THINGS TO CONSIDER WHEN

SELLING YOUR HOUSE



SPRING 2019
EDITION

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5 Reasons To Sell This Spring

Below are five reasons listing your home for sale this spring makes sense.

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. These 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

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

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

Many homeowners were reluctant to list their home over the last couple years, for fear that they would not find a home to move in to. That is all changing now as more homes come to market at the higher end. **The choices buyers have will continue to increase. Don't wait until this other inventory comes to market before you decide to sell.**

3. The Process Will Be Quicker

Today's competitive environment has forced buyers to do all they can to stand out from the crowd, including getting pre-approved for their mortgage financing. This makes the entire selling process much faster and much simpler as buyers know exactly what they can afford before home shopping. **According to *Ellie Mae's* latest *Origination Insights Report,* the time needed to close a loan is 49 days.**

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

If your next move will be into a premium or luxury home, now is the time to move up! The inventory of homes for sale at these higher price ranges has forced these markets into a buyer's market. This means that if you are planning on selling a starter or trade-up home, your home will sell quickly AND you'll be able to find a premium home to call your own!

Prices are projected to appreciate by 4.6% 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.

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.





How A Lack Of Listings Impacts The Market

Home values are up, home sales have slowed, and distressed sales *(foreclosures and short sales)* have fallen to their lowest points in years.

However, there is one thing that is causing the industry to tap the brakes: a lack of housing inventory. Buyer demand has remained strong throughout the year, but supply has not kept up despite more listings coming to market.

Here are the thoughts of a few industry experts on the subject:

World Property Journal

> *"The slow pace of growth has thus far done little to reverse the long contraction in inventory that took place from January 2015 to August 2018. In July 2017, inventory was falling at its fastest pace since 2014 of 12.8 percent year-over-year."*

Robert Dietz, *Chief Economist* for the *National Association of Home Builders*

> *"A shortage of housing inventory, a deepening construction labor shortage and high land costs are fueling the crisis".*

Aaron Terrazas, *Senior Economist* at *Zillow*

> *"For four years it felt like homebuyers couldn't catch a break as for-sale inventory became tighter with each passing month…Homebuyers are not out of the woods yet, but there is a glimmer of light on the horizon."*

Danielle Hale, *Chief Economist* at *Realtor.com*

> *"For buyers, there is going to be more inventory. So that's a bright spot… The downside of that bright spot is it might not be in their price range."*

Bottom Line

If you are thinking of selling, now may be the time. Demand for your house will be strong at a time when there is less competition. That could lead to a quick sale for a great price.



Dispelling the Myth About Home Affordability

We have all seen the headlines reporting that buying a home is less affordable today than it was at any other time in the last ten years, and those headlines are accurate. But, have you ever wondered why the headlines don't say the last 25 years, the last 20 years, or even the last 11 years?

The reason is because homes were less affordable than they are today 25, 20, or even 11 years ago.

Obviously, buying a home is more expensive now than during the ten years immediately following one of the worst housing crashes in American history.

Over the past decade, the market was flooded with distressed properties *(foreclosures and short sales)* that were selling at 10-50% discounts. There were so many distressed properties that the prices of non-distressed properties in the same neighborhoods were lowered and mortgage rates were kept low to help the economy.

Low Prices + Low Mortgage Rates = High Affordability

Prices have since recovered and mortgage rates have increased as the economy has gained strength. This has and will continue to impact housing affordability moving forward.

However, let's give affordability some historical context. The *National Association of Realtors* (NAR) issues their *Affordability Index* each month. According to NAR:

> *"The Monthly Housing Affordability Index measures whether or not a typical family earns enough income to qualify for a mortgage loan on a typical home at the national and regional levels based on the most recent monthly price and income data."*

NAR's current index stands at 147.6. The index had been higher each of the last ten years, peaking at 197 in 2012 (the higher the index the more affordable houses are).

But, the average index between 1990 and 2007 was just 123, and there were no years with an index above 133. That means that homes are more affordable today than at any time during the eighteen years between 1990 and 2007.

Bottom Line

Home prices have started to slow their growth to more historic norms as interest rates have held steady. Both are indicators that affordability will remain steady or improve. Buying a house is an attainable goal in most markets, since it is less expensive to buy today than it was during the 18-year stretch immediately preceding the housing bubble and crash.



26% of Homes with a Mortgage are Now Equity Rich!

