

# The Pros and Cons of Buying or Selling a Home in Today's Market!



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The housing market has changed dramatically the past 3 to 4 years and buyers and sellers are facing unique challenges as well as opportunities. With the lowest housing inventory in 30 years, this webinar is designed to educate consumers on how to better position themselves whether listing their home for sale or negotiating the purchase of a new home. It is also intended to share a glimpse of the housing market over the next 2 years.

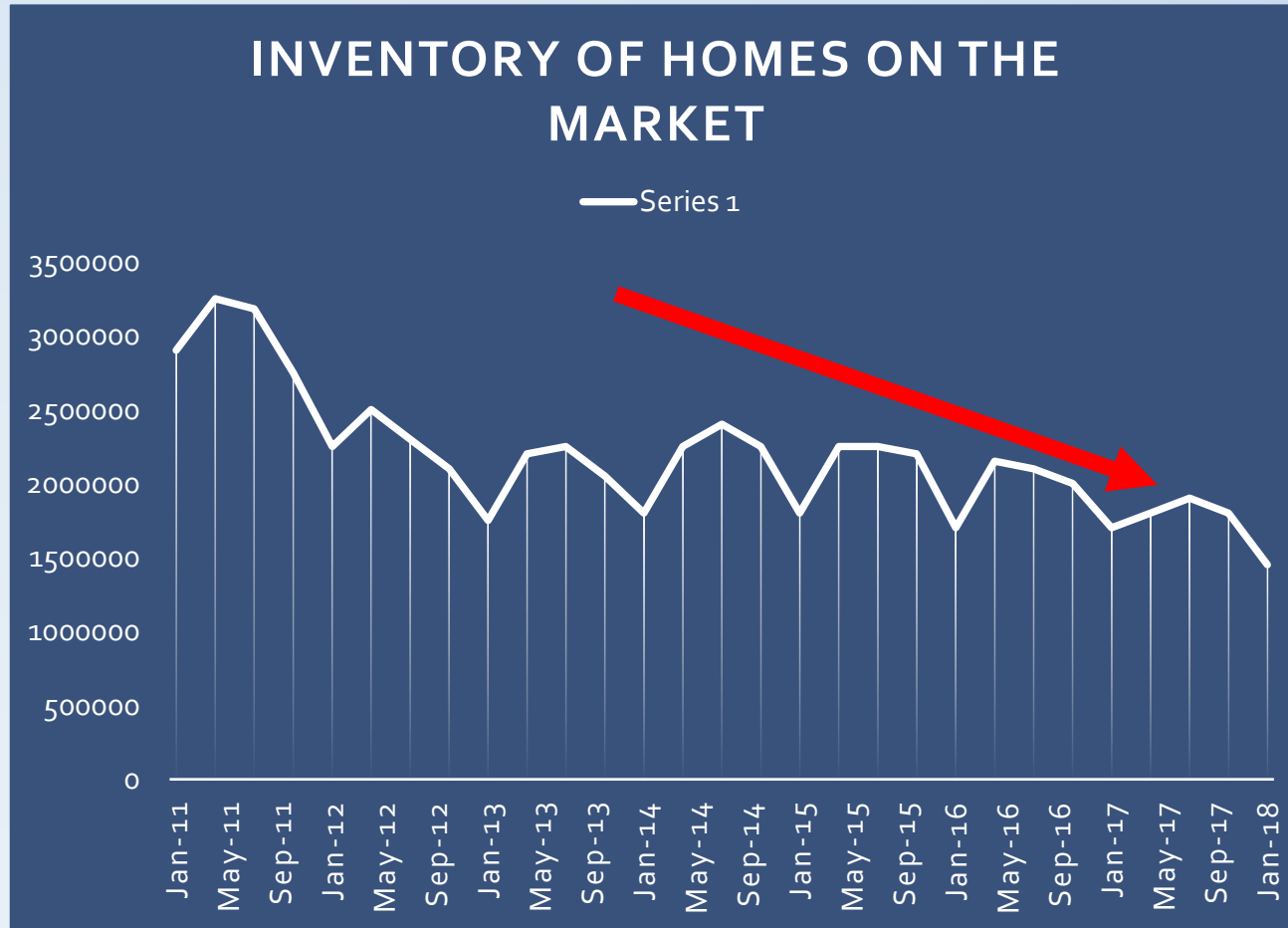


## Economic Facts:

1. The country has seen job additions for 90 straight months after coming out of the last recession.
2. The economy is sound with unemployment at 3.9% and 2.5% GDP.
3. The stock market is high and so is net worth.
