

THINGS TO CONSIDER WHEN **SELLING YOUR HOUSE**



WINTER 2021
EDITION


SILVER BAY
LENDING
MORTGAGE BANKERS

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Why You Shouldn't Wait to Sell Your House

Many homeowners think selling in the spring when more buyers are in the market is the way to go. In reality, it's more about the ratio of buyers to sellers that creates opportunities. Selling when the fewest number of homes are available to buy is what puts sellers in the driver's seat. With today's high buyer traffic and low inventory, this power combination makes now the optimal time to sell – before your neighbors put their homes on the market in the spring. Here's how it breaks down.

High Buyer Demand

Buyer demand is strong right now, and not showing any signs of slowing down. *ShowingTime*, which tracks the average number of buyer showings on residential properties, recently announced that **buyer showings are up 64.1%** compared to the same time last year. They went on to say:

“All but one of the top 20 markets with the heaviest buyer traffic recorded double-digit showings per listing in September, well above the current U.S. average of six showings per listing.”

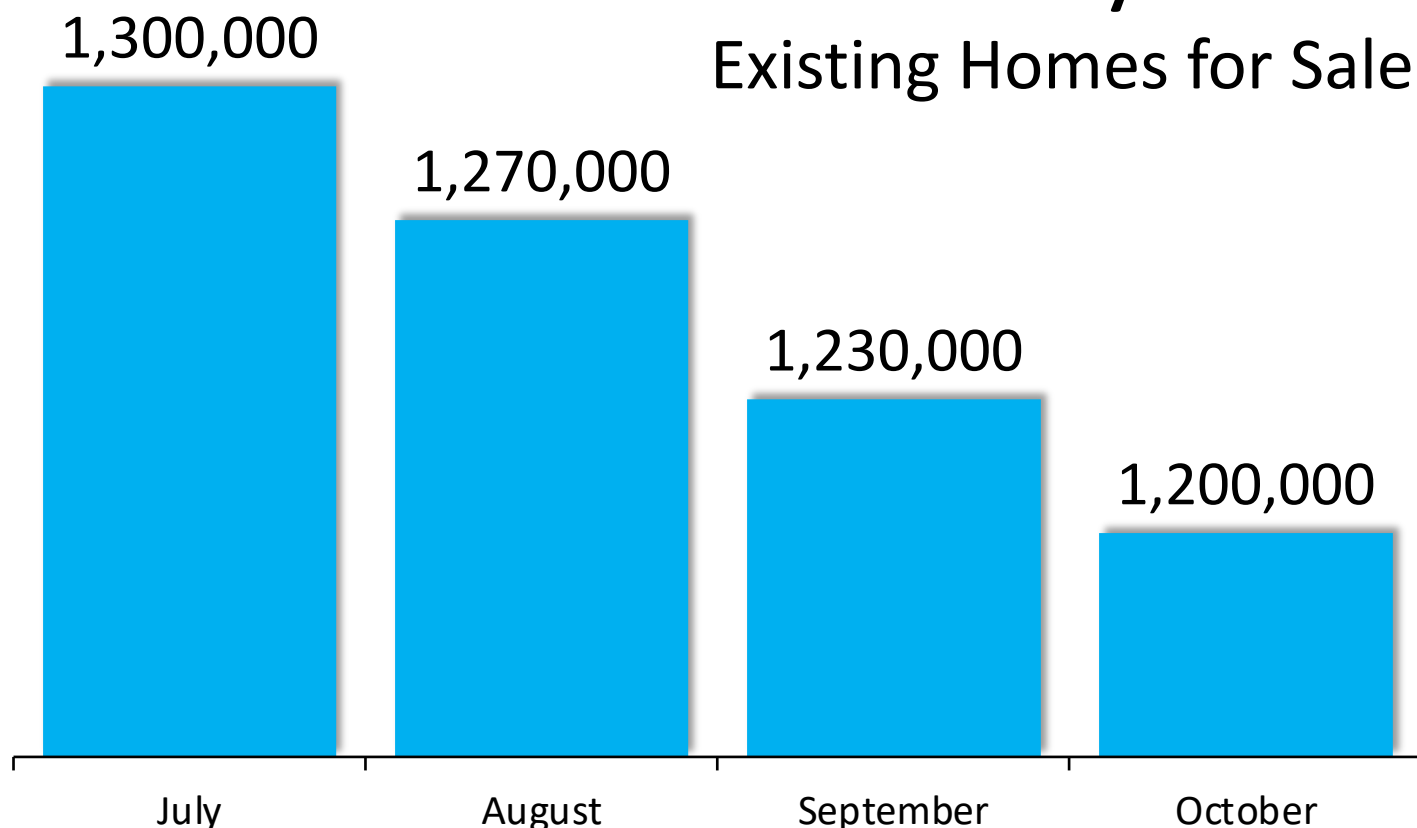
Low Inventory of Houses for Sale

Purchaser demand is so high, the market is running out of available homes for sale. Recently, *realtor.com* reported:

“Nationally, the inventory of homes for sale decreased 38.3% over the past year in October, a slightly slower rate of decline compared to the 39.0% drop in September. This amounted to 506,000 fewer homes for sale compared to October of last year.”

