

Real Estate

YOUR HOME | YOUR LIFE



Worried About a Down Market?

This year could finally see slowing sales after years of low rates

Other factors sometimes play a role too, including local buyer behavior, the stock market and jobs reports.

The good news there is a strategy for every market. Consult with an experienced hometown real-estate agent who's familiar with the area's ups and downs after years in the business.

They can help you develop a price and marketing plan to make sure you get the most out of your home sale. Here are a few things to consider before you set that meeting, if you're worried about a down market:

OPEN DISCUSSIONS

Begin the process of setting a price with a frank conversation with your real estate agent. They'll have in-depth knowledge of the way comparable homes have been selling in your area as changes impacted the market. This analysis will give you perspective on what you can expect to sell for, since they will take into account homes of similar size and location.

Being realistic about the way these issues will impact your profit is the first step in correctly pricing your property. If you have arrived at a fair number, the home won't be on the market long. If you've inflated the price beyond what a down market will bear, however, you



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may end up having to wait awhile. In the meantime, you'll probably field a lot of low-ball offers.

FOCUS ON PRICE

Everyone wants the biggest possible profit when they put a property up for sale. But

challenges with the national economy have led to rising interest rates, and changes in your local market might come into play, as well. The departure of a major employer or a down turn in school test scores are just two of the local issues that can impact home

sales. Upgrading the kitchen and bathrooms tends to lead to the most bang for your buck. But what if you invested a great deal into personalized upgrades that might not hold the same value for other buyers?

All of that will come into

play. Once you've settled on a fair price, stay at that level for a few months. Interested buyers might not be as active in searching if you're in a down market. Besides, quickly reducing the price can also look like a red flag to those who haven't seen the property in person.

Renting Before You Buy

First-time homebuyers and those who are relocating may want to ease into things

Renting allows you to build up a nest egg for that first down payment, or find out more about your new hometown.

In both cases, you're in the midst of a steep learning curve. Everything will feel brand-new when you finally make this signature purchase, so it's OK to take all the time you need to figure things out. At the same time, moving to a new city creates its own stress and confusion.

PROS AND CONS

Renters are free from worry when it comes to repairs, renovations and certain upkeep chores — and that can be huge relief during such a critical shift in your life. Every situation is different, however, so discuss your plan to rent before buying with a qualified local real estate pro. For instance, in some super-heated markets or choice locations, renting might be far more expensive than purchasing elsewhere — so you wouldn't necessarily be saving money. Your agent might also be familiar with a must-see opportunity that's about to be listed. Either way, these discussions can help balance your needs and wants, with options that will fit any particular budget.

TAKING STOCK

Renting allows you to continue learning about a new city, or neighborhoods far from those you've become familiar with over time. Try new restaurants, and shop at different stores. Read up on local government, schools and parks. Pay close attention to the way these areas are grow-

ing, since new developments can change everything.

With space to roam, you may discover that another part of town or even a suburb or neighboring location better suits you in terms of price and lifestyle options. That flexibility isn't there for people who immediately sign a 30-year, fixed-rate mortgage, instead

of a more adaptable six-month lease. As you grow more comfortable with your options, the next move will present itself.

SAVING MONEY

Moving to a new town or buying that first home can both be a very expensive process. Unless you're receiving some sort of assistance from

an employer in the move, or your parents with the down payment, you may find yourself low on funds after paying movers or buying needed appliances and furniture. Renting can allow you the space to rebuild your savings over time. Your bank balance will tell you when it's time to take the plunge.



Take Time To Spruce Up

If you're making a bad impression, a single weekend turn things around

Your property can be completely transformed in time for a whole new set of eyes next week.

And that just might sell your home. After all, so much in real estate is about first impressions. Most home buyers have basically made up their minds within moments of arrival for a showing.

Start with a clear-eyed examination of the home's curb appeal, since that's the very first thing they'll see. Then look for easy fixes that will make your property more visually appealing, like decluttering. In many cases, you don't need an expert landscaper or interior designer — just a little elbow grease.

Here's a weekend's worth of things to focus on, either before you list your home or if you find that it isn't getting as many looks as you'd like:

CUTTING THROUGH THE CLUTTER

One of the easiest ways to make your home seem more welcoming, and larger, is simply to get rid of some stuff. This can be overwhelming for some people, in particular those who place great sentimental value on certain items. Ask yourself some tough questions, however, about how much you really treasure or use these things.

