sooner or move up to the home that will better suit their needs now.

Bottom Line

CoreLogic predicts that home prices will appreciate by another 5% by this time next year. If you are a homeowner looking to take advantage of your home equity by moving up to your dream home, let's discuss your options!



BABY BOOMERS FINDING FREEDOM IN RETIREMENT

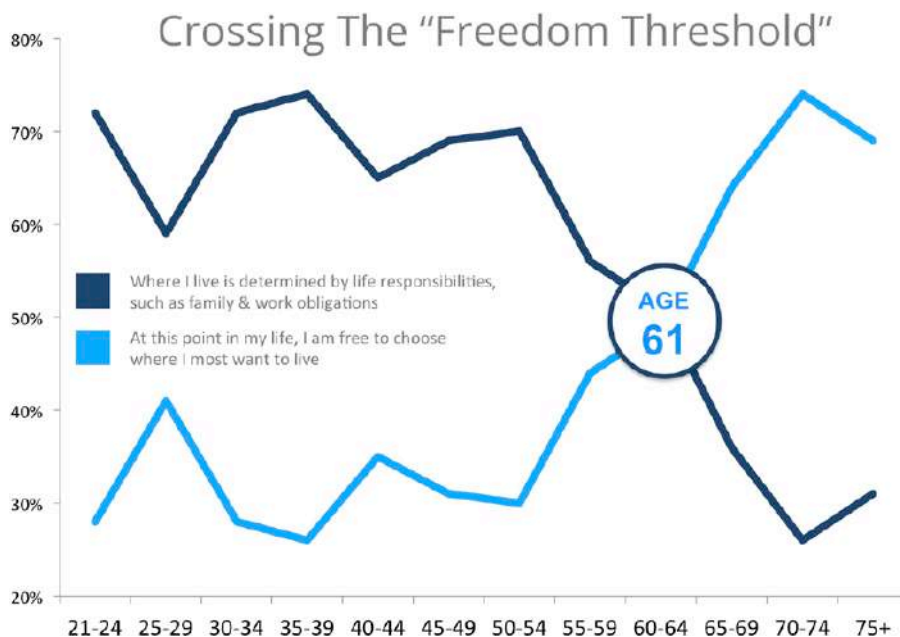
Within the next five years, Baby Boomers are projected to have the largest household growth of any other generation during that same time period, according to the *Joint Center for Housing Studies (JCHS) at Harvard University*. Let's take a look at why...

In a recent *Merrill Lynch* study, "*Home in Retirement: More Freedom, New Choices*," nearly 6,000 adults, ages 21 and older, were surveyed about housing.

Crossing the "Freedom Threshold"

Throughout our lives, there are often responsibilities that dictate where we live. Whether being in the best school district for our children, being close to our jobs, or some other factor is preventing a move, the study found that there is a substantial shift that takes place at age 61.

The study refers to this change as "*Crossing the Freedom Threshold*" - when where you live is no longer determined by responsibilities, but rather a freedom to live wherever you would like.

