

# A SELLERS GUIDE

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THINGS TO CONSIDER WHEN SELLING FOR TOP DOLLAR THIS SUMMER



Summer Edition  
2019



THE FINLEY GROUP  
REDEFINING REAL ESTATE

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# Why This Summer is the Time to Sell

## 5 Compelling Reasons to List Your Home

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### #1 Demand ↑

Now is the time to make the most of the buyer activity currently in the market. The latest Buyer Traffic Report from the National Association of Realtors (NAR) shows that buyer demand remains strong throughout the vast majority of the country.

### #2 Competition ↓

The amount of homes for sale does not equate to the number of buyers in the market. Demand for your house will be strong at a time when there is less competition.

### #3 Quicker Process

The selling process is faster now in this competitive market. It's unavoidable - buyers must stand out, such as getting pre-approved for their mortgage financing. This makes the entire selling process much faster and much simpler as buyers are able to know exactly what they can afford before home shopping.

### #4 Now is the Time to Upgrade

Looking to upgrade to a premium or luxury home? Now is the time to move up! If your house is considered a starter home, it will sell quickly and you'll be able to find a premium home to call your own. According to CoreLogic, prices are projected to appreciate by 4.8% over the next year. If you are moving to a higher-priced home, you will pay more in raw dollars if you wait.

### #4 Your "Why"

What's your "why"? In other words, what's the real reason you are selling? Look at the reason you decided to sell and determine whether it is worth waiting.



# What's Happening in the Market?

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From the time you read this the unemployment rate dropped to 3.6% and wages are up to 3.2%. Due to these factors, the likelihood of a recession being right around the corner as predicted earlier in the year is starting to lessen according to several economists and analysts across the country. Anthony Chan, Chief Economist of JP Morgan Chase, states, "I feel really comfortable that the economy is slowing down this year, but not going into a recession...It doesn't look, to me, like the odds of a recession in 2020 are there." Dean Baker, Senior Economist, states, "However, with wages growing at a respectable pace, and job growth remains healthy, we should see enough consumption demand to keep the economy moving forward. That means slower growth, but no recession." If you're fearful of selling due to a recession, you may want to think again. Remember, it's all relative if you want to sell but are waiting for prices to go down unless you are downsizing and purchasing a lower-priced home, as your house increases so do the home that you are purchasing. According to Freddie Mac, interest rates are anticipated to continue to go up which will also play a role on your mortgage payments increasing for sellers who are looking to subsequently purchase, so it's time to act now.



# Housing Inventory & How it Affects the Market

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There is currently a lack of housing inventory. Buyer demand naturally increases during the summer months, but supply has not kept up. Let's take a look at what the experts are saying about the housing inventory and how it affects the market:

“Further increases in inventory are highly desirable to keep home prices in check, the sustained steady gains in home sales can occur when home price appreciation grows at roughly the same pace as wage growth.”

**-Lawrence Yun, Chief Economist at National Association of Realtors**

“There's a supply-demand mismatch... More inventory is needed at the lower end and a price reduction may be needed at the upper end.”

**-Jessica Lautz, Vice President of NAR**

“The pace of home sales relative to inventory increased for the first time since March of last year. Despite rising home prices and constricted affordability, recent drops in mortgage rates have boosted buyer sentiment and enabled some reacceleration in the market.”

**-Javier Vivas, Director of Economic Research at Realtor.com®**



# Home Affordability & Pricing

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**Low Prices + Low Mortgage Rates = High Affordability**



Homes were less affordable than they are today 25, 20, or even 11 years ago.

According to the National Association of Realtors (NAR), “The Monthly Housing Affordability Index measures whether or not a typical family earns enough income to qualify for a mortgage loan on a typical home at the national and regional levels based on the most recent monthly price and income data.”

The NAR’s current index stands at 152.7.

**The higher the index, the more affordable houses are.**

The average index between 1990 and 2007 was just 123, and there were no years with an index above 133. That means that homes are more affordable today than any time during the 18 years between 1990 and 2007.



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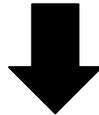
# Remodel or Sell?

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**Remodel your house  
to fit your current  
lifestyle and needs**



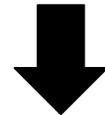
Many homeowners are choosing to remodel based on the record of dollars spent on remodeling and renovations.