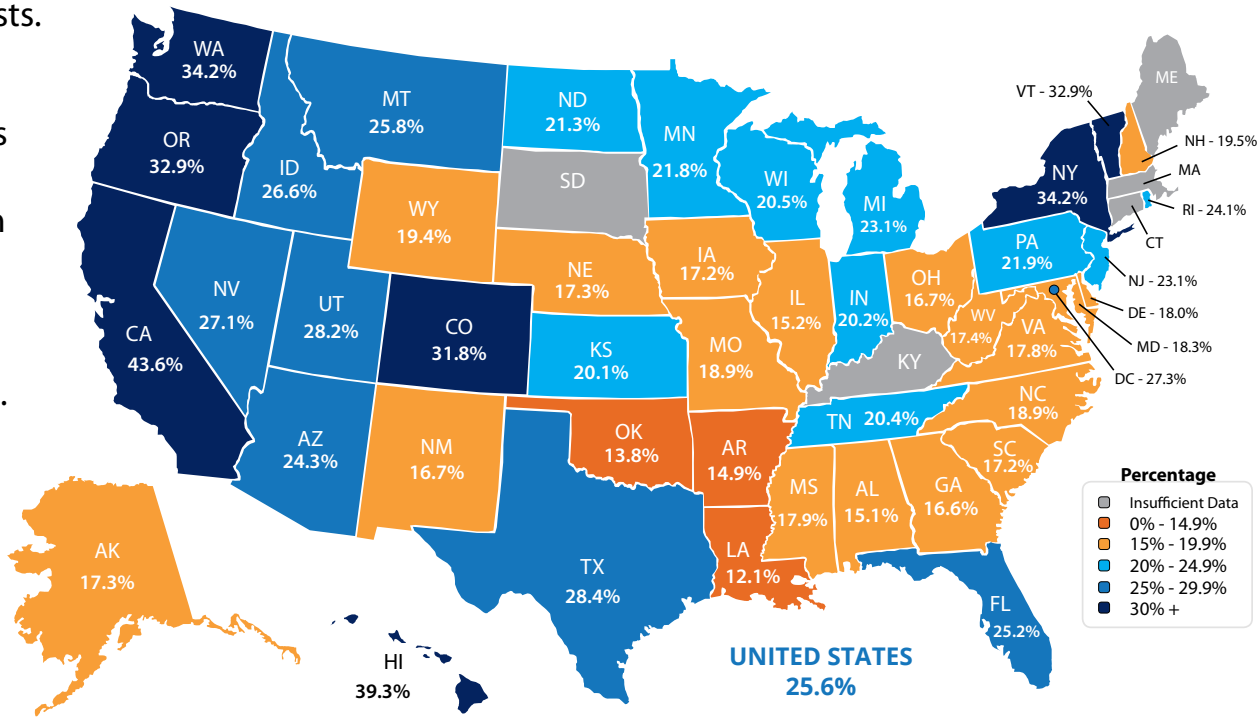
Rising home prices have been in the news a lot lately and much of the focus has been on whether home prices are accelerating too quickly, as well as how sustainable the growth in prices really is. One of the often-overlooked benefits of rising prices, however, is the impact that they have on a homeowner's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

According to the latest *Equity Report* from *ATTOM Data Solutions*, *"over 14.5 million U.S. properties were equity rich — where the combined estimated amount of loans secured by the property was 50 percent or less of the property's estimated market value — up by more than 834,000 from a year ago to a new high as far back as data is available, Q4 2013."*

This means that over a quarter of Americans who have a mortgage would be able to sell their homes and have a significant down payment toward their next home. Many who sell could also use their new-found equity to pay off high-interest credit cards or help children with tuition costs.

The map on the right shows the share of properties with a mortgage in each state that were equity rich in Q4 2018.



Bottom Line

If you are 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!

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's demand for that item. 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.*