The *National Association of Realtors* (NAR) also revealed that, while home sales are skyrocketing, the inventory of existing homes for sale is continuing to drop dramatically. Below is a graph of existing inventory for sale (*latest numbers available before guide release*):

Inventory Level Existing Homes for Sale



NAR

Homebuilders are also increasing construction, but they cannot keep up with the growing demand. The U.S. Census Bureau, reporting on inventory of newly constructed homes, notes:

“The seasonally-adjusted estimate of new houses for sale at the end of October was 278,000. This represents a supply of 3.3 months at the current sales rate.”

What Does This Mean for You?

If you’re thinking of putting your house on the market, don’t wait. **A seller will always negotiate the best deal when demand is high, and supply is low.** That’s exactly what’s happening in the real estate market today.

As 2021 progresses, and the pandemic is hopefully behind us, there will be many more houses coming to the market. This includes existing homes and newly built homes. Don’t wait for that increase in competition in your neighborhood. **Now is the time to sell.**

Bottom Line

Let’s connect today to get your house on the market at this optimal time to make a move.



The Expert Winter Housing Market Forecast

In the second-half of 2020, the housing market surged with activity. Today, real estate experts are forecasting that the winter season will be anything but chilly. As Lawrence Yun, *Chief Economist* for the *National Association of Realtors* (NAR), notes:

“It will be one of the best winter sales years ever.”

The typical winter slowdown in the housing market is simply not on the radar. Here’s why.

While today’s historically low mortgage rates are expected to remain low, they won’t be **this low** for much longer. This could be the last chance for homebuyers to secure such a low rate, and they’re ready to act. In a recent article, *Bankrate* explained:

“...expect mortgage rates to remain low into 2021. However, the possibility of rates falling to 2.5 percent or lower has faded as the U.S. economy has rebounded.”

As long as we continue to see low interest rates, we’ll see hopeful buyers on the hunt for their dream homes. Yun confirmed:

“The demand for home buying remains super strong...With persistent low mortgage rates and some degree of a continuing jobs recovery, more contract signings are expected in the near future.”

The challenge, however, is the **lack of homes available for sale**. With that in mind, all eyes are on homeowners to see if they’ll sell this winter or wait until spring. Danielle Hale, *Chief Economist* for *realtor.com*, says it’s best for sellers to capitalize on this moment sooner rather than later:

“We currently see buyers sticking around in the housing market much later than we usually do this fall. If that trend continues, we will see more buyers in the market this winter, too. So, this winter is likely to be a good time to sell.”

With buyers ready to stay active this winter, sellers who want to close a deal on the best possible terms shouldn’t wait until spring to put their homes on the market.

Bottom Line

Experts agree, the winter housing market could potentially be bigger than ever. Let’s connect today so you can be in your dream home this winter.



Why Low Inventory Is a Win for Sellers

Real estate continues to be called the *'bright spot'* in the current economy, but there's one thing that may hold the housing market back from achieving its full potential this year: **the lack of homes for sale.**

Buyers are actively searching for and purchasing homes, looking to capitalize on today's historically low interest rates, but there just aren't enough houses for sale to meet that growing need. Nadia Evangelou, *Senior Economist & Director of Forecasting* for the *National Association of Realtors (NAR)*, explains:

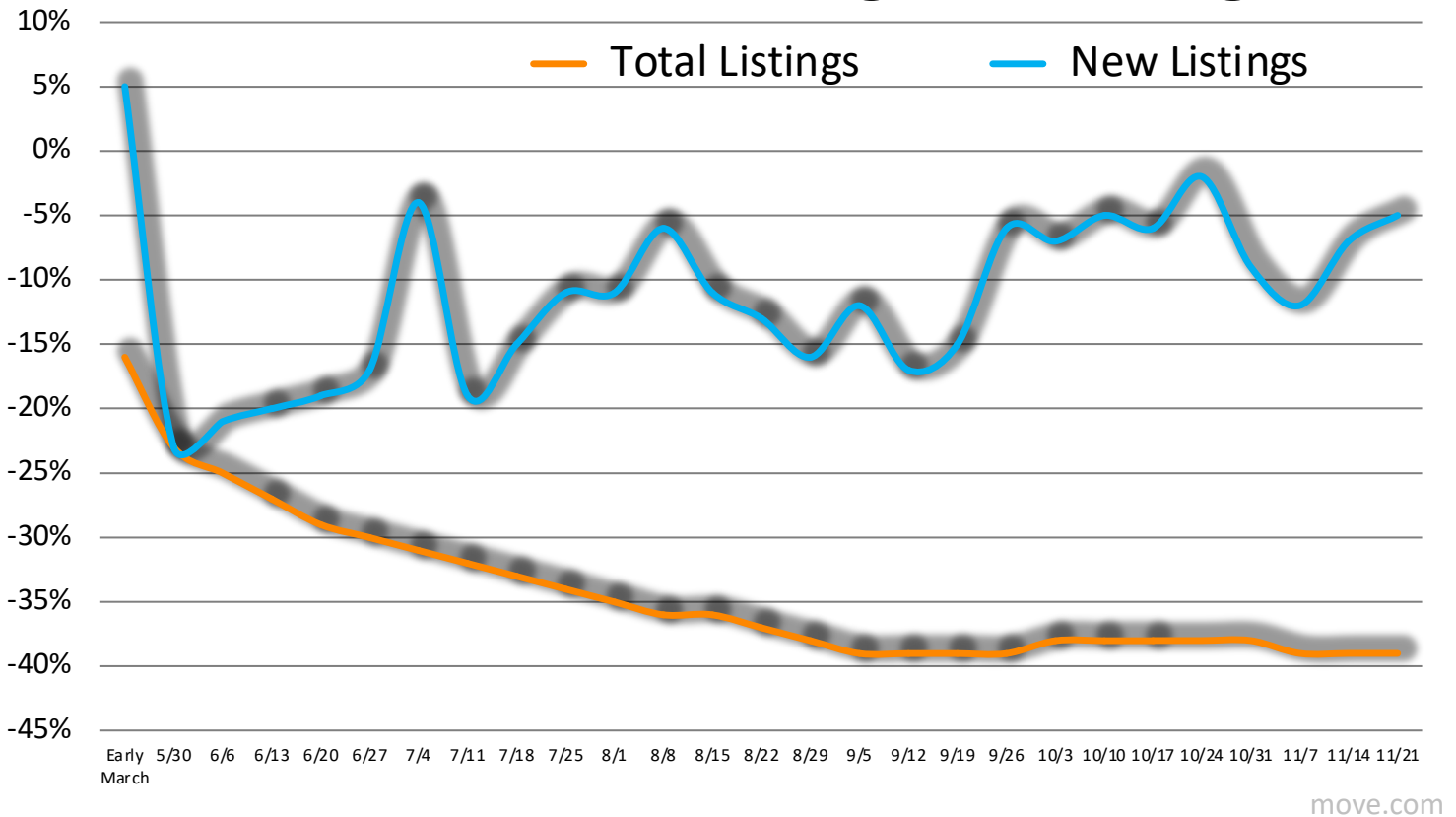
"These ultra-low mortgage rates make homebuying more attractive, boosting activity to the highest level since 2006...Nevertheless, inventory continues to fall, widening the gap between housing demand and supply."

According to NAR, right now unsold inventory sits at a 2.5-month supply at the current sales pace. To have a balanced market where there are enough homes for sale to meet buyer demand, the market needs 6 months of inventory. Today, we're nowhere near that number. If this trend continues, it will get even harder to find homes to purchase, and that may slow down potential buyers. Danielle Hale, *Chief Economist* for *realtor.com*, notes:

"While some buyers are frustrated, there are still plenty trying to make a move. This means that homes are still selling fast, and inventory is dropping despite an improving new listings trend."

The *Weekly Recovery Report* from *realtor.com* keeps an eye on the number of listings coming into the market (*houses available for sale*) and the total number of listings staying in the market compared to the previous year (*See graph below*):

Year-Over-Year Change in Listings



The number of total listings (the orange line) continues to decline even as new listings (the blue line) are coming to the market. Why? Buyers are scooping up homes faster than they're being put up for sale. Hale emphasized:

"New listings are a necessary ingredient for further home sales, so additional improvement here will be important for home buyers and sustaining home sales activity."

Does This Mean It's a Good Time to Sell?

Yes. If you're thinking about selling your house, this winter is a great time to make it happen. There are plenty of buyers looking for homes to purchase because they want to take advantage of low interest rates. Realtors are also reporting an average of 3.4 offers per house and an increase in bidding wars, meaning the demand is there and now is the opportune time to sell for the most favorable terms.

