



Real Estate

YOUR HOME | YOUR LIFE

A Good Time to List

On the fence about selling your home this year? Even while there's little time left in 2019 to put your home on the market, if you're interested in selling experts say it may be the best time to do so. Home price growth has been sluggish since 2018 and is expected to remain that way, but waiting for 2020 may be a mistake, experts say. Here's why.

NEW BUYERS

The days of the last peak in home sales are behind us, but a shortage of housing will keep those who are shopping active, according to U.S. News & World Report. It may take longer to sell your home, but turning a profit is still possible. Who are those buyers? Mostly millennials looking to buy their first home, according to the real estate company Trulia. That generation is also the largest group of buyers, according to the National Association of Realtors.

INTEREST RATES

Rising interest rates wrongly signal trouble with the econo-



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my, says financial expert Dave Ramsey. In fact, rising interest rates are the sign of a growing economy designed to stave off inflation and create stability. Still, they make some buyers reticent. Make sure you work with your Realtor or agent to help you set expectations.

HIGHER EQUITY

If you purchased your home in the midst of the recession or

just after, you've benefited from historically low interest rates, and your home equity has risen, reports U.S. News. That means every mortgage payment and each renovation you've made will net get more money from your home when you sell it. You'll benefit from having a larger down payment for your new home and lower interest rates.

RECESSION LOOMING?

While market forces are not expected to change significantly in 2020, a survey of real estate experts and economists by Zillow says they expect the next recession to begin at some point next year. So conventional wisdom points to putting your home on the market sooner rather than later.

All these factors — low

inventory, the chance to turn a handsome profit, mortgage rates, a flood of millennial shoppers — all create an atmosphere ripe for sales. "From a seller's perspective, you're going to have possibly more interested buyers," said Daniel Hale, chief economist for Realtor.com, in an article on that site. "So that's motivation to put your house on the market."

Millennials Changing the Game

Millennials are known as disrupters, so when it comes to the housing market it's no surprise that this generation is upending the conventional process.

Older millennials are flooding the buyer's market seeking homes. But the way they view the market is vastly different than their parents or even the generation that preceded them. Here's some ways millennials are making the market adjust to them.

One big factor: Economics. First-time homebuyers need almost a quarter of their income to afford an entry-level home, up 2 percent from a year ago, according to The Real Deal, a real estate website. And those previously owned homes have reached a record median price of \$264,800. So the barrier is high, especially for younger buyers, the site reports.

It's also no secret that millennials are waiting longer to get married or partner. That results in the lack of a need for a large home, so they're naturally waiting longer to buy. When they are ready, chances are they've accumulated more wealth, settled in to an area where they plan to stay and have a firmer grasp



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on what they want — and they may be looking past starter homes.

Unlike previous generations, millennials are also renting longer, biding their time paying off student debt (now at an all-time high), rising through the ranks in a profession and waiting until they can afford the homes they want. And those homes don't look like they did to pre-

vious generations. Some are skipping over starter homes and taking advantage of the delay in buying to purchase a much more luxurious home.

"These people, who may each have 10 years of work under their belts, can afford a first home that is more luxurious than what one thinks of as the typical starter home," Fred Cooper, a senior vice president at Toll Brothers, a

luxury home builder said in the article.

In between, millennials are comfortable renting in the city, according to a recent article in the website Investopedia. A Pew Research last year found that 88 percent of millennials live in metropolitan areas. And instead of buying a starter home, some millennials are opting for the best of both worlds: city life

and a vacation home they can enjoy but also rent out.

"For less than \$350,000 — an amount that barely buys a studio in brownstone Brooklyn these days — they are finding that they can afford homes with three bedrooms or more on several acres of land, sometimes on lakefront property, or with a pool," wrote Michelle Higgins in a New York Times story.

The Other American Dream

If home-ownership is a big part of the so-called American Dream, owning a vacation home must land somewhere in the Top 10 for many.

Everyone needs and looks forward to vacations. So if you find yourself visiting the same area frequently, owning a vacation home there makes a lot of sense. If you are considering such an investment, here's some helpful considerations suggested by Realtor's Magazine as you begin your quest.