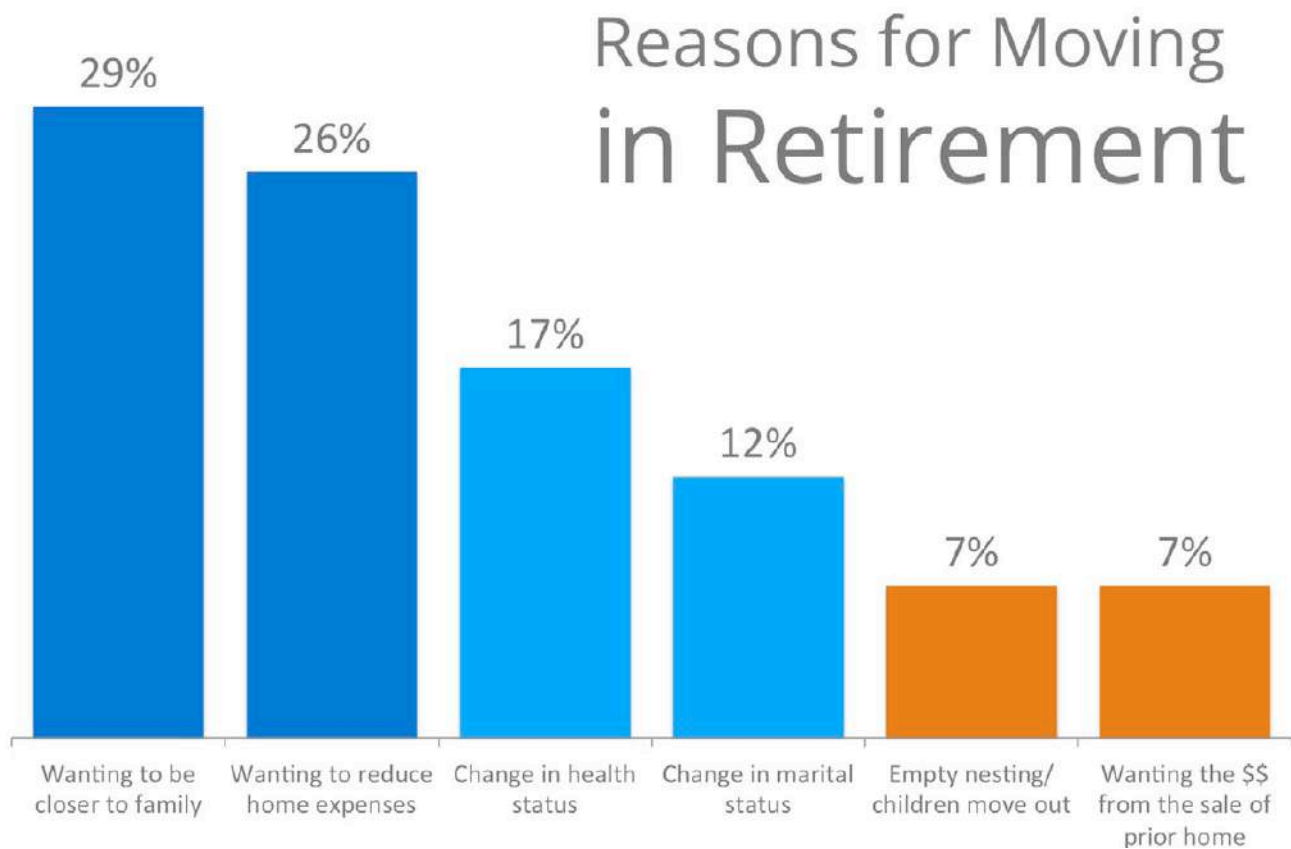


As one participant in the study stated: *“In retirement, you have the chance to live anywhere you want. Or you can just stay where you are. There hasn’t been another time in life when we’ve had that kind of freedom.”*

On the Move

According to the study, *“an estimated 4.2 million retirees moved into a new home last year alone.”* Two-thirds of retirees say that they are likely to move at least once during retirement.

The top reason cited for relocation was *“wanting to be closer to family”* at 29%, while a close second was *“wanting to reduce home expenses.”* See the chart below for the top 6 reasons broken down.



Not Every Baby Boomer Downsizes

There is a common misconception that as retirees find themselves with fewer children at home, they will instantly desire a smaller home to maintain. While that may be the case for half of those surveyed, the study found that three in ten decide to actually upsize to a larger home.

Some choose to buy a home in a desirable destination with extra space for large family vacations, reunions, extended visits, or to allow other family members to move in with them.

“Retirees often find their homes become places for family to come together and reconnect, particularly during holidays or summer vacations.”

Bottom Line

If your housing needs have changed or are about to change, let’s get together to discuss the options available to you now.



THE IMPORTANCE OF USING AN AGENT WHEN SELLING YOUR HOME

When a homeowner decides to sell their house, they obviously want the best possible price with the least amount of hassles. However, for the vast majority of sellers, the most important result is to actually get the home sold.

In order to accomplish all three goals, a seller should realize the importance of using a real estate professional. We realize that technology has changed the purchaser's behavior during the home buying process. According to the *National Association of Realtors' latest Profile of Home Buyers & Sellers*, the percentage of buyers who used the internet in their home search increased to 94%.