Bottom Line

If you're considering selling your house, this is the perfect time to discuss how you can benefit from the market trends in our local area.

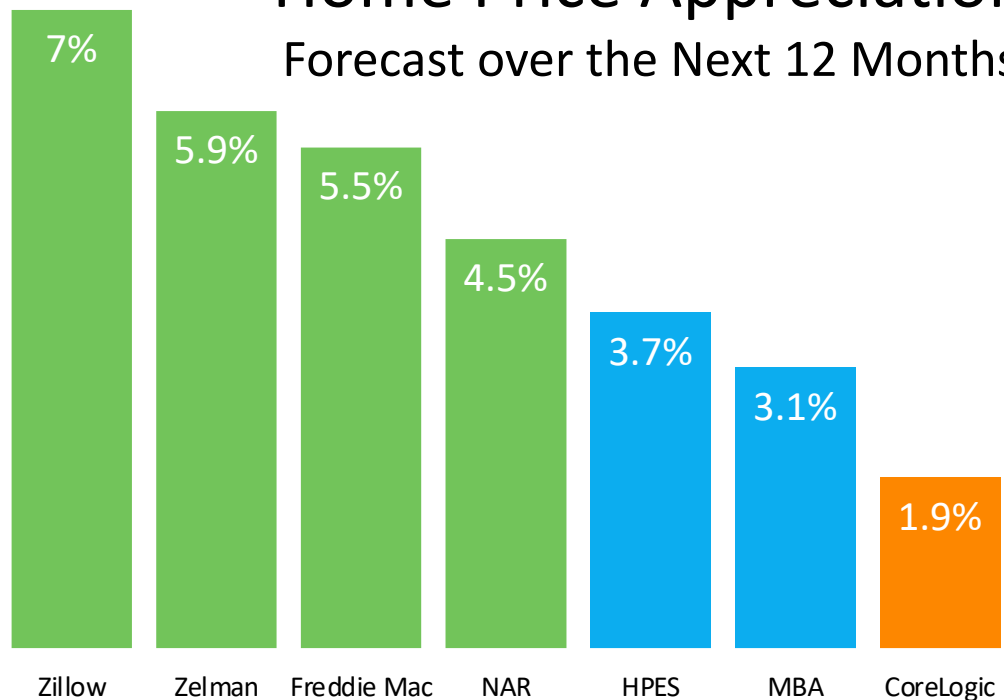
Home Price Appreciation Is on the Rise

Due to the undersupply of homes on the market today, there's significant upward pressure on home prices. When there's high demand for an item and a low supply of it, consumers are willing to pay more for that item. That's what's happening in today's real estate market. The housing supply shortage is also resulting in more bidding wars, which drive price points higher in the home sale process – a big win for sellers.

In addition, there's no evidence that buyer demand will wane. As a result, experts project home price appreciation will continue over the next twelve months. Here's a graph of the major forecasts going forward.

I hear many foreclosures might be coming to the market soon. Won't that drive prices down?

Home Price Appreciation Forecast over the Next 12 Months



Some are concerned that homeowners who entered a mortgage forbearance plan might face foreclosure once their plan ends. However, when you analyze the data on those in forbearance, it's clear the actual level of risk is quite low.

Ivy Zelman, *CEO of Zelman & Associates* and a highly-regarded expert in housing and housing-related industries, notes:

"The likelihood of us having a foreclosure crisis again is about zero percent."

With demand high, supply low, and little risk of a foreclosure crisis, **home prices will continue to appreciate.**