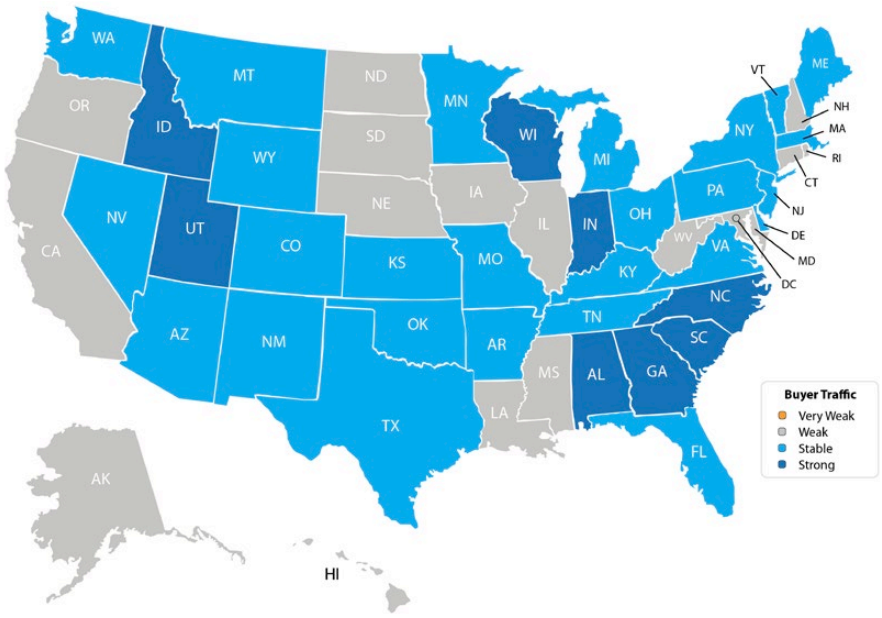
Their latest edition sheds some light on the relationship between seller traffic (supply) and buyer traffic (demand).

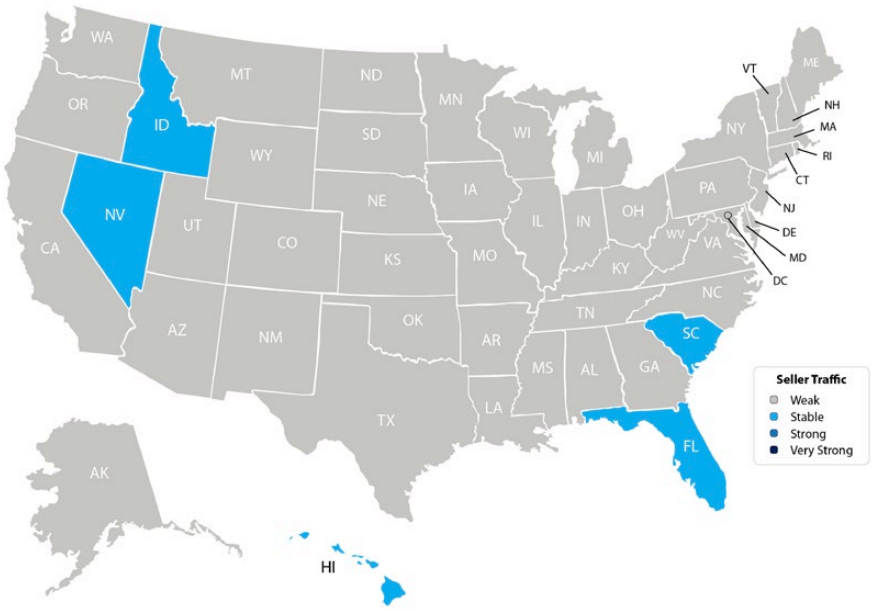
Buyer Demand

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

"How would you rate buyer traffic in your area?"

The darker the blue, the stronger the demand is for homes in that area. There were 34 states that came in with stable or strong demand levels.





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, 46 states reported "weak" seller traffic, and only 5 states reported "strong" seller traffic. This means there are far fewer homes available 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.



2 Factors To Watch In Today's Real Estate Market

When it comes to buying or selling a home there are many factors you should consider. Where you want to live, why you want to buy or sell, and who will help you along your journey are just some of those factors. When it comes to today's real estate market though, the top two factors to consider are what's happening with interest rates & inventory.

Interest Rates

Mortgage interest rates had been on the rise for the majority of 2018, before slowing to where they are now, below 4.5% according to *Freddie Mac's Primary Mortgage Market Survey.*

The interest rate you secure when buying a home not only greatly impacts your monthly housing costs, but also impacts your purchasing power.

Purchasing power, simply put, is the amount of home you can afford to buy for the budget you have available to spend. As rates increase, the price of the house you can afford to buy will decrease if you plan to stay within a certain monthly housing budget.

The chart below demonstrates the impact rising interest rates would have if you planned to purchase a $400,000 home while keeping your principal and interest payments between $2,020-$2,050 a month.

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 be closer to 5% by this time next year.