Plan to spend a Saturday (or Saturday and Sunday, depending on your situation) simply decluttering.

Make piles for things you'd like to sell, donate, recycle or throw away. Friends and family can help you with the sorting if you have trouble making hard choices. Take everything

except what you'd like to sell immediately to the recycling center, dump or local charitable organizations. Ask friends to hold onto items you intend to sell. Piling all of that up in the garage or attic defeats the purpose of decluttering, and you might be tempted to hang onto to it all anyway. Schedule

a yard sale in the coming days.

DOING A DEEP CLEAN

Take a second day to deep clean everything, inside and out. If that task is too much to handle alone, enlist others in your immediate support group

— or schedule an outside vendor to tackle the most difficult chores. Lawn debris, dirty siding, soiled carpet, dusty fixtures, dull wood floors and other general dirt and grime will turn off potential buyers before they ever consider the positives that your home has to offer.



Consider a Townhouse

Townhouses have a number of welcome benefits other homes can't match

Interested in being closer to bustling city centers, living in a more tightly knit community or simply tired of yard maintenance?

Buying a townhouse might be right for you. They're more affordable than single-family homes, while also offering a bit more peace and quiet than less private condominiums. Many homebuyers find them to be a perfect middle ground if you are new to the market, an empty nester looking to downsize, and pondering retirement options.

Developers have caught on to the trend, as townhouses have become some of the fastest-moving properties in some markets. Those who are ready to sell older townhouse properties have also benefited from the trend.

Considering a townhouse purchase? Here's a look at why these properties might work for you, and how to enter this exciting market:

TOWNHOME LIVING

Townhouses are tall, slender properties that share a wall with one or more neighbors, but unlike apartments have their own dedicated exterior entrance. They are built as part of a planned development, so there are typically associated apartment-like amenities like a pool, gym or park. The princi-



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pal advantage is that townhouses are often far less expensive than condominiums or duplexes.

MANY CONVENIENCES

Part of the decision-making process with these properties is a rundown of which amenities are offered. Sometimes, that can make the difference when considering places of similar

size. If you're considering a pair of townhomes and one has a well-maintained park on the grounds, that could tip things in another direction.

You will likely be part of a homeowners association, so be sure to factor in any dues into your monthly expenses before deciding. The HOA usually takes care of general maintenance, so you don't have to

worry about exterior issues, keeping the pool clean or mowing the grass. Closely examine the homeowners association contract to determine which specific repairs are covered.

DIFFERING MORTGAGES

Townhouses sales sometimes boast lower mortgage qualifications than other properties, according to the

National Association of Realtors. Shared walls and foundations also ensure a lower price per square foot. You'll hold legal title to the property, as with a condo, so factor in mortgage interest and property taxes when deciding. Depending on your situation, there is some tax relief associated with those payments, as well.

When It's 'For Sale By Owner'

You've seen the signs, but what exactly is the difference when buying?

There are risks and some challenges involved with purchasing a property without the help and expertise of a real estate agent.

In some cases, it might streamline the process. There may also be some savings, since you won't have to pay a commission. But you'll also have to do a substantial amount of additional work.

For instance, you'll have to familiarize yourself with local rules and regulations involving home sales and negotiate the deal yourself, while securing a favorable bank loan.

Here's a look at the pros and cons of buying directly from the owner.

WHEN THEY SELL DIRECTLY

Sellers choose to sell their own home in order to avoid paying associated fees. In some cases, that may mean that they won't work with your agent, either. In that instance, you'd have to do your own research into comparable home sales, and might not have the same access to precise facts and figures. An agent will be able to more easily sniff out irregularities in the contract, in the pricing or with the property itself.



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If you're not familiar with the property's fair market value, you could end up paying too much. Either way, you will be making an offer directly to the seller, rather than going through the process with real estate pros hashing everything out. Make sure you're prepared for the typical contingencies if you decide to deal with an

owner directly.

