

SELLING YOUR HOME

THINGS TO CONSIDER WHEN SELLING THIS WINTER



ALISHA COLLINS



RE/MAX
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WINTER EDITION
2020

TABLE OF CONTENTS

THE HOUSING MARKET

- 3** | Four Reasons to Sell This Winter
- 5** | The Market
- 6** | Mortgages Latest News
- 7** | Half of Homes Have At Least 20% Equity
- 8** | Wanting to Sell?
- 10** | Outgrowing Your Starter Home

BEFORE BUYING

- 11** | You Need A Sherpa
- 12** | Asking for Advice
- 13** | Don't "For Sale By Owner"
- 15** | Tips To Sell Quickly
- 16** | Get The Best Return Investment

SELLING A HOME

- 17** | Is It Priced Right?
- 18** | How Access Can Help Sell
- 19** | Why Hire a Professional

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

ALISHA COLLINS



Real Estate Team

RE/MAX
THE GROUP

Four Reasons to Sell This Winter

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com



1. Demand is High

The latest *Buyer Traffic Report* from the *National Association of Realtors* (NAR) states buyer demand continues at a strong rate throughout the bulk of the country. Buyers are ready, willing, and able to purchase, and are in the market right now. Many buyers are competing with one another to buy the same home. Take the advantage while you have the upper hand!

2. Lower Competition

Inventory remains below the 6-month supply desired for a “normal” housing market. There are not enough homes currently for sale to satisfy the number of interested buyers.

Typically, a homeowner stays about six years in their home. Since the start of 2011, that number remains between nine and ten years. There is a repressed eagerness for homeowners to move since they were unable to sell over the last few years due to negative equity situations. When home values continue to appreciate and homeowner equity grows, more homeowners will be given the freedom to move.

Homeowners were hesitant to list in the past for a few years time as they were scared they would not find a home to move into after selling. This is changing now that more homes come to market at the higher end. With new construction the choices buyers have will continue to increase. ***Don't wait until additional inventory comes to market this spring!***

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3. Now Is When Buyers Are Serious

Homeowners believe spring to be a great time to list their homes, but greater buyer traffic will be out actively searching. Yet, buyers who are seeking a home in the winter are serious; whether for relocation purposes or otherwise. They're ready to make offers and they're certain to move, often quickly. Listing now while other potential sellers are holding off may be your best opportunity to shine. Your house may be exactly what they're looking for.

4. Now Is The Time To Move Up

If you are looking into the premium or luxury market, now is a great time to do so. There is currently substantial inventory for sale in the higher price ranges. If you're looking to sell a starter or trade-up home and move into your dream home, you'll be able to do that now. Demand for your entry-level or middle-tier home is high.

Prices are projected to appreciate by 5.6% over the next year according to *CoreLogic*. If you're moving to a higher-priced home, it will wind up costing you more in raw dollars (both in down payment and in your mortgage) if you wait.