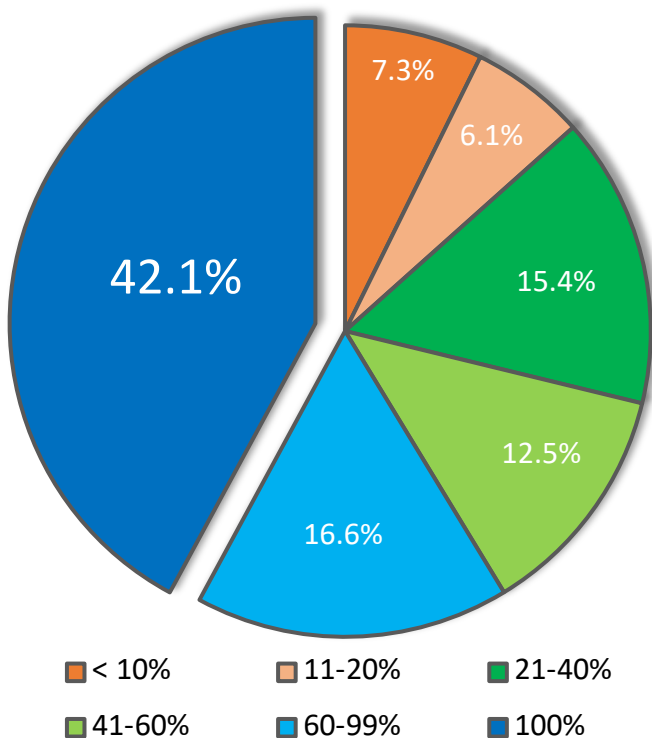
Bottom Line

Originally, many thought home prices would depreciate due to the economic slowdown from the coronavirus. Instead, prices appreciated substantially. Over the next year, home values will likely rise even higher given the continued lack of inventory of homes for sale.

Leveraging Your Equity

According to *John Burns Consulting*, **58.7% of homes in the U.S. have at least 60% equity**, and **42.1% of all homes in this country are mortgage-free**, meaning they're owned free and clear.

Percentage of Homeowner Equity



CoreLogic also notes the average equity mortgaged homes have right now is **\$177,000**. That's a tremendous amount of forced savings for homeowners in today's market.

As a homeowner, you may have more equity in your house than you realize. Using it to make a move to a new home while interest rates are low may be the best decision you could make.

In a season like we're in now, when inventory is limited, equity is high, and interest rates are low, homeowners in a position to sell are in a great place to win big.

Mark Fleming, *Chief Economist at First American*, notes:

*"As homeowners gain equity in their homes, they are more likely to consider using that **equity to purchase a larger or more attractive home** – the wealth effect of rising equity. In today's housing market, fast rising demand against the limited supply of homes for sale has resulted in continued house price appreciation."*

Bottom Line

Whether you're ready to move up into a larger home or downsize into a smaller one, let's connect to see if your home equity positions you to make your next move sooner than you may have thought possible.



Why People Are Moving this Season

Today, Americans are moving for a variety of different reasons. The current health crisis has truly re-shaped our lifestyles and our needs. Spending extra time where we currently live is enabling many people to re-evaluate what homeownership means and what they find most important in a home.

According to *Zillow*:

“In 2020, homes went from the place people returned to after work, school, hitting the gym or vacationing, to the place where families do all of the above. For those who now spend the majority of their hours at home, there’s a growing wish list of what they’d change about their homes, if possible.”

With a new perspective on homeownership, here are some of the top reasons people are reconsidering where they live and making moves this season.

1. Working from Home

Remote work is becoming the new norm, and it’s continuing on longer than most initially expected. Many in the workforce today are discovering they don’t need to live close to the office anymore, and they can get more for their money if they move a little further outside the city limits. Lawrence Yun, *Chief Economist* for the *National Association of Realtors* (NAR), notes:

“With the sizable shift in remote work, current homeowners are looking for larger homes and this will lead to a secondary level of demand even into 2021.”

If you’ve tried to convert your guest room or your dining room into a home office with minimal success, it may be time to find a larger home. The reality is, your current house may not be optimally designed for this kind of space, making remote work and continued productivity very challenging.

2. Virtual and Hybrid Schooling

Many school districts are using a model of virtual or hybrid learning, turning their curriculums into digital formats for students. If you have school-age children, they may have a need for a dedicated learning space. If so, it might be time to find a larger home to provide your children with the same kind of quiet room to focus on their schoolwork, just like you likely need for your office work.

3. A Home Gym

Staying healthy and active is a top priority for many Americans. With various levels of concern around the safety of returning to fitness facilities across the country, dreams of space for a home gym are growing stronger. The *Home Builders Association of Greater New Orleans* explains:

“For many in quarantine, a significant decrease in activity is more than a vanity issue – it’s a mental health issue.”

Having room to maintain a healthy lifestyle at home – *mentally and physically* – may prompt you to consider a new place to live that includes space for at-home workouts.

4. Outdoor Space

Especially for those living in an apartment or a small townhouse, outdoor space is a new priority for many as well. *Zillow* also notes the benefits of being able to use your yard throughout the year:

“People want more space in their next home, and one way to get it is by turning part of the backyard into a functional room, ‘an outdoor space for play as well as entertaining or cooking.’”

You may, however, not have the extra square footage today to have these designated areas – indoor or out.

Moving May Be Your Best Option

If you’re clamoring for extra room to accommodate your changing needs, **making a move may be your best bet**, especially while you can take advantage of today’s low mortgage rates. It’s a great time to get more home for your money, just when you need it most.