THE MARKET

Depending upon where you're looking to buy and the type of home you seek (single-family, townhome, condo), what you'll pay will revolve around inventory, demand and current market conditions locally and nationally. The most recent survey by the National Association of Realtors found that the majority of buyers favored single-family homes and purchased a property for vacations rather than to diversify their investments. So trending prices and long-term return on that investment may be of lesser consequence than simply the enjoyment of owning a vacation home.

SAVINGS AND COSTS

Chances are with your own vacation home, you're savoring not only the relative luxury and privacy but the savings potential. No more expensive hotel stays or spending on eating out for all meals. But the costs of owning a second home are also significant: higher interest rates, insurance, maintenance, as well as travel should all factor into bottom-line considerations. Carefree vaca-



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tion living for many doesn't mean mowing the grass.

DISTANCE

The frequency with which you would visit a vacation home depends largely on how far away it is. According to the NAR, the typical distance from the owner's primary home was 170 miles. Of course, if you're seeking a home near a particular attraction that's farther away proximity may matter less. Some say paradise is better when it's closer; others see the value in a home near the beach, mountains or amusement parks. Many also see their vacation homes as future retirement homes.

FURNISHING AND AMENITIES

Among the significant extra costs of a second home are its furnishings. Decorating is another burden many don't envision when dreaming of a vacation getaway. Fortunately, many sellers wisely offer vacation homes fully furnished.

Amenities, in-home and nearby, are also an important consideration. If you want a pool, a spa, an outdoor kitchen or a luxury entertaining space indoors or out, expect to pay more. The home's proximity to prime locations, restaurants, clubs and shopping will also add to your costs.

RENTING THE HOME

A major offset to all the financial negatives of owning a vacation home is the ability to rent it when you're not using it. But buyer beware: Some homeowner's associations ban or restrict renting, the NAR warns. Realtors also recommend consulting insurance agents and lenders on guidelines and tax consequences of renting — rules differ if the home is primarily an investment property or a true vacation home.

Finally, the NAR suggests the old adage of try it before you buy it. Renting a potential vacation home for a year should give you a good idea if fantasy meets reality.

Fixer-Uppers: Gems in the Rough

Is that fixer-upper home you've been eyeing a hidden value or a money pit waiting to drain your bank account? That's the quandary faced by those who choose to consider restoring a home to its former glory.

The enduring appeal of home-renovation TV shows points up the potential for savings and customization possibilities, but also the downside when cost overruns begin to add up. Here's some guidelines to consider when approaching investing in a fixer-upper.

'WORST HOUSE ON THE BEST BLOCK'

That's the gold standard of investing in a fixer-upper. Finding a home in need of restoration in your dream neighborhood may be all the motivation you need to go all-in. Of course, you should consider just how much of a fixer-upper you're willing to take on — and can afford. First, hire an inspector to reveal any potential hidden problems in wiring, plumbing, structural issues or other high-dollar deal-breakers. Because you may not live in Waco, Texas, with Joanna and Chip Gaines on your team, you'll want to make sure your dream home renovations match your budget. Restorations can quickly get very expensive as the inevitable add-ons come into play.

UPDATING OR TOTAL DO-OVER

Some fixer-uppers are simply in need of some TLC. And if you're an experienced do-it-yourselfer with the valuable skills necessary to restore a home at this



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lower-level of renovations, the appeal may be even more attractive. If the home requires extensive renovations, mixed with substantial design and amenity upgrades, the appeal may not fade but your patience and budget may. Most renovations and upgrades can add instant value to a home; others, such as expensive but essential hidden repairs like beams and load-bearing walls, won't "wow" anyone.

TO LIVE-IN OR NOT

Most renovations are not just taxing financially but can also take a toll on your patience, especially when problems cause delays. Choosing whether to live in and through a renovation is a decision that may or may not be one of choice. Some might find their expected

ability to occupy another residence cut short and be forced to move in during a renovation or for at least part of it. Others might heartily dive in and believe they can weather the difficulties and that their on-site presence will help usher the project along. Still others have no choice. Be sure to consider the discomforts and gauge the extent of your obligations and responsibilities.

