

Real Estate

YOUR HOME | YOUR LIFE



How to Research the Market

We all want to find the best deal on a new home, but we have to also be willing to put in the work.

Researching the market can seem like an overwhelming experience. If you've been watching the housing sector in 2021, you have probably noticed new home listings being snatched up in the blink of an eye.

Demand is strong for new homes, and this trend looks to continue into 2022. The best way to make sure you're ready to strike when an ideal listing hits the market is to understand your goals and research what's currently available.

Once you've gone through the pre-approval process with your local bank and found a strong agent with a strong reputation for putting people in good homes, it's time to put together your game plan and start researching.

WHAT TO RESEARCH

Work with your local real estate agent to evaluate the prices in the area by checking online listings or reviewing your regional newspaper's advertising section. Look closely at photos of the home and consider the neighborhood.

Ask your agent for as much information as possible about the home and match it against your list of "wants." If it seems like a good fit,



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schedule a tour of the home or drive past it yourself to get the lay of the land.

Try not to fall in love with the first home on your list. Just like finding a quote for a home improvement project or a new car, experts recommend visiting three to five

homes at least to make sure you understand all of the pros and cons of various properties.

OTHER THINGS TO CONSIDER

The overall condition and neighborhood of the home

should be your top considerations, but don't forget to think about school districts, amenities and nearby attractions.

If you're moving to a new town, it's a good idea to do as much research as possible before landing on a home. Check local tourism websites

and schedule appointments with virtual agents to ask about the best parts of town for your needs.

Research is the key to finding a new home and making sure you have realistic expectations of what you can afford on the open market.

Home Office Demand Increases

This is the year most of us have spent our lives at home — and this includes our professional lives.

Whether you're working off the kitchen table or set up in the basement, many people looking for new homes are including a home office as a "must have."

The real estate industry has certainly taken notice, with buyers paying more attention to available work space within a potential home and sellers doing their best to stage comfortable work-from-home quarters within their listed homes.

WORK-FROM-HOME CULTURE

While working from home is nothing new, it's more widespread due to the impacts of the COVID-19 pandemic. In 2018, the U.S. Bureau of Labor Statistics reported that 23.8% of full-time employees worked some amount of time from home.

A Gallup poll found that 56% of U.S. workers were "always" or "sometimes" working remotely in January. The percentage of workers punching in from home hit a high of 70% in April 2020 and has subsequently decreased each month, according to Gallup.

IMPACT ON REAL ESTATE

According to the real estate company, Rocket Homes,



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there has been a 16.8% increase in the number of listings that contain the word "office" when compared to last year.

This is an interesting statistic to consider, whether you're looking to buy or sell a home. Sellers are marketing extra bedrooms in their homes as offices while buyers are on the hunt for homes that feature

some type of work space.

CONSIDERATIONS FOR BUYERS

If your work requires quiet and privacy due to phone or video calls, you may have more specific needs than a professional who is less limited on where they set up shop.

When looking at potential homes, consider the location

of the home office and determine whether or not it will fit your needs.

It may not be a deal-killer if the home you're considering doesn't have a home office. Get creative when visiting the home, and look for garage space that you may be able to convert or even loft areas that could be updated and made into an office. If you simply

don't have the space elsewhere, use a spare bedroom or corner of the living room as your work space.

No matter what you decide, it's important to let your agent know about your desire to have a functional, professional location for your home office. He or she can help you translate your needs into the perfect home.

Pros to Hire when Selling

There is a seemingly a large number of professionals you need to get involved in the process of selling a home.

Between real estate agents, mortgage brokers, insurance agents, appraisers and home inspectors, you may need both hands to count all of the local helpers needed to pull off the buying or selling transaction.

FIND A LOCAL AGENT

Do your best to not become overwhelmed by the people you'll be working with and instead focus your attention on finding a local, qualified agent. These professionals will make your life easy by helping coordinate all of these moving parts.

It is their job to communicate with you throughout the process, as well as with all the other vendors and partners involved.

An agent will also be able to give you an honest, straightforward assessment of your home. This will include pointing out any of the potential issues buyers might have with your home. An assessment and appraisal will help you determine what areas of the home you'd like to fix up before putting it on the market.