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The Market

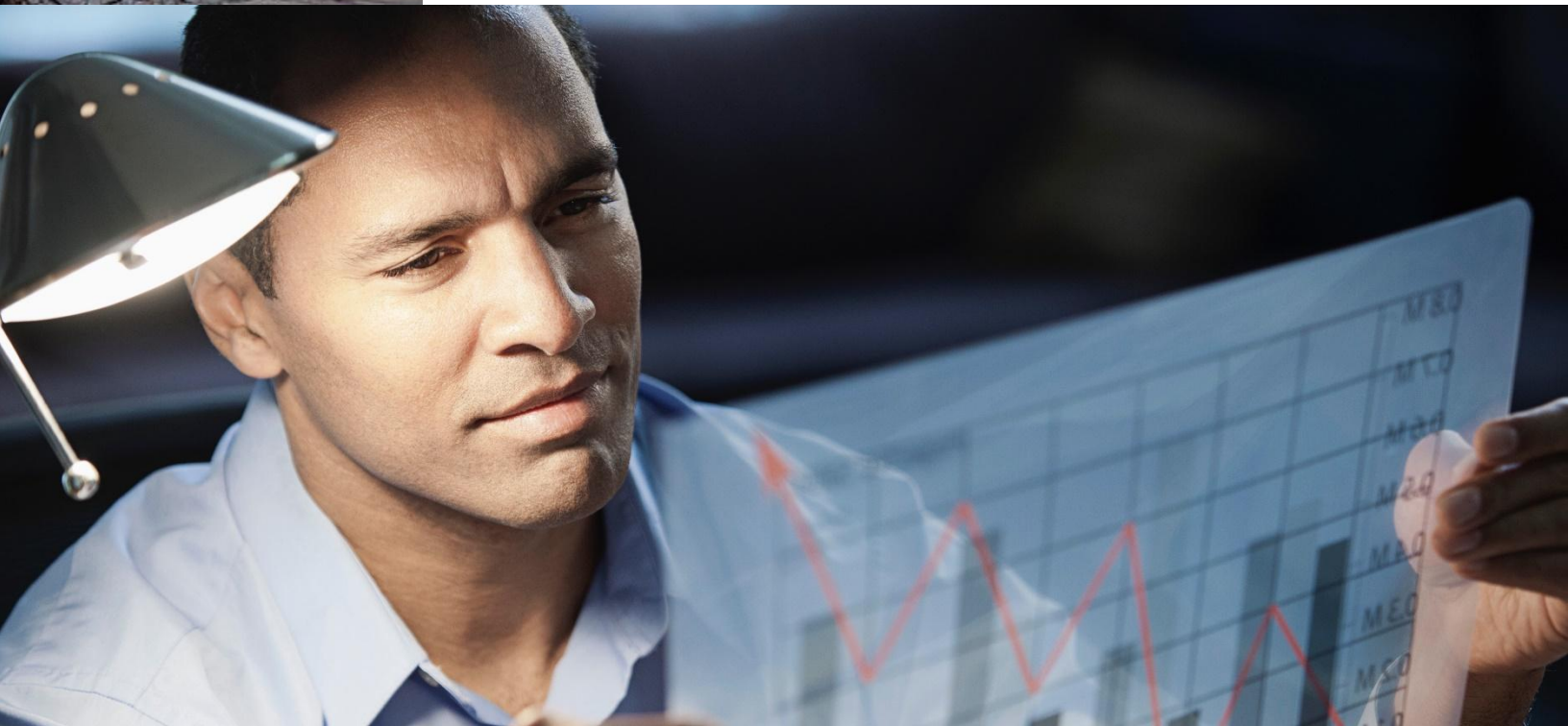
As low mortgage rates couple with home price and wage appreciation, people wonder what the housing market forecast for 2020 is.

Here's what some of the top experts have to say:

Mike Fratantoni, Chief Economist at MBA

"Moderating price growth is healthy, as it allows household incomes to catch up with home values... This improvement in affordability will lead to more home sales – especially given the rise in household formation and growing demand from first-time homebuyers."

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com



Ralph DeFranco, Global Chief Economist at ARCH

"Low interest rates and a shortage of starter homes will continue to push up prices. This is especially the case for lower price points since builders have tended to focus on more expensive, higher-profit houses and less on replenishing low inventories of entry-level homes."

Freddie Mac

"...We expect rates to remain low, falling to a yearly average of 3.8% in 2020 and 2021. The housing market will continue to stand firm: ...increasing to 6.1 million and then to 6.2 million in 2020 and 2021, respectively. House price growth will continue to decelerate through 2021 with annual rates of ... 2.9% and 2.1% in ... 2020 and 2021, respectively."

ALISHA COLLINS



Real Estate Team

RE/MAX
THE GROUP

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

Mortgages-Latest News

Since Q4 of 2018, mortgage rates fell by over a full percentage point hovering at near-historic lows. For sellers who want to downsize or move up to a new home while getting more for their money in the real estate market, this is great news.

According to *Freddie Mac's Primary Mortgage Market Survey*, "We expect rates to remain low, falling to a yearly average of 3.8% in 2020 and 2021."

Freddie Mac notes that this is great news for the market, stating, "Modest increases in home sales and house prices will boost purchase mortgage originations for the foreseeable future."

Working with a trusted agent who can help you keep a close eye on how the market is changing is my best advice. Relying on current expert advice is more important than ever when it comes to making a confident and informed decision for you and your family.