Buyer's Purchasing Power

RATE	$ 400,000	$ 390,000	$ 380,000	$ 370,000	$ 360,000
		-2.5%	-5%	-7.5%	-10%
6.00	$ 2,398	$ 2,338	$ 2,278	$ 2,218	$ 2,158
5.75	$ 2,334	$ 2,276	$ 2,218	$ 2,160	$ 2,100
5.50	$ 2,272	$ 2,214	$ 2,158	$ 2,100	**$ 2,044**
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

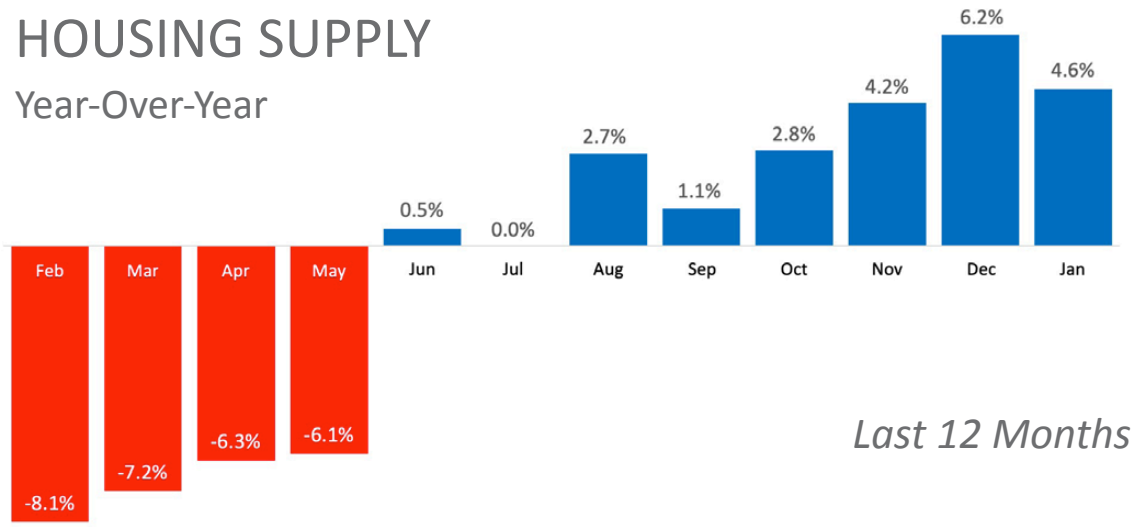
Principal & Interest Payments rounded to the nearest dollar amount

Inventory

A *'normal'* real estate market requires there to be a 6-month supply of homes for sale for prices to increase only with inflation. According to the *National Association of Realtors* (NAR), listing inventory is currently at a 3.9-month supply (still well below the 6 months needed), which has put upward pressure on home prices. **Home prices have increased year-over-year for the last 83 straight months.**

The inventory of homes for sale in the real estate market had been on a steady decline and experienced year-over-year drops for 36 straight months (from July 2015 to May 2018), but we are starting to see a shift in inventory over the last eight months.

The chart below shows the change in housing supply over the last 12 months compared to the previous 12 months. As you can see, beginning in June, inventory levels have started to increase as compared to the same time last year.



Bottom Line

If you are planning to enter the housing market, either as a buyer or a seller, let's get together to discuss what changes in mortgage interest rates and inventory could mean for you.





What Does the Future Hold for Home Prices?

Home prices are on the top of everyone's minds. Can they maintain their current pace of appreciation? Will mortgage rates impact home values? Will the next economic slowdown cause prices to crash?

Let's try to answer these questions based on what has happened in the past as well as what we know about the current real estate market.

The Impact of Interest Rates

We explained earlier this year that rising mortgage rates have not negatively impacted home prices in the past and probably wouldn't this time either. *Freddie Mac's* comments were very direct:

> *"In the current housing market, the driving force behind the increase in prices is a low supply of both new and existing homes combined with historically low rates. As mortgage rates increase, the demand for home purchases will likely remain strong relative to the constrained supply and continue to put upward pressure on home prices."*

They were correct. So far this year, home values have continued to appreciate above normal historic percentages and it appears the gradual increase in rates has had little impact on prices.

The Impact of an Economic Slowdown

Many people fear that when the economy turns, we may see the same depreciation in home values as we did a decade ago.

However, we reported that the same group of economists, real estate experts, and investment & market strategists who predicted the next recession will occur in the next 1-2 years have also projected that home prices will continue to appreciate for the next five years, albeit at smaller percentages.

It Comes Down to Supply and Demand

As always, home prices will be determined by the demand to purchase compared to the available inventory of homes for sale. For the last six years, demand has far exceeded the available supply which has resulted in the average annual appreciation to top 6% since 2012. That is far greater than the historic norm of 3.6% annual appreciation that we saw prior to the housing boom.