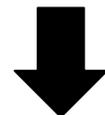
Research shows you will regain only 64.4% of a remodeling project's investment dollars if you sell in the future.

or

**Sell your house  
and purchase the  
perfect home**



Your home is probably at its highest value as it stands right now.



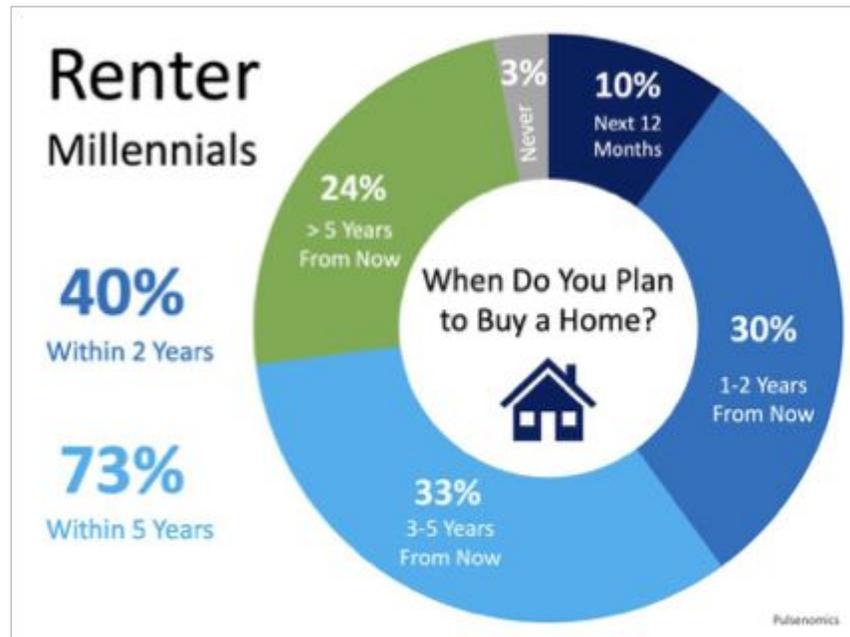
It may make better financial sense to sell your current home and purchase a home that was built specifically to meet your current lifestyle and desires.



# What's in Store for the Housing Demand?

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As you may have heard, millennials are being referred to as the “Renter-Generation” by some. And while this might be true for some millennials, more and more research has surfaced that shows for the vast majority, owning a home is on the horizon. Research shows that 66% of millennials who are currently renting are determined to buy a home.

According to Pulsenomics, 73% of renter millennials who were surveyed plan to buy a home in the next 5 years. And 40% plan to buy in the next 2 years.

“Millennials want to own a home as much as prior generations,” Ali Wolf, Director of Economic Research at Meyers Research says. “We saw millennial shoppers scooping up homes in 2018— and 2019 will be no different.”

## The Main Point

This generation will continue to drive housing demand for years to come.



# Two Elements to Consider in Today's Real Estate Market

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## #1 Interest Rates

Mortgage interest rates were on the rise for the majority of 2018, before slowing to where they are now, around 4.3% per Freddie Mac's Primary Mortgage Market Survey.

The interest rate you secure when buying a home not only greatly impacts your monthly housing costs, but also impacts your purchasing power. Purchasing power, simply put, is the amount of home you can afford to buy for the budget you have available to spend. As rates increase, the price of the house you can afford to buy will decrease if you plan to stay within a certain monthly housing budget.

Experts predict that mortgage rates will be closer to 4.6% by the end of next year.

## #2 Inventory

A 'normal' real estate market requires there to be a 6-month supply of homes for sale in order for prices to increase only with inflation. According to the National Association of Realtors (NAR), listing inventory is currently at a 4.2-month supply (still well below the 6 months needed), which has put upward pressure on home prices. Home prices have increased year-over-year for the last 86 straight months.

The inventory of homes for sale in the real estate market had been on a steady decline and experienced year-over-year drops for 36 straight months (from July 2015 to May 2018), but we are starting to see a shift in inventory over the last 11 months.

## The Main Point

If you're planning on buying a home, let's get together to discuss what changes in mortgage interest rates and inventory could mean for you.



# What Lies Ahead for Home Prices

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Home prices are on every buyers mind: Can they maintain their current pace of appreciation? Will mortgage rates impact home values? Will the next economic slowdown cause prices to crash? We will answer these questions based on what has happened in the past as well as what we know about the current real estate market.