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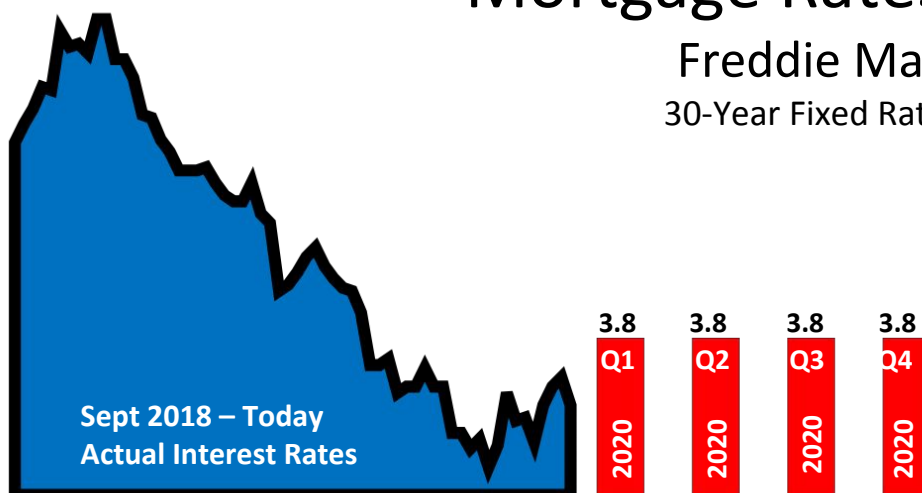


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Mortgage Rates

Freddie Mac
30-Year Fixed Rate



Wanting To Sell?

Right now may in fact be an even better time to list your house, but traditional thinking would suggest it may be best to wait until the spring to sell when there is a flood of buyers in the market.

Overall, we can see the economy is good: wages are rising, there are near record-low unemployment rates, and mortgage interest rates very low too. Over the past 10+ years the housing market has stabilized, so the biggest challenge in the housing market today is ***Inventory!***



According to the *Existing Home Sales Report* by the *National Association of Realtors*,

“Total housing inventory at the end of October sat at 1.77 million units, down approximately 2.7% from September and 4.3% from one year ago (1.85 million). Unsold inventory sits at a 3.9-month supply at the current sales pace, down from 4.1 months in September and from the 4.3-month figure recorded in October 2018.”

Homes are not coming to the market fast enough! There is less than 6 months of overall inventory of homes for sale across the country. This puts us in a seller's market. The challenge is that there are not enough homes for sale to increase the supply needed for the number of people who want to buy, especially in the starter and middle-level markets.

To have enough inventory for the number of buyers in the market in a balanced market, we need to have 6 months of inventory available. Today we are nowhere near that number, and as a matter of fact, the last time we reached that height was August 2012.

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

ALISHA COLLINS



Real Estate Team

RE/MAX
THE GROUP

Half of Homes Have About 50% Equity

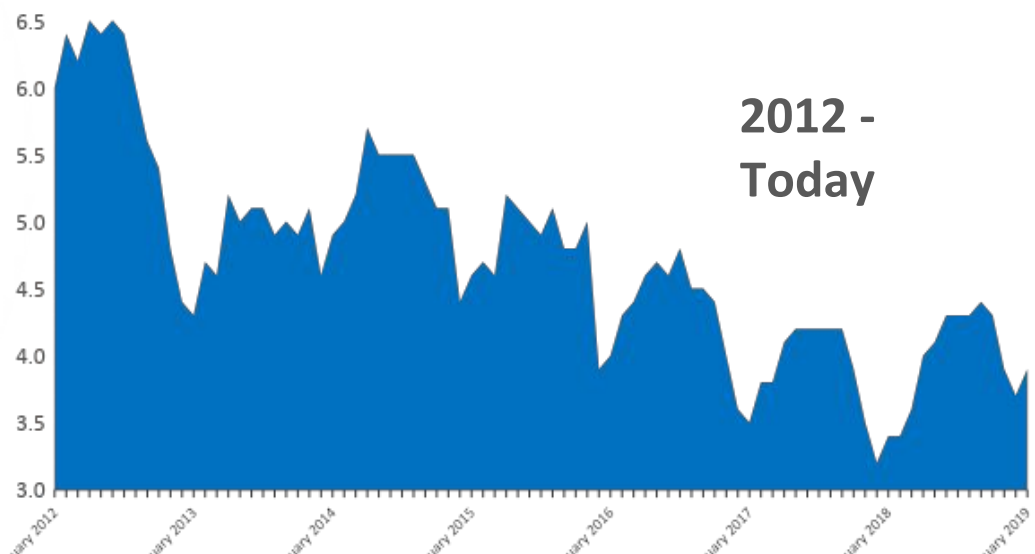
Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

Looking at the inventory challenge, we can see it's a good time to sell your house. Waiting may end up being the hardest part in the long run. In this market, it's best for sellers who own homes in the starter and middle-level markets to take the opportunity to sell in a seller's market, before inventory catches up with demand.