Bottom Line

Americans are moving for a variety of different reasons today, and many peoples’ needs have changed. If you’ve been trying to decide if now is the time to buy a new home, let’s connect to discuss your options.



If You Sell Now, Where Will You Go?

Now is clearly a great time to sell, but when you do, how will you find a new home to move into while inventory is so low? With so few homes for sale and construction of newly built homes ramping up, you may be wondering if you should consider new construction in your search process. It's a great question to ask, and one to look at from the pros and cons of what it means to buy a new home versus an existing one. Here are a few things to consider when making your decision, while always remembering to **work with your trusted real estate professional along the way.**

Purchasing a Newly Built Home

When buying a new home, you can often choose more **energy-efficient options.** New appliances, new windows, a new roof, etc. These can all help lower your energy costs, which can add up to significant savings over time. With programs like ENERGY STAR, a new home also helps protect the environment and reduces your carbon footprint.

Lower maintenance that comes with a newer home is another great benefit. When you have a new home, you likely won't have as many little repairs to tackle, like leaky faucets, shutters to paint, and other odd jobs around the house. With new construction, you'll also have warranty options that may cover portions of your investment for the first few years.

Another solid benefit to new construction is **customization.** Do you want a mudroom, stainless steel appliances, granite countertops, hardwood floors, an office, or a multi-purpose room? These items can be customized to your specific needs during the design phase. With an existing home, you're buying something that's already completed, so if you want to make changes, you may need to hire a contractor to help get your home ready.

Buying an Existing Home

When buying an existing home (one that's already been built), you can **negotiate with the current homeowner on price**, which is something you generally don't get to do with a builder. Builders know their material and construction costs, and they have a price set for the model you're buying. So, if you want to negotiate, then maybe an existing home is your option.

For some buyers, moving into an **established neighborhood** may be important. If you'd like to know the neighbors, if it's family-friendly, and general traffic patterns before making a commitment, you might prefer an existing home. When you buy new construction, you won't always have a full view into some of these details until the lots around you are sold.

Finally, timing comes into play. With an existing home, you can **move in based on the timeline you agree to with the sellers**, rather than waiting for the house to be built. Depending on the time of the year you're buying and the region you're in, the weather can also be a factor in the timeframe. This is something to keep in mind, especially if you need to move sooner rather than later. With COVID-19 and social distancing regulations, some areas for new construction have been on a delay.

Bottom Line

Whether you want to buy a newly built home or one that's already established, both are great options. They each have their pros and cons, and every buyer will have different circumstances driving their decision. If you have questions and want to know more about the options in our area, let's work together so you can feel confident making a decision about your next home.





6 Reasons Why Selling Your House on Your Own Is a Mistake

There are many benefits to working with a real estate professional when selling your house. During challenging times, like what we face today, it becomes even more important to have an expert you trust to help guide you through the process. If you're considering selling on your own, known in the industry as a **For Sale By Owner (FSBO)**, it's critical to consider the following:

1. Your Safety Is a Priority

Your safety should always come first, and that's more crucial than ever given the current health situation in our country. When you FSBO, it is incredibly difficult to control entry into your home. A real estate professional will have the proper protocols in place to protect not only your belongings, but your health and well-being too. From regulating the number of people in your home at one time to ensuring proper sanitization during and after a showing, and even facilitating virtual tours, real estate professionals are equipped to follow the latest industry standards recommended by the *National Association of Realtors* (NAR) to help protect you and your potential buyers.

2. A Powerful Online Strategy Is a Must to Attract a Buyer

Recent studies from NAR have shown that, even before COVID-19, the first step 44% of all buyers took when looking for a home was to search online. Throughout the process, that number jumps to 93%. Today, those numbers have grown exponentially. Most real estate agents have developed a strong Internet and social media strategy to promote the sale of your house.

3. There Are Too Many Negotiations

Here are just a few of the people you'll need to negotiate with if you decide to FSBO:

- The buyer, who wants the best deal possible
- The buyer's agent, who solely represents the best interest of the buyer
- The inspection company, which works for the buyer and will almost always find challenges with the house
- The appraiser, if there is a question of value

As part of their training, agents are taught how to negotiate every aspect of the real estate transaction and how to mediate the emotions felt by buyers looking to make what is probably the largest purchase of their lives.

4. You Won't Know if Your Purchaser Is Qualified for a Mortgage

Having a buyer who wants to purchase your house is the first step. Making sure they can afford to buy it is just as important. As a FSBO, it's almost impossible to be involved in the mortgage process of your buyer. A real estate professional is trained to ask the appropriate questions and, in most cases, will be intimately aware of the progress being made toward a purchaser's mortgage commitment. You need someone who's working with lenders every day to guarantee your buyer makes it to the closing table.