WHAT COULD GO WRONG?

For one fixer-upper who did everything right, things still went wrong. In a story in U.S. News & World Report, Laura Hedgecock relates that very tale. She and her husband "checked the builder's references, checked him out with the Better Business Bureau and looked at his projects. We went over the

contract with a fine-tooth comb, kept all the sworn statements and refused to write checks without releases." But that didn't spare them the unexpected, expensive surprise that her contractor had run out of money and many of the materials used in her renovation had yet to be paid for.

While problems always crop up on "Fixer-Upper," they're always quickly resolved, mostly on-budget, and everyone's happy with the big reveal. That's not always the case in reality. There can be great job and pride associated with renovating your next home — and great pain and disappointment. Do your homework and make sure you're ready for all the trouble and potential extra expense before you decide to take on such a project.

High-Tech Buying and Selling

Technology has done more for real estate than simply allow you to search for homes and apply for a mortgage on your smartphone.

Top developers are now working at ways to create a frictionless environment, one-stop systems that relieve much of the inconveniences buyers and sellers have faced for decades in the “analog” world of real estate. Here are some of the top ways new technology and algorithms are changing the landscape for would-be home-sellers and home-buyers.

KEEP MOVING

One of the most frustrating acts of selling and buying a new home is the lag between selling your old house and closing on your new one. Moving in and out never seems to line up efficiently. Enter new tech companies called “iBuyers.” These tech companies are attempting to make that process a snap. Two of the most notable, Opendoor and OfferPad, work this way: After answering some questions, the companies use an algorithm to offer a fair market value for a home, providing all-cash offers in as little as a few days. The firms then clean up and sell the property themselves just like a traditional broker-



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age. The fee? Above the average of 7 percent, but many see the time savings as a huge advantage. Other tech companies work on a trade-in model, like Knock and Ribbon, buy your new home and sell your old home for you. Ribbon lets you rent your new home until your old home sells.

BROKERAGES AS BUYERS

Also getting in on the bro-

ker-buys-your-home business are well-known real estate websites Zillow and Redfin. Until recently, operations such as Zillow earned most of their money in the traditional model of selling advertising to real estate agents, according to the website Curbed. But as digital ad revenue has dwindled, both Zillow and Redfin have closely eyed buying homes themselves. Like the iBuyers, these companies are targeting models designed to

reduce the difficulties buyers and sellers traditionally faced — and they’re both projecting huge rewards, according to Curbed, seeking to be one-stop outlets for real estate transactions. Zillow Offers is a new venture for the company, but Redfin has been testing its service for two years and has also launched its own mortgage firm, in addition to selling title insurance.

So far, all these high-tech, one-stop options are opening

in large metropolitan areas, where using tech to conduct high-value business is second nature. And since these ventures are new, it’s not known that one model will outperform another. But the prospect of integrating the entire process under one roof — or on one dashboard — obviously has both great appeal for consumers and great opportunity for the companies who can provide it with transparency and value.

Become a Live-In Landlord or Host

Have an unused room in your home? Or do you vacate your property frequently? In either case, it's probably occurred to you that the extra space, or even your entire home, could work for you rather than sit empty while you're paying for it.

Depending upon your situation, you might be capable of doing both. If the prospect of either is appealing but confusing, read on. Here's some things to consider if you're thinking about becoming a landlord or host.

STRATEGY

Begin with a formula based on your situation. Both long-term rentals and home-sharing services like Airbnb can bring in extra income. If you are seeking a steady flow of income and have a room, apartment or detached living space on your property, becoming a landlord might suit you best. If you're out of town frequently, say for up to a month or less, and would like your home to earn extra money for you while you're away, Airbnb might be the best bet. Both have their pros



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and cons.

LONG-TERM RENTALS

You may be more familiar with the idea of a traditional rental. With this option, you'd seek a tenant under contract for at least six months. Some considerations:

Ensure you interview prospective tenants, get references and do background checks. You'll be living with them for a long time, so you'll want to know more about them.

Make sure the rent meets your financial goals. You can't change it once the contract is

signed.