However, the report also revealed that **96% of buyers that used the internet when searching for a home purchased their home through either a real estate agent/broker or from a builder or builder's agent.** Only 2% purchased their home directly from a seller whom the buyer didn't know.

Buyers search for a home online, but then depend on an agent to find the home they will buy (50%), to negotiate the terms of the sale (47%) & price (36%), or to help understand the process (61%).

The plethora of information now available has resulted in an increase in the percentage of buyers that reach out to real estate professionals to "*connect the dots.*" This is obvious as the percentage of overall buyers who used an agent to buy their home has steadily increased from 69% in 2001.

Bottom Line

If you are thinking of selling your home, don't underestimate the role that a real estate professional can play in the process.



TWO THINGS YOU DON'T NEED TO HEAR FROM YOUR LISTING AGENT

You've decided to sell your house. You begin to interview potential real estate agents to help you through the process. You need someone you trust enough to:

- **Set the market value on possibly the largest asset your family owns (your home)**
- **Set the time schedule for the successful liquidation of that asset**
- **Set the fee for the services required to liquidate that asset**

An agent must be concerned first and foremost with you and your family in order to garner that degree of trust. Make sure this is the case.

Be careful if the agent you are interviewing begins the interview by:

- **Bragging about their success**
- **Bragging about their company's success**

An agent's success and the success of their company can be important considerations when deciding on the right real estate professional to represent you in the sale of your house. However, you first need to know that they care about what you need and what you expect from the sale. If the agent is not interested in first establishing your needs, how successful they may seem is much less important.

Look for someone with the **'heart of a teacher'** who comes in prepared to explain the current real estate market to you and is patient enough to take the time to show you how it may impact the sale of your home. Not someone only interested in trying to sell you on how great they are.

You have many agents from which to choose. Pick someone who truly cares.



5 REASONS YOU SHOULDN'T FOR SALE BY OWNER (FSBO)

In today's market, with home prices rising and a lack of inventory, some homeowners may consider trying to sell their home on their own, known in the industry as a For Sale by Owner (FSBO). There are several reasons why this might not be a good idea for the vast majority of sellers.

Here are the top five reasons:

1. Exposure To Prospective Purchasers

Recent studies have shown that 94% of buyers search online for a home. That is in comparison to only 17% looking at print newspaper ads. 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 home they actually purchased?

- 51% on the internet
- 34% from a Real Estate Agent
- 9% from a yard sign
- 1% from newspapers

The days of selling your house by just putting up a sign and putting it 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 More And More Difficult

The paperwork involved in selling and buying a home has increased dramatically as industry disclosures and regulations have become mandatory. This is one of the reasons that 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 that they will save the real estate commission by selling on their own. Realize that the main reason buyers look at FSBOs is because they also believe they can save the real estate agent's commission. The seller and buyer can't both save the commission.

Studies have shown that the typical house sold by the homeowner sells for \$185,000, while the typical house sold by an agent sells for \$245,000. This doesn't mean that an agent can get \$60,000 more for your home, as studies have shown that people are more likely to FSBO in markets with lower price points. However, it does show that selling on your own might not make sense.