5. FSBOing Is Becoming More Difficult from a Legal Standpoint

The documentation involved in the selling process is growing dramatically as more and more disclosures and regulations become mandatory. In an increasingly litigious society, the agent acts as a third-party to help the seller avoid legal jeopardy. This is one of the major reasons why the percentage of people FSBOing has dropped from 19% to 8% over the last 20+ years.

6. You Net More Money When Using an Agent

Many homeowners think they'll 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 on the commission.

A study by *Collateral Analytics* revealed that FSBOs don't actually save anything by forgoing the help of an agent. In some cases, the seller may even **net less money** from the sale. The study found the difference in price between a FSBO and an agent-listed home was an average of 6%. One of the main reasons for the price difference is effective exposure:

"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."

The more buyers that view a home, the greater the chance a bidding war will take place, too.

Bottom Line

Listing on your own leaves you to manage the entire transaction by yourself. Why do that when you can hire an agent and still net the same amount of money? Before you decide to take on the challenge of selling your house alone, let's connect to discuss your options.



Q: Should I renovate my house before I sell it?

A: Ask Your Agent.

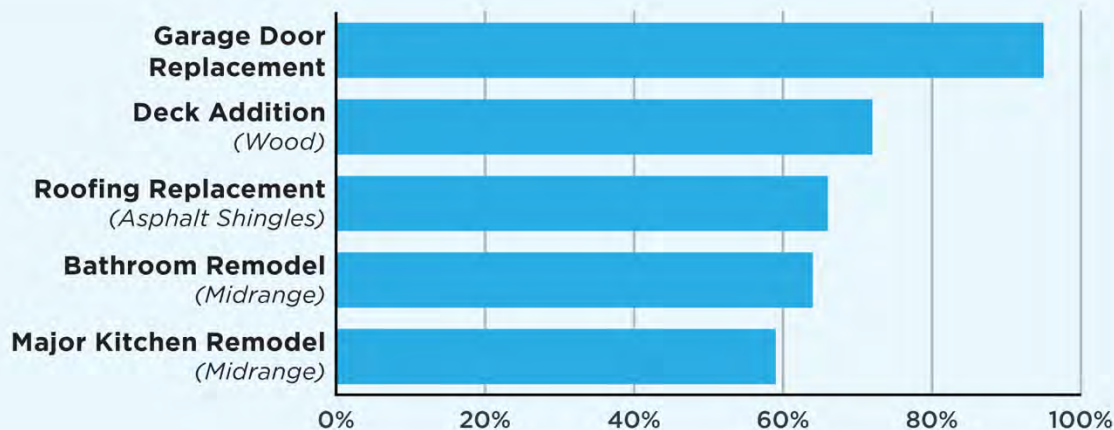
In today's hyper-competitive market, some buyers are willing to overlook cosmetic or minor repair needs if it means snagging a home in their price range.



Ultimately, you may not recoup the full cost of most large renovation projects when you sell your house.

RENOVATION PAYBACK

% of cost recouped for common renovation projects



If the market is flooded with houses for sale, renovations might be necessary to make your house stand out...but that's not always the case.

Let's connect today to determine if you should renovate before you sell, or if your house is ready to list with just some minor touch-ups.

Keep in mind...

The average home sale is receiving

over 3 offers

72%

of homes sold were on the market for less than a month

Source: Remodeling 2020 Cost Vs Value Report, NAR



Selling Your House with Today's Technology

In a survey by *realtor.com*, people thinking about selling their houses today indicated they're generally willing to allow their agent and some potential buyers inside, but only under the right conditions. With the current safety guidelines and technology options recommended by the *National Association of Realtors (NAR)*, real estate agents are well versed in using safe and effective virtual practices and emerging technology throughout the process. So, if you need to sell your house now, what digital options should you use to make sure you and your potential buyers stay safe throughout the process?

Working with a trusted professional who's skilled with today's changing virtual practices may help you win big. While always abiding by state and local regulations, agents know exactly what today's buyers need, and how to put the necessary digital steps in place. For example, according to the same survey, when asked to select the technology that would be **most helpful** when deciding on a new home, here's what today's homebuyers said, in order of preference:

- Virtual tour of the home
- Accurate and detailed listing information
- Detailed neighborhood information
- High-quality listing photos
- Agent-led video chat

When it's time to show your house in person, agents are also able to regulate the process, based on the recommendations given by NAR, to help you proceed safely. Here are a few of the guidelines, understanding the top priority should always be to obey state and local restrictions first:

- Limit in-person activity
- Require guests to wash their hands or use an alcohol-based sanitizer
- Remove shoes or cover with booties
- Follow CDC guidance on social distancing and wearing face coverings

Bottom Line

In this era of life, things are shifting quickly, so virtual seller strategies may be a game-changing option for you. Let's connect so you can safely and effectively navigate through all that's evolving when it comes to making your next move.