You may find that renovating the bathroom or kitchen before selling the home may boost its value, but will it do so in a way



that guarantees a high return on your investment when it sells?

Working closely with your agent can prevent you from hiring out expensive work that may not benefit you in the long run.

OTHER PROFESSIONALS TO CONSIDER

Here is a list of other professionals you may consider hir-

ing before putting your home on the market.

Photographer. Many times, the real estate agent who is listing your home will take care of executing a photo shoot of your home so he or she can share the images on their marketing materials. You may consider taking on this project yourself by hiring a local photographer. Remember that a large part of selling your home

quickly is attracting the right kinds of buyers. Slick, professional photographs of your home may be a deciding factor for prospective buyers.

Home stager. People buy a home based on emotion. Can they picture themselves living in the space comfortably? A professional home stager views your home from the buyer's perspective and will give you real-world advice you need to

make sure your home sells quickly.

Painter. Getting your home back to neutral colors before putting it on the market is one of the best cosmetic choices you can make. Every prospective buyer will have different preferences when it comes to color, so it's best to hire a painter to give your rooms a professional, general shine before you list the home.

Agent vs. For Sale by Owner

When you're selling your home, the thought may cross your mind to list it for sale by owner (FSBO).

While this may be achievable, there are many reasons real estate industry professionals advise against it.

One is the impact on your wallet. According to the National Association of Realtors' 2019 Profile of Home Buyers and Sellers, "FSBOs typically sell for 40% less than the selling price of other homes."

NAR's data shows that in 2019, FSBO sellers sold for a national average of \$200,000, while agent-assisted sellers sold for an average of \$280,000.

Only 11% of sellers in 2019 chose to list their homes without an agent, according to the NAR.

WHAT A GOOD AGENT DOES

A qualified, professional local real estate agent simplifies the process for you, saving you time and money. By interacting with potential buyers and by engaging only with serious potential buyers, you can be more protective of your time.

Agents are experts in handling contractual or financial challenges that become critical to the sale. Having to deal with these issues yourself may leave you stressed, and



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you may be underqualified when it comes to handling legal complications.

CONSIDER THE COST — AND THE SAVINGS

Real estate agents generally command up to 6% of the sale price of your home. The work they do — including facilitating negotiations, structuring contracts and answering all of

your questions along the way — makes them well worth the commission.

How long your home sits on the open market can also be impacted, depending on if you choose to use an agent or list the property yourself.

Agents are trained to help you sell your home as quickly as possible. This is another factor to consider when try-

ing to decide whether or not to hire an agent to help sell your home.

PLUG INTO THEIR NETWORK

Real estate agents are professional networkers. Along their careers, they interact with many different locals, both in the community and in the business world.

Many have a list of preferred providers, such as lenders, builders, appraisers and inspectors, who they have worked with in the past and who they trust to refer to you.

Consider this as you look for your agent of choice, and be sure to ask them what kinds of networks they have built over the years.

Invest in a Vacation Rental

When it comes to buying a second home, timing is everything. Both for your personal finances and the market, you likely are waiting for everything to line up correctly.

According to many experts in the vacation rental market, that time may be now.

Demand for vacation rentals, also known as short-term rentals, has dramatically increased since last year. After a year-plus of being shut away in our homes, many Americans are ready to escape their daily lives for a fun trip away from their living rooms.

Now, with the growing availability of COVID-19 vaccines, more travelers are planning future getaways with their friends and family members.

This makes it an interesting time to assess the market for those with disposable income and dreams of becoming a property investor.

Consider these statistics:

- In a recent Vacasa survey of U.S. travelers, 59% said they plan to take a vacation in 2021.
- 52% said they would stay in a vacation rental more often in the future.
- A recent National Association of Realtors survey found there was a 16% increase in second home sales in 2020.



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LOCATION IS EVERYTHING

One of the first things you'll learn when you get started as a real estate investor is the importance of location. Experts say this is the single most important factor in determining your success as an investor.

You can invest a lot of

money and time into a vacation rental home, but if there is no demand for it, you may be wasting your resources.

GETTING STARTED

Below are some things to consider when deciding where to invest in your first vacation rental.

In determining any of these

data points, it always pays to enlist the help of a qualified, credentialed agent from your area.