There are currently small signs that housing inventory is slowly beginning to increase. Months supply of homes for sale increased as compared to last year over the last 8 months after 36 consecutive months of decreasing inventory. New construction data has also shown positive signs that inventory will be increasing.

As inventory begins to meet demand, we will see appreciation return to more normal levels. We are already seeing projections coming in lower than the 6.6% annual average we have seen more recently.

CoreLogic predicts that home values will appreciate by 4.6% over the next twelve months.

Bottom Line

Mark Fleming, *Chief Economist at First American,* explained it best:

> *"We're seeing the first indications that price appreciation may be slowing, but the underlying fundamental housing market conditions support a natural moderation of house prices rather than a sharp decline."*





Is the Recent Dip in Interest Rates Here to Stay?

Interest rates for a 30-year fixed rate mortgage climbed consistently throughout 2018 until the middle of November. After that point, rates returned to levels that we saw in August to close out the year at 4.55%, according to *Freddie Mac's Primary Mortgage Market Survey.*

After the first quarter of 2019, rates have continued their downward trend. As *Freddie Mac's Chief Economist* Sam Khater notes, this is great news for homebuyers.

> *"Mortgage rates have drifted to their lowest level in 10 months. This is great news for consumers who are looking for homes during the upcoming spring homebuying season."*

In some areas of the country, the combination of rising interest rates and rising home prices have made some first-time buyers push pause on their home searches. But with more inventory coming to market, continued price growth, and interest rates slowing, more buyers will get back in the market!

Will This Trend Continue?

According to the latest forecasts from *Fannie Mae,* the *Mortgage Bankers Association,* and the *National Association of Realtors,* mortgage rates will increase over the course of 2019, but not at the same pace they did in 2018. **You can see the forecasts broken down by quarter below.**

Quarter	Fannie Mae	MBA	NAR	Average of All Three
2019 3Q	4.4	4.8	4.6	4.60 %
2019 4Q	4.4	4.8	4.7	4.63 %
2020 1Q	4.4	4.9	-	4.65 %
2020 2Q	4.4	4.9	-	4.65 %

Bottom Line

Even a small increase (or decrease) in interest rates can impact your monthly housing cost. If you are concerned about giving up a lower rate to move on to your dream home, let's get together to make your decision an informed one.



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 2 PM 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.



The KonMari Method: Helping You Prep Your House For Sale

One of the biggest challenges sellers face when listing their house is decluttering. Cleaning out some of the more personal decorating choices allows buyers to imagine themselves living in the house.

Those planning to sell soon are in luck! Marie Kondo, the inventor of the *KonMari Method of Tidying Up*, has gained popularity with her new *Netflix* series. She gives some great tips for sorting through years of accumulated possessions that we all collect in our homes.

> *"The KonMari Method™ encourages tidying by category – not by location – beginning with clothes, then moving on to books, papers, komono (miscellaneous items), and, finally, sentimental items. Keep only those things that speak to the heart, and discard items that no longer spark joy. Thank them for their service – then let them go."*

When you subjectively look at all of your belongings, you can sort through the ones that mean the most to you. Not only will you increase space for more joy-bringing items in your new home, but you will also have a much easier time packing remaining belongings!

> *"Remember, tidying up isn't about getting rid of stuff. It is about creating an environment that sparks joy and improves your quality of life."*

When selling your house, first impressions matter! Before you or your agent schedule a photographer to take photos for your listing, make sure to tour your home with fresh eyes. Look for any imperfections that a buyer might notice.

When you sort through your more sentimental items, consider packing them away to ensure that you know where they all are. That way, they are safe during open houses and showing appointments. This will also cut down on the amount of packing you need to do right before you move!

Bottom Line

Whether you are selling your house to move up to a larger one, downsizing, or moving in with family, only bring the items that truly spark joy for you. This will not only help cut down on the items you move, but also ensures that you're off to a great start in your new home!



Make Sure The Price Is Right From The Start

If you've ever watched *"The Price is Right,"* you know that the only way to win is to be the one to correctly guess the price of the item you want without going over! That means your guess must be just slightly under the retail price.

In today's shifting real estate market, where more inventory is coming to market and home values are projected to appreciate at lower rates, homeowners will not be able to price their homes as aggressively as they were able to just last year.

They will have to employ the same strategy: **be the closest without going over!**

As we have explained before, pricing your home at or slightly below market value actually increases the number of buyers who will see your home in their search!