Serious buyers are actively searching and ready to make a move at this time of year. When inventory is limited, selling before more homes are listed could mean a significant seller's advantage to those who are ready to move up. The upper level of the market has much more inventory available to move into.

Now is the time to make your move. If you're considering selling your home, don't wait! Take advantage of the high housing demand and the limited inventory for sale at the lower end of the market. While mortgage rates are low use your purchasing power to go after the move-up home of your dreams.

Months Inventory of Homes for Sale



Outgrowing Your Starter Home

Owning a home is apart of the American dream. The pride that comes along with buying your own home and building family wealth through your monthly mortgage payment is great.

It may seem hard to imagine that the first home you purchased might not be the home that will allow you to achieve the rest of your dreams. The good news is, it's okay to admit your home no longer fits your needs.

According to the latest *Home Price Index* from *CoreLogic*, prices in the starter home market have appreciated at 5.3% year-over-year. At the same time, a report from *Zillow* indicates inventory in this category has dropped 9.4%.

PRICES



5.3%

year-over-year

INVENTORY



9.4%

year-over-year

The statistics are related directly each other. As inventory decreases and demand has increases prices have been driven up.

This is great news if you own a starter home and are looking to move up to a larger home; the equity in your house has likely risen as prices have increased. There is a large pool of buyers out there searching for the American dream, and your starter home may be high on their list.

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You Need a Sherpa

When buying or selling in a typical housing market, you will need an experienced guide you can trust to help throughout the duration of the transaction. Get an agent who can tell you how to price your home correctly, and help you determine what to offer on your dream home without paying too much or offending the seller with a low-ball offer.

This is not your usual “Normal Market”, and the media is full of complex and confusing information to sort through. You need more than an experienced guide. You need a ‘*Real Estate Sherpa*.’



A Sherpa is a member of a Himalayan people living on the borders of Nepal and Tibet, renowned for their skill in mountaineering. They are skilled in leading parties through anything.

You need a ‘*Sherpa*’ or an expert who understands what is happening in the market and why. The right agent who can correctly explain these things, giving you clear understanding so you can make the correct decision for you and your family. It can be challenging, and we are here to make these challenges easier.

ALISHA COLLINS



Real Estate Team

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Asking For Advice

There are three price points in the market. Depending on the city, the price point in each of these categories will vary. Before selling, know this:

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

Starter-Home Market: Price varies in this market. These homes are normally purchased by first-time homebuyers or investors flipping properties for income. Currently, there is less than 6 months of inventory for sale in this space. That means there aren't enough homes on the lower end of the market for the number of people who want to buy them. A low supply like this generally increases competition, drives bidding wars, and sets up an environment where homes sell above the listing price.

According to data from the *National Association of Realtors* (NAR) on *realtor.com*,

"The desire for affordability continues to push down the inventory for homes listed for less than \$200,000.00."

Middle-Home Market: The 'move-up market.' Buyers in this market are growing to a more luxurious homestyle with upgrades, more space, and overall bigger and better homes. This market is looking more balanced than the lower end of the market, meaning it has closer to a 6-month supply of inventory for sale. This market is leaning towards a seller's market, but more neutral.

Premium & Luxury Home Market: With larger homes that have even more custom features and upgrades, we are at the top end of the market. The number of homes for sale is growing for this larger market nationally. In the same *realtor.com* article, we can see that year-over-year inventory of homes in this tier has grown by 4.7%. Today, there are more homes available in the premium and luxury space, leading to more of a buyer's market at this end.

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Zillow PREMIER AGENT™

Don't For Sale By Owner

Rising home prices along with the current inventory may force homeowners to consider selling on their own. However, a *FSBO* might not be a good idea for the vast majority of sellers.

The top five reasons not to FSBO are listed below:

1. Online Strategy for Prospective Purchasers

Research shows 93% of buyers search online for a home. Obviously, that is a lot of people searching through their mobile devices! Most real estate agents have an Internet strategy to promote the sale of your home.

2. Results Come from the Internet

Where did buyers find the homes they actually purchased?



- 55% on the Internet
- 28% from a Real Estate Agent

- 10% Other
- 6% from a Yard Sign
- 1% from Newspapers

The days of selling your house by putting up a sign in your yard or placing an ad in the paper are long gone. A strong Internet strategy is crucial.