4. 2 million new jobs are being generated each year and wages are picking up but we have 2.5 million new people in the country, annually, so housing has not met demand.
5. Hot spots for employment are Provo, Orlando, Boise, Austin, Riverside, Nashville, Charlotte, Phoenix, Jacksonville and Vegas. Total job openings are sky high at over 6,000!
6. Relocation friction (a lack of willingness to move), a lack of skill sets (for construction) and a backlog of orders, which increases productivity and ramps up hiring, are a few of the reasons for the large number of job openings available.

The median list price nationwide is \$290,000 and median sale price is \$263,300.

# Current Housing Market:



2017

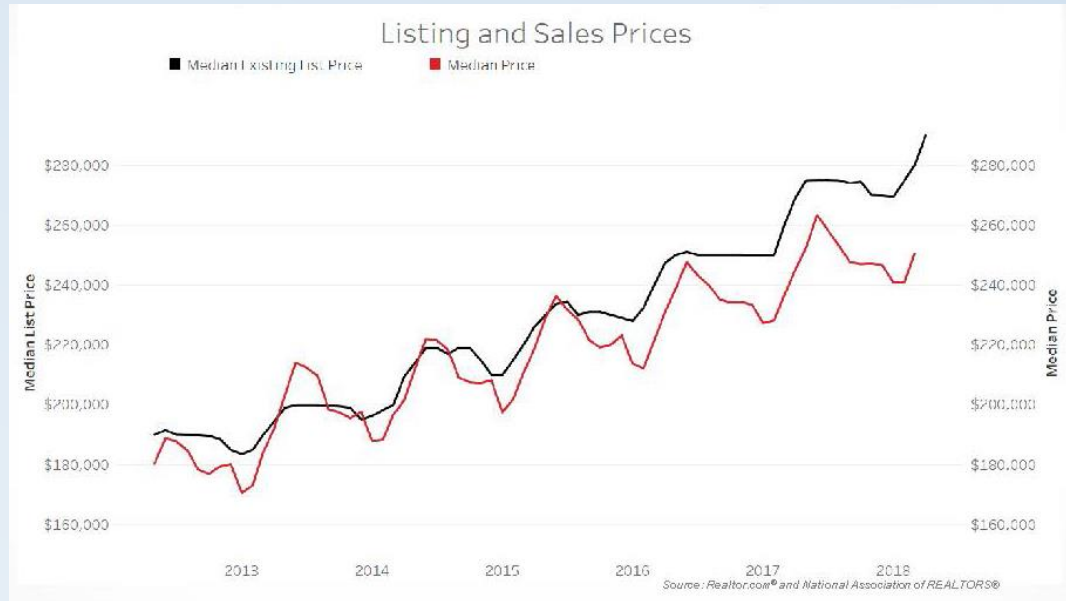
Lowest inventory of existing homes for sale, nationally, in 20 years.

2018

Lowest inventory of existing homes for sale, nationally, in 30 years.