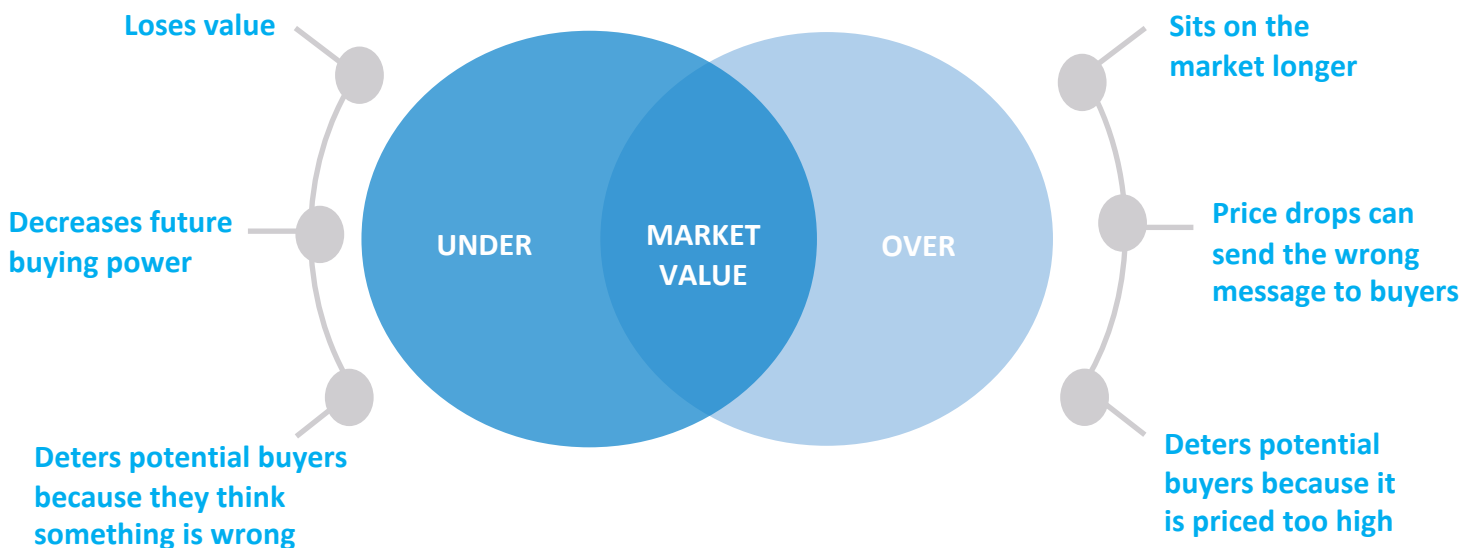
Why Pricing Your House Right Matters

In today's real estate market, setting the right price for your house is one of the most valuable things you can do. According to the U.S. Economic Outlook by the *National Association of Realtors* (NAR), existing home prices nationwide are forecasted to increase **4.5% in 2021**. This means experts anticipate home values will continue climbing going forward. Today, low inventory is largely keeping prices from depreciating.

When it comes to pricing your home, the goal is to increase visibility and drive more buyers your way. Instead of trying to win the negotiation with one buyer, you should price your house so that **demand is maximized**, and more buyers want to take a look.

As a seller, you might be thinking about pricing your house on the high end while so many of today's buyers are searching harder than ever just to find a home to purchase. But here's the thing – a high price tag does not mean you're going to cash in big on the sale. It's actually more likely to **deter buyers**.

Even today, when there are so few houses for sale, your house is more likely to sit on the market longer or require a price drop that can send buyers running if it isn't priced just right.



It's important to make sure your house is priced correctly by working with a trusted real estate professional. When you price it competitively, you won't be negotiating with one buyer. Instead, you'll have multiple buyers competing for the house, increasing the final sale price.

Bottom Line

The key is to make sure your house is priced to sell immediately. This way, it will be seen by the most buyers. More than one of them may be interested, and it will be more likely to sell at a competitive price. Let's connect to price your house correctly from the start, so you can maximize your exposure and your return.



Reasons to Hire a Real Estate Professional



Contracts

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



Pricing

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



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.



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 about the real estate process.

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