Bottom Line

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



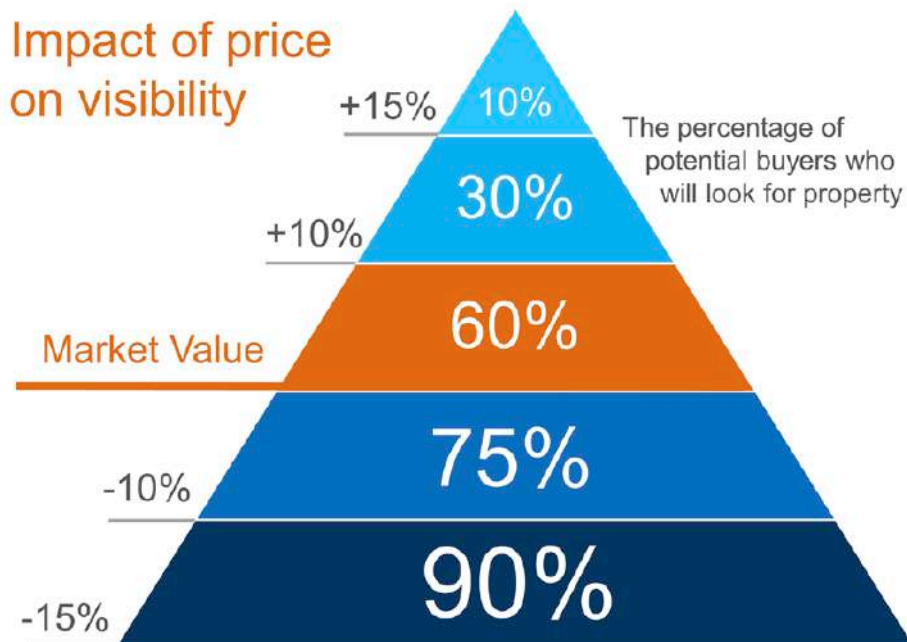


HOW TO GET THE MOST MONEY FROM THE SALE OF YOUR HOME

Every homeowner wants to make sure they maximize their financial reward when selling their home. But how do you guarantee that you receive maximum value for your house? Here are two keys to ensuring you get the highest price possible.

1. Price it a LITTLE LOW

This may seem counterintuitive. However, let's look at this concept for a moment. Many homeowners think that pricing their home a little OVER market value will leave them room for negotiation. In actuality, this just dramatically lessens the demand for your house (*see chart below*).



Instead of the seller trying to 'win' the negotiation with one buyer, they should price it so that demand for the home is maximized. In doing this, the *seller* will not be fighting with a *buyer* over the price, but instead will have *multiple buyers* fighting with *each other* over the house.

Realtor.com, recently gave this advice:

"Aim to price your property at or just slightly below the going rate. Today's buyers are highly informed, so if they sense they're getting a deal, they're likely to bid up a property that's slightly underpriced, especially in areas with low inventory."

2. Use a Real Estate Professional

This, too, may seem counterintuitive. The seller may think they would net more money if they didn't have to pay a real estate commission. With this being said, studies have shown that homes typically sell for more money when handled by a real estate professional.

Research posted by the *National Association of Realtors* revealed that:

"The median selling price for all FSBO homes was \$185,000 last year. When the buyer knew the seller in FSBO sales, the number sinks to the median selling price of \$163,800. However, homes that were sold with the assistance of an agent had a median selling price of \$245,000 – nearly \$60,000 more for the typical home sale."

Bottom Line

Price your house at or slightly below the current market value and hire a professional in order to guarantee that you maximize the price you get for your house.





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 your 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 fee they charge, just like a great doctor or a great accountant.

You want to deal with one of the best agents in your marketplace. To do this, you must be able to distinguish an average agent from a great one.

Here are the top 5 demands 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 '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. A survey showed that there was a challenge with the appraisal on 24% of all residential real estate transactions. 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. Your agent cannot 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 and their family (commission, length of listing, etc.), don't expect them to turn into a *superhero* when they are negotiating for you and your family with the buyer.

4. Help With Relocation

If you haven't yet picked your new home, make sure that 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 that needs to be done to attain your goal (e.g. price correction, repair, removing clutter), insist that they have the courage to inform you.

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





THE ROLE **ACCESS** PLAYS IN GETTING YOUR HOUSE SOLD!

So you've decided to sell your house. You've hired a real estate professional to help you with the entire process and they have asked you what level of access you want to provide to potential buyers.

There are four elements to a quality listing. At the top of the list is Access, followed by Condition, Financing and Price. There are many levels of access that you could provide to your agent to be able to show your home.

Here are five levels of access that you could provide to a buyer with a brief description:

- **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 allows showing with just a phone call's notice.
- **By Appointment Only (example: 48 Hour Notice)** – Many out-of-town/state buyers and relocation buyers visit an area they would like to move to and only have the weekend to view homes. They may not be able to plan that far in advance, or may be unable to wait the 48 hours to be shown the house.
- **Limited Access (example: the home is only available on Mondays or Tuesdays at 2pm or for only 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.