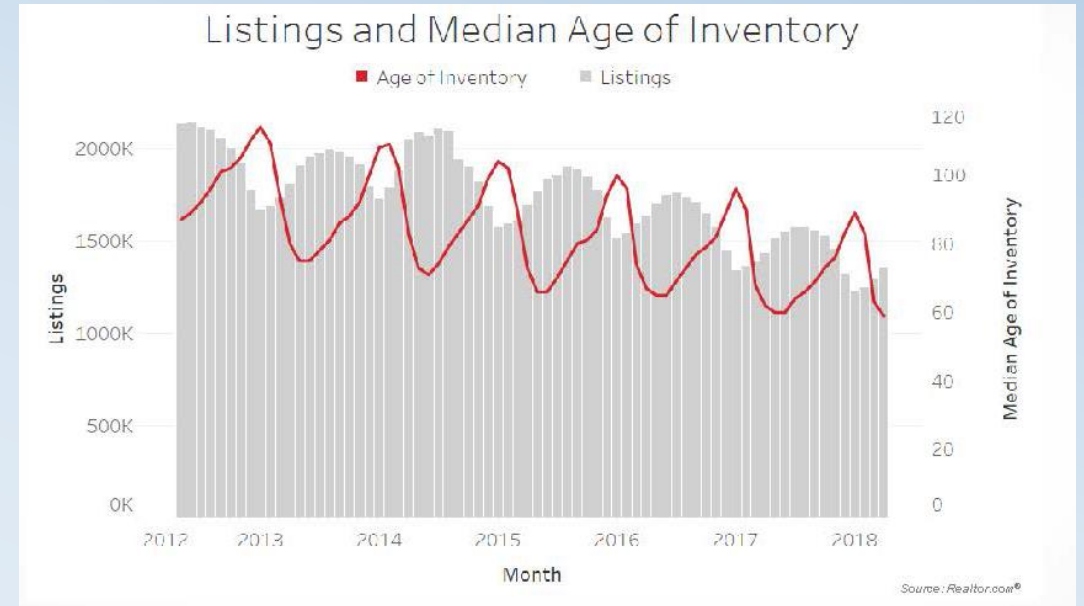
Over the next 2 years, housing sales are expected to increase by only 4%.

# Prices at Record Highs



Median List Price at \$290,000,  
Sales Price on track to surpass  
\$263,000 (June 2017)

# Inventory at Record Lows



Inventory down 5.8% year-over-year  
in April

# Reasons for Low Housing Inventory



Homeownership has reached a 50-year low.



The number of first-time homebuyers is lower because these buyers are discouraged by the lack of inventory and affordability.



Those in the 65+ age bracket are more interested in renting than owning.

During the last recession, many builders locally and across the country were forced to exit the industry. As a result, new construction building starts have suffered dramatically. With fewer new housing options for buyers, sellers are not moving further reducing the number of existing housing choices available for sale.

# Advantages to Sellers:

Though it is not a seller's market across the board, there are pockets of products, locations and price ranges where demand outpaces supply.

Many sellers are receiving multiple purchase offers for their home, often thousands of dollars above asking price.

Home prices are expected to increase 8% over the next 2 years.

# Disadvantages to Sellers

With the high demand for certain products and price points, homes are selling in a short period of time. This can add pressure to the seller if they have yet to finalize their plans to purchase another home.

With interest rates on the rise and fewer homes on the market to preview, many buyers are delaying their decision to purchase.





There is no 'best' time of the year to put a home on the market. Put the home on the market when you are ready to move. Relocating as well as serious local buyers are always looking for the right home.



# Tips for Sellers

Have home repairs completed prior to putting the home on the market to maximize best presentation to potential buyers.



Have your real estate agent conduct a market absorption analysis to better understand the demand for comparable homes over the past 12, 6 and 3 months. This analysis will explain whether the market is heating up or slowing down for your type home and also reveal the number of months of inventory available of the same product, yet to be absorbed by the market.



Don't be pressured to accommodate the buyer if you need time to finalize next steps for you and your family. You can always accept an offer subject to locating and negotiating a new home within a stated period of time.



# Apple Pie and Homeownership

**8 in 10**

Homeownership is part of their American Dream

**9 in 10**

Want to own in the future





# Advantages to Buyers:



The government is seeking to propose alternative methods to increase housing affordability and enhance the mortgage qualification process for millennials and first-time homebuyers. The average net worth of a renter is \$5,000 but the average net worth of a homeowner is \$230,000.



Renters who pay their rent on time have only a 1% mortgage default rate which is a huge indication of potential success in homeownership. Mortgage programs that consider rental information on credit scoring are being reviewed.