Over the last six months, more inventory has come to market while the months' supply of inventory available has dropped. This means that the demand for homes to buy is still very strong throughout the country!

Homeowners who make the mistake of overpricing their homes will eventually have to drop the price. This leaves buyers wondering if the price drop was caused by something wrong with the houses when in reality nothing was wrong, the price was just too high!

Bottom Line

If you are thinking about listing your home for sale this year, let's get together to properly price your home from the start!



Why You Shouldn't For Sale By Owner

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 95% of buyers search online for a home. That is in comparison to only 13% 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?

- 50% on the internet
- 28% from a Real Estate Agent
- 7% 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 7% 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.

A study by *Collateral Analytics* revealed that FSBOs don't actually save anything, and in some cases may be costing themselves more, by not listing with an agent. One of the main reasons for the price difference at the time of sale is:

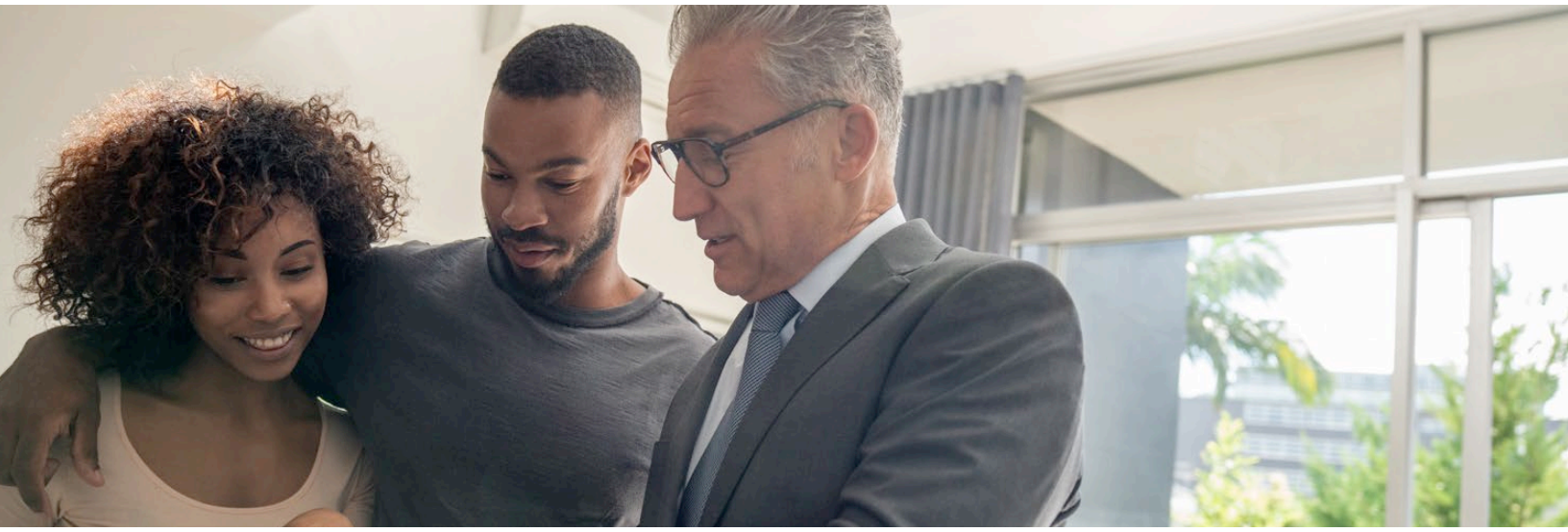
> *"Properties listed with a broker that is a member of the local MLS will be listed online with all other participating broker websites, marketing the home to a much larger buyer population. And those MLS properties generally offer compensation to agents who represent buyers, incentivizing them to show and sell the property and again potentially enlarging the buyer pool."*

If more buyers see a home, the greater the chances are that there could be a bidding war for the property. The study showed that the difference in price between comparable homes of size and location is currently at an average of 6%.

Why would you choose to list on your own and manage the entire transaction when you can hire an agent and not have to pay anything more?

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.





5 Reasons To Hire A Real Estate Professional

Contracts

They help with all disclosures & contracts necessary in today's heavily regulated environment.

Experience

They are well educated in and experienced with the entire sales process.

Negotiations

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

Pricing

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

Understanding of Current Market Conditions

They simply & effectively explain today's real estate headlines & 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...



Venturi Realty Group

Keller Williams Realty
Albuquerque NM
info@welcomehomeabq.com
welcomehomeabq.com
(505) 448-8888



venturi realty group

Equal Housing Opportunity