3. There Are Too Many People to Negotiate With

Here is a list of some of the people with whom you must be prepared to negotiate if you decide to *For Sale By Owner*:

- The buyer, who wants the best deal possible
- The buyer's agent, who solely represents the best interest of the buyer
- The buyer's attorney (in some parts of the country)
- The home inspection companies, which work for the buyer and will almost always find some problems with the house
- The appraiser, if there is a question of value

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

ALISHA COLLINS



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You Need Advice

4. FSBOing Has Become Increasingly Difficult

The amount of paperwork has increased dramatically as industry disclosures and regulations have become mandatory when buying or selling a home. This is one of the reasons the percentage of people FSBOing has dropped from 19% to 8% over the last 20+ years.

5. You Net More Money When Using an Agent

Many homeowners believe they'll save the real estate commission by selling on their own, but the seller and buyer can't both save the commission.



A report by *Zillow* revealed that *FSBOs* are inclined to do so because they believe it will save money (46 percent cite this among their top three reasons), but they don't actually save anything, and eventually end up listing with an agent.

The same report revealed that,

"While 36% of sellers that (at first) attempted to sell their homes on their own, only 11 percent of sellers—in other words, less than a third...actually sold without an agent."

It appears working with a real estate professional is the best answer.

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

ALISHA COLLINS



Real Estate Team

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Tips To Sell Quickly

1. Make Buyers Feel at Home

Make your home as clean and spacious as possible by packing away all personal items like pictures, awards, and sentimental belongings. This will allow buyers to see themselves there. According to the *2019 Profile of Home Staging* by the National Association of Realtors, “83% of buyers’ agents said staging a home made it easier for a buyer to visualize the property as a future home.”

2. Keep It Organized

Just make sure your home is organized on top of the decluttering. Before buyers arrive, pick up toys, make the bed, and put away clean dishes. Kitchens are one of the most important rooms to stage in order to attract more buyers. Place a scented candle or some baked goods fresh from the oven.

3. Price It Right

When the competition in your neighborhood heats up, you’ll want to make sure your home is noticed. A key to selling your house quickly is ensuring it is *Priced to Sell Immediately (PTSI)*. This means you’ll be driving more traffic to your property, and ultimately creating more interest in your home.

4. Give Buyers Full Access

One of the top four elements when selling your home is access. If your home is available anytime, that opens up more opportunity to find a buyer right away. Some buyers, especially those relocating, don’t have much time available. If they cannot get into the house, they will move on to the next one.



Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com



Get The Best Return on Investment

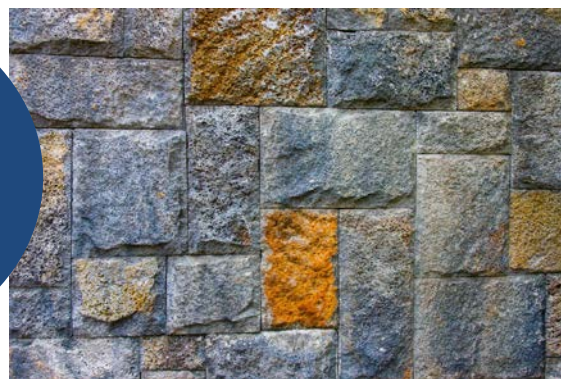
#1 Garage Door Placement

97.5%



#2 Manufactured Stone Veneer

94.9%



#3 Kitchen Remodel

80.5%



#4 Wooden Deck Addition

75.6%



ALISHA COLLINS



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Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