One proposal is described as a 'Rental with Escrow' program. The idea suggests that a portion of a tenant's monthly rent go into escrow, with the landlord, to eventually grow into an amount that could serve as a down-payment on a home. It encourages renter's to think and act like a homeowner. For example, if their apartment/unit needs a repair and they properly fix it rather than call the property manager, the escrow remains intact. If maintenance is required, the cost of the repair is deducted from the escrow account.



Another proposal is to modify the HUD 'Condo Rule', acknowledging that a condo is sometimes the first entrance to homeownership. This motion would allow purchasers of individual condos the opportunity to access FHA funding, even though the entire condominium community is not FHA approved.



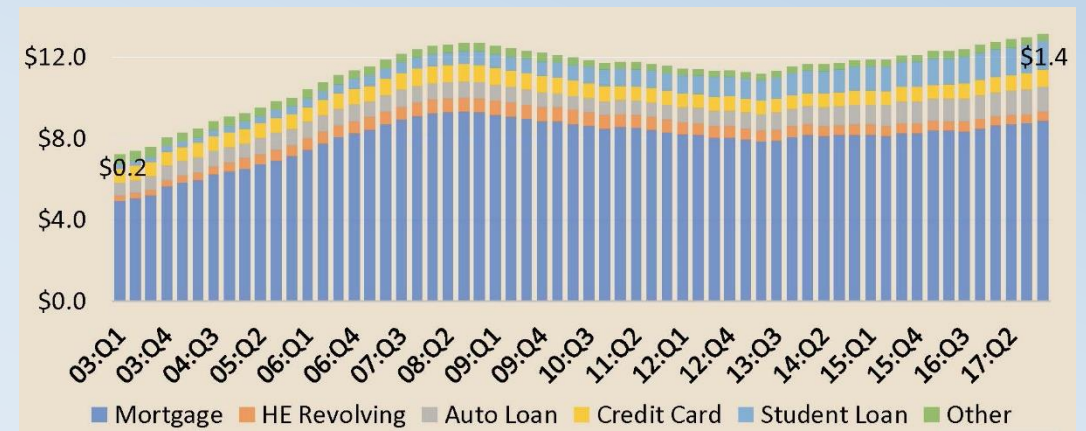
Another effort to increase homeownership for millennials and first-time homebuyers is proposed financing that folds student loans into a mortgage program.

# Difficulty Saving For Downpayment



Profile of Homebuyers and Sellers

# Student Debt Massive Barrier



NY Federal Reserve Household Debt and Credit Report

# Mortgage Rates to Rise Permanently around 170 basis points over 10 year Treasury





## Disadvantages to Buyers:

- Building is still 30% below demand and not providing entry-level housing.
- The rise in home prices is causing an expression of pessimism. Also, the lack of inventory is causing buyers to wait. Statistics show they want to see 10 homes not 1.
- Interest rates are on the rise and will cause buyers to pay more for a home if they delay their decision to purchase.

# Tips for Buyers:

Be pre-approved by a mortgage lender and prepared to purchase before you start shopping for a home.