REALTOR SERVICES

Sellers with no real-estate agent avoid paying commissions, and sometimes other fees. They may also require a one-on-one negotiation on the buyer's side, too. This obviously can save some money on the back end, but there are also

important duty and service gaps which someone will have to fill. Beyond their expertise with things like comparables, agents work with and can recommend a network of licensed professionals including inspectors and home appraisers to smooth the way for your sale.

Owners may not even be aware of some of the unseen

issues with their property, or may not know what they're required to disclose in order to sell — and you could be left with a huge problem after closing. Agents and the attorneys they connect you with are familiar with the intricacies of real estate law. If your contract isn't up to snuff, it might scuttle the entire sale.

Buying a Property at Auction

Are you ready for the exciting buzz associated with bidding?

Investors typically leverage real estate auctions to find more affordable properties, but anyone can get involved.

These accelerated real estate transactions are usually announced through local news outlets, opening the door for great deals for those who are willing to get into a bidding war. They can present a winning proposition to sellers, too.

TYPES OF AUCTIONS

The highest bidder wins in an absolute auction, no matter the amount they'd bid. In this scenario, a \$1 bid might claim the property. Minimum-bid auctions ensure that bids cover any mortgage balance or taxes that are still owed. In a reserve auction, bids are treated like offers that can be accepted or rejected.

FOR SELLERS

No one is window-shopping at these auctions: Buyers arrive ready to make a purchase. That's particularly attractive for those who have been paying lengthy carrying costs like maintenance and taxes while a home went unsold. Prospects are pre-qualified. There are no time-consuming showings of the property, or lengthy negotiations on a price. Competition among prospective buyers may also build up



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the price in a negotiated sale. Competitive bidding begins at a fair market value in most cases.

FOR BUYERS

Depending on the bid, these properties can be a very smart investment. Sellers are likewise ready to participate in a streamlined process, without the risk of drawn-out negotia-

tions. Choice and selection are guaranteed, since auction often include many offerings in the same price range and in the same general area. The extended period of time between making an offer and securing the purchase is eliminated. Closing dates are agreed upon in advance. A due-diligence packet offers the fullest possible property

disclosure before bidding begins.

THE RISKS

When everything works as it should, there are notable benefits for both buyers and sellers. But purchasing a property at auction isn't without its risks. The National Association of Realtors cautions that buyers need to

arrive at the auction having done as much research as possible. For instance, are you prepared to put in the work on a condemned or distressed property that might have been closed up for an extended period of time, or have other general maintenance issues? All sales are final in an absolute auction, so a seller can't back out if a bid is too low.

First-Time Land Purchases

They're one of safest investments you can make, but it's not always a straightforward process

Those interested in buying land for commercial, farm or residential use must contend with a variety of rules and regulations.

Even if you're just hoping to build your dream house, you should study up before diving into the complex world of first-time land purchases.

Here's a look at some of the key things you'll need to become familiar with before submitting an offer.

DIFFERENT ZONES

Mark Twain once praised land as a perfect investment, since they're not making any more of it. But not all land is created equal. Different plots are zoned for specific uses. These classifications limit the kind of buildings that can be built or its future uses. The point of these laws is to ensure that someone doesn't build something like a manufacturing plant in the middle of a neighborhood. Typical zoning restrictions include residential, agricultural, commercial and mixed use. So which one is in place for your potential purchase? Don't take the seller's word for it. Reach out to your local government's planning and zoning department to find out more about these restrictions before getting into nego-



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tiations for any piece of land.

LAY OF THE LAND

Fair market value can also be impacted by topography. Land that is in a flood zone may not be eligible for development or may require expensive remediation. Online mapping tools are helpful in understanding how things like

drainage impacts your purchase. Hills, ravines, creeks and valleys will be visible remotely. Paperwork on file with the county or state will also provide details about things like elevation. But you should view the plot before making an offer, even if that means traveling long distances. In the end, responsibility

for profiling any prospective investment is ultimately yours.

TAX CONSIDERATIONS

As with homeownership, the costs of buying a piece of property for development don't end with your down payment and monthly mortgage. There are also tax considerations, and depending on the

area of the land, they may be sizable. Study the tax obligations associated with the purchase before making an investment decision. Your tax bill should fall between 1% and 4% of the proposed purchase's full-market value. Check tax records from the past at county offices in order to learn more.