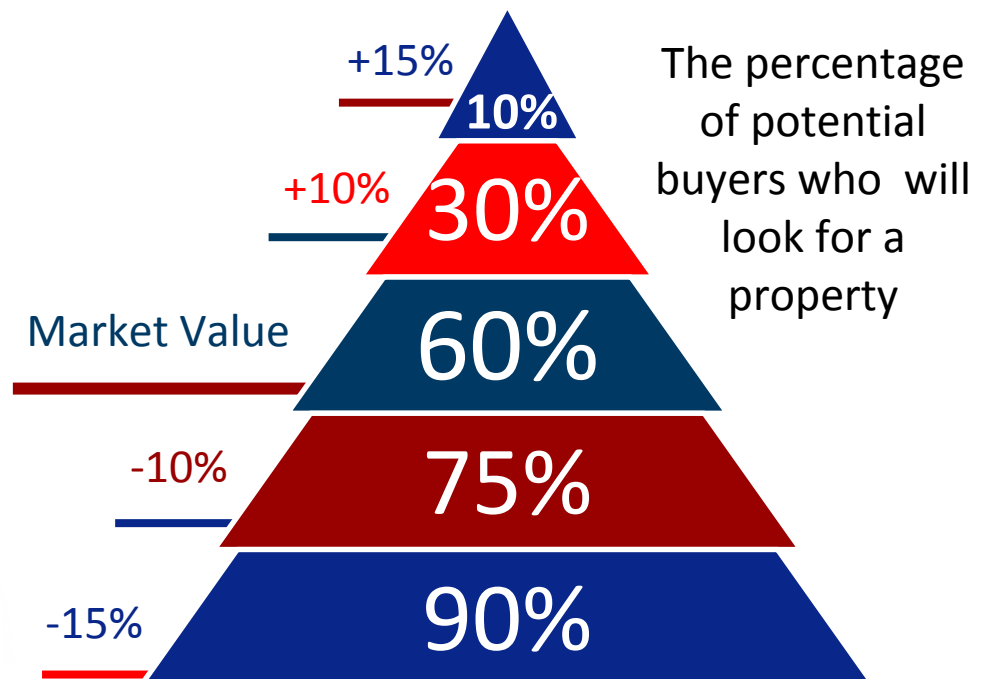
Is It Priced Right?

Houses are coming on market every day with plenty of eager buyers searching for their dream home. Setting the right price for your house is one of the most important things to do.

According to *CoreLogic's* latest *Home Price Index*, home values rose more than 6% per year over the past two years, but started to slow to 3.5% over the last 12 months. *CoreLogic* predicts home values will be 5.6% higher by this time next year.

Prices are slowing from their previous pace, it's important to realize that pricing your house a little over market value to leave room for negotiation will dramatically decrease the number of buyers who will see your listing.

Impact of Price on Visibility



Instead of trying to 'win' the negotiation with one buyer, you should price your house so demand for it is maximized. By doing so, you won't be negotiating with one buyer over the price, but will instead have multiple buyers competing with each other over the house.

The secret is making sure your house is *Priced To Sell Immediately (PTSI)*. That way, your home will be seen by the most potential buyers. It will sell at a great price before more competition comes to the market.

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

ALISHA COLLINS



Real Estate Team

RE/MAX
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How Access Can Help Sell

When selling there are four key elements to a quality listing.

Here are five levels of access you can provide to a buyer. Which one will you select?

- **Lockbox on the Door** – Gives buyers the ability to see the home as soon as they are aware of the listing, or at their convenience.
- **Providing a Key to the Home** – There is little delay in being able to show the home, although the buyer's agent may need to stop by an office to pick up the key.
- **Open Access with a Phone Call** – The seller provides a showing with just a phone calls notice.
- **By Appointment Only** – Example: 48-hour notice. Many buyers who are relocating for a new career or promotion start working in that area prior to purchasing their home. They often like to take advantage of free time during business hours (such as their lunch break) to view potential homes. Because of this, they may not be able to plan their availability far in advance or may be unable to wait 48 hours to see the house.
- **Limited Access** – Example: the home is only available for a couple of hours a day. This is the most difficult way to be able to show your house to potential buyers.

In a competitive marketplace, access can make or break your ability to get the price you are looking for, or even sell your house at all.



ALISHA COLLINS



Real Estate Team

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THE GROUP

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

Why Hire A Real Estate Professional

Contracts

Help with disclosures and contracts necessary in today's heavily regulated environment.

Experience

Well-educated and have been practicing the transaction process for a long time, to a point of perfection.

Negotiations

Buffer in negotiations for both parties throughout the transactions entity.

Pricing

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

Current Market Conditions

Explain the real estate headlines and decipher what they mean.

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com

ALISHA COLLINS



Real Estate Team

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THE GROUP



Contact Us to Talk More

We would love to answer your questions and talk more about what you read in this article. We can lead you on the right path to selling your current home or buying the home of your dreams! Look forward to hearing from you :)



Alisha Collins Real Estate Team

Alisha Collins (Team Leader)

350 West A Street, Casper WY 82601

CasperPowerHouse.com - YourCasperArea.House

alisha@casperpowerhouse.com - facebook.com/CasperPowerHouse



Zillow PREMIER AGENT™



Erika

Paul

Lindsey

Alisha

Garijo

Terri

Alisha Collins Real Estate Team
307-247-1806
CasperPowerHouse.com
alisha@casperpowerhouse.com



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ALISHA COLLINS



Real Estate Team

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