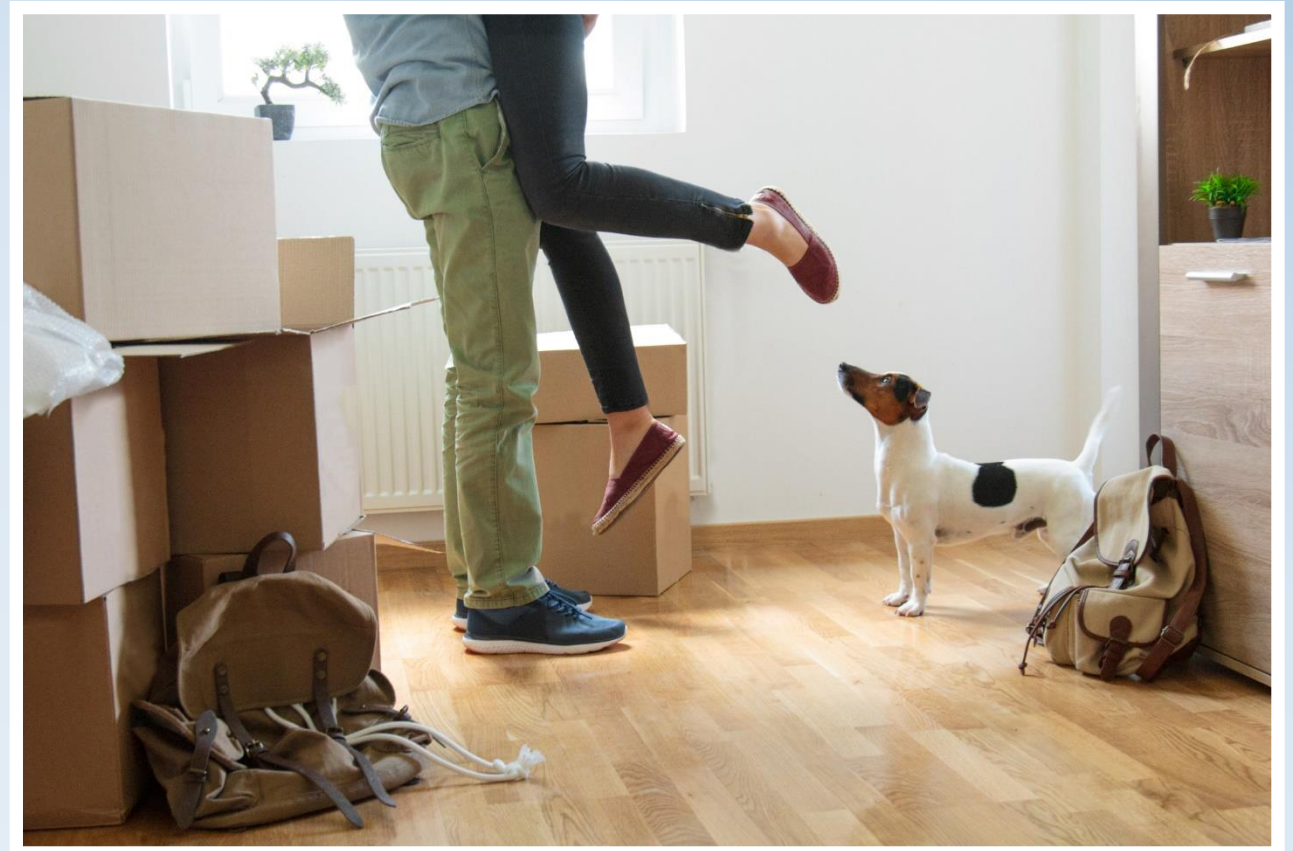
Don't assume a better home is coming on the market and delay the decision to purchase. The first home viewed may be the best one. Rising interest rates and home prices will add up quickly when it comes to your mortgage payment for the same home you could have bought last year for less.

Have your real estate agent, prepare a study of similar properties prior to viewing homes where there is a high-level of interest in order to gauge the maximum opinion of value at time of purchase.

Where there is the possibility of multiple offers, put forth the highest and best offer up front.

Negotiate ways to add value to the purchase offer alongside price such as 'all cash', no seller concessions, no inspection, a higher deposit, early closing date, etc.

Make sure your agent understands how to protect your interest in the purchase contract if another purchase offer is presented to the seller between accepting your offer and attorney approvals.



1. Between 2011-2017, income increased 15% but home prices have gone up 48%. The only way to curb this inequality is to choke off demand but this is not good for the economy or housing. Instead we must increase new construction.

2. To increase new construction and lower the cost of building, we need community banks to provide key relief by lending to developers, remove the tariffs on lumber, relax zoning laws, etc.

## Summary

3. The #1 area of knowledge consumers want from their real estate professional is market experience and insider knowledge of neighborhoods, schools and market trends.

4. Not all real estate agents are equal. Interview agents wisely to protect your equity and garner the highest return on your real estate investments.



Thank you for  
attending our  
webinar!

Please contact me if  
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Any Questions?