- Property prices, rental rates and the price-to-rent ratio for the local market.
- The market's real estate appreciation rate.
- Tenant occupancy and vacancy rates.

• Tourism growth and potential.

• Average income for families in the region.

Once you understand these statistics, you can start to see a fuller picture of the vacation rental market in your area. Use this data to inform your conversations with real estate agents and lenders.

COVID-Driven Market Changes

The coronavirus pandemic continues to impact the real estate industry in a big way. From consumer protection to brokerage operations, many portions of the sector have seen significant change.

And while different parts of the country have experienced different changes, the National Association of Realtors urges homeowners and potential buyers and sellers to check with their local realty companies for information specific to their region regarding COVID-19 and its impact on the real estate market.

CARES RELIEF

According to the NAR, if your mortgage is one of the 5 million in the United States not backed by a federal entity, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes a coronavirus mortgage relief mandate, doesn't apply.

But the NAR reports that many banks and other lenders are suspending mortgage payments or offering forbearance. This is where localized support can make a big difference in your overall protection.

Contact your local lender to find out what's available in your area.



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GUIDANCE FROM THE GOVERNMENT

Fannie Mae and Freddie Mac have issued the following guidance:

- Homeowners who are adversely impacted by this national emergency may request mortgage assistance by contacting their mortgage servicer.
- Foreclosure sales and evictions of borrowers are suspended for 60 days.
- Homeowners impacted by this national emergency are

eligible for a forbearance plan to reduce or suspend their mortgage payments for up to 12 months.

- Credit bureau reporting of past due payments of borrowers in a forbearance plan as a result of hardships attributable to this national emergency is suspended.
- Homeowners in a forbearance plan will not incur late fees.
- After forbearance, a servicer must work with the borrower on a permanent plan to

help maintain or reduce monthly payment amounts as necessary, including a loan modification.

PROTECTING YOURSELF

The NAR offers multiple resources to help protect consumers and their finances, especially during the pandemic.

The Federal Trade Commission provides advice on avoiding scams related to the coronavirus such as

attempts to steal stimulus payments and mortgage rescue scams. Consumers can visit ftc.gov/coronavirus/scams for information or to report a scam.

The U.S. Department of Housing and Urban Development is also offering housing counseling and education for consumers looking to avoid foreclosure. The HUD website has a list of approved counseling organizations, by state (www.hud.gov/counseling).



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Home Prices: By the Numbers

Home prices are shattering records across the country, and there are many factors at play. Buyers are desperate to scoop up new homes with more space and interest rates are at historic lows.

Experts say that cash-rich investors have an opportunity to drive prices up because of the decreased available supply.

Home prices in cities like Kingston, N.Y., are up 35%, Boise, Idaho, is up 33%, and Las Vegas is up 15%, accord-

ing to the National Association of Realtors.

The organization pointed to one recent sale as the perfect example of what's happening on the market: One 1,300-square-foot, one bath home in Tiburon, Calif., went for more than \$2 million, which is a full 58% above the asking price.

GROWTH STATISTICS

Along with increasing prices, there is an uptick in interest when it comes to home ownership, even from generations that have been more apt to rent in the past.

Check out these facts from the research firm, Statista:

- After plateauing between 2017 and

2019, house prices in the United States saw an increase in 2020 and 2021.

- The average sales price of a new home in 2020 was \$389,400 and in 2021, it reached \$408,800.

- Between 2019 and 2020, the number of house sales financed through a mortgage increased from 470,000 to 561,000, surpassing 2007 levels.

- According to a survey among U.S. adults, 28% of Millennials were more interested in buying a home due to the COVID-19 coronavirus pandemic compared to 13% who were less interested.

WHAT THE NUMBERS MEAN

Experts point to the increase in demand as a perfect reason for buyers

and sellers to get into the market. If you've been thinking about selling your home, now may be the time to make some minor repairs and talk with a local agent about your selling potential.

If you've been considering upgrading or downsizing into a new home, this could be your chance to find something on the market that works with your goals.

The key is, it's hard to buy or sell a home on your own. Check with your friends and family members to see which real estate company they've used in the past and coordinate interviews with a few potential agent to find the one who works best for your family.