Keep in mind such extra expenses as maintenance, insurance and other upkeep and factor that in when establishing the rent.

Utilities: Ideally your extra space will have its own utility connections for the tenant to pay. If not, add those average expenses into the rent.

Furnishings: Are you offering your space fully or partially furnished or unfurnished? You can add more money to the rent for a furnished apartment or room, but know that

there will be a certain amount of wear and tear.

SHORT-TERM RENTALS

You've likely at least heard of Airbnb, the platform that acts as meeting place for those with a space to rent for a short term and guests. It's an imperfect but potentially profitable route to earning extra income from your home that, like long-term rentals, comes with its own concerns. Here are but a few of the main ones:

Renting through Airbnb is

easy and a great way to earn quick money, especially if you live in a large, business-focused region or tourism-oriented city. Rentals and guests are somewhat vetted through the program, but keep in mind you are renting your home and relying upon your guest to treat it with care.

Listing your home on Airbnb is free. The service earns its money through the booking fees. Like other sharing platforms, such as Uber, guests can and do review your home after visits, so ensure that you're up to keeping your place spic-and-span to keep more reservations coming.

Airbnb can be seasonal, so it's not always a reliable source of rental income.

Do some research. Visit the site and spend some time looking over the properties and guests reviews. Imagine yourself as a guest and pick up on the elements of a property you admire to give yourself a starting point. Read the reviews to give you an impression of routine pet peeves and how to avoid them.

Either situation can make a significant impact on positive cash flow, but look before you leap. If you've never rented your home before, giving Airbnb a trial run can provide you sense of the pros and cons and help you decide whether you're a natural long-term landlord or a short-termer who can benefit from the rental every once in a while.

Make a Great First Impression

We've all heard the old adage that real estate is three things: location, location, location. While this may be true, it also makes sense to make your home as attractive as possible once a prospective buyer is sold on the location.

That's where staging comes in. Buyers want to get a sense of how their own furniture and tastes will fit into a new home, not yours. There are several ways to achieve a valuable staging, but each requires some thought and investment to aid you in a successful sale.

STAGING PAYS OFF

Why stage your home? No. 1 — it can really make a difference in time on the market. A recent National Association of Realtors study found half of buyers' agents said staging affected a purchasing decision; more than three-quarters said it helped buyers envision themselves in the home, according to a report on the real estate website Trulia.

STAGING TIPS

Whether you plan to live in your home while it's on the market or have already moved into a new home, here are some practical tips to keep



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your home perfectly staged. It's not easy, but it's well worth the effort.

The no-brainer: Clean and declutter. Keep the kitchen and bathrooms sparkling and the rest of the house tidy, vacuumed and dust-free. Box up personal items and store them outside the home — potential buyers check closets, too! If you have pets, you may want to invest in a professional cleaning.

Lighting and temperature: Buyers like bright rooms, so lighting is important. Keeping shades and curtains open also

helps smaller rooms look larger. Create an inviting atmosphere by making sure all your fixtures are working and attractive. Test different levels of light and temperature to help achieve the proper balance.

Which rooms? You don't have to stage every room in your home, but a few are essential. The NAR survey recommends staging the living room, master bedroom and kitchen for maximum effect.

Furniture: If your furniture is older, you might want to consider renting new furniture. It can be expensive, but the

results will be rewarding. It may help sell your home faster and you'll detach yourself from any personal favorites.

Of course, if you've already moved you'll want to rent new, neutral furniture for your staged rooms. This will give you the opportunity to play with different arrangements and layouts — even ideas for your new home.

Curb appeal: Make sure the outside of your home is attractive as the inside by power-washing the driveway, cleaning windows, keeping the lawn and greenery trim and

any outdoor furniture clean and neat.

Extras: Make sure the house is fresh by adding scented candles. Adding such touches as fresh flowers, bowls of fresh fruit and dressing up bathrooms can all add to a home's appeal.

Attractive staging will hopefully achieve the stated goals, but it will also remove much of the sentimentality attached to your home and help you see it as more from the perspective of the buyer — which is, after all, the point and the path to a quicker sale!