## The Impact of Interest Rates

Rising mortgage rates have not negatively impacted home prices in the past and probably wouldn't now either. Freddie Mac's comments were very direct:

"In the current housing market, the driving force behind the increase in prices is a low supply of both new and existing homes combined with historically low rates. As mortgage rates increase, the demand for home purchases will likely remain strong relative to the constrained supply and continue to put upward pressure on home prices."

They were correct. So far this year, home values have continued to appreciate above normal historic percentages and it appears the gradual increase in rates has had little impact on prices.

## The Impact of an Economic Slowdown

Many people fear that when the economy turns, we may see the same depreciation in home values as we did a decade ago. However, the same group of economists, real estate experts, and investment & market strategists who predicted the next recession will occur in 2020 have also projected that home prices will continue to appreciate for the next five years, albeit at smaller percentages.

## It Comes Down to Supply & Demand

As always, home prices will be determined by the demand to purchase compared to the available inventory of homes for sale. For the last seven years, demand has far exceeded the available supply which has resulted in the average annual appreciation to top 6% since 2012. That is far greater than the historic norm of 3.6% annual appreciation that we saw prior to the housing boom. There are currently small signs that housing inventory is slowly beginning to increase. Months supply of homes for sale increased as compared to last year over the last 11 months after 36 consecutive months of decreasing inventory. New construction data has also shown positive signs that inventory will be increasing.

As inventory begins to meet demand, we will see appreciation return to more normal levels. We are already seeing projections coming in lower than the 6.6% annual average we have seen more recently. CoreLogic predicts that home values will appreciate by 4.8% over the next twelve months.



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# Decreasing Interest Rates ↓

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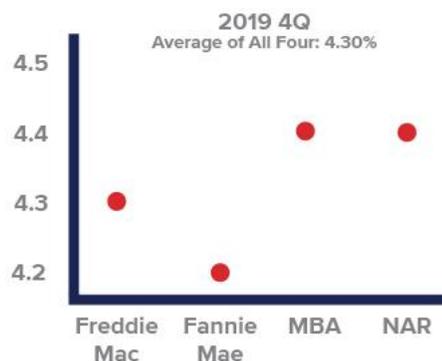
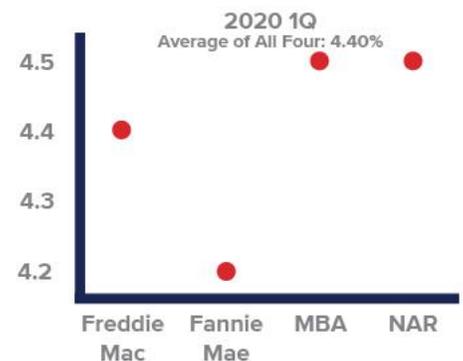
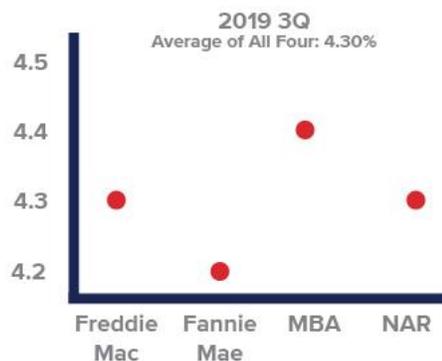
**2018:** Interest rates for a 30-year fixed rate mortgage climbed consistently until the middle of November. After that point, rates returned to levels that we saw in August. The year closed at 4.55%, according to Freddie Mac's Primary Mortgage Market Survey.

**2019:** After the first quarter, rates have continued to decrease, which is good news for homebuyers.

"We expect to see the result of these low mortgage rates and stronger wage growth translate into better home sales in the coming months."

**-Sam Khater, Freddie Mac's Chief Economist**

**Future Years:** Mortgage rates will increase over the course of 2019, but not at the same pace they did in 2018, according to the latest forecasts from Fannie Mae, the Mortgage Bankers Association, and the National Association of Realtors. The graph below shows the forecasts broken down by quarters in 2019 and 2020.



  
HOMES BY KRISTA  
LITTLE ROCK, VA, DC, CHESAPEAKE & BEVERLY

## The Main Point

A small increase (or decrease) in interest rates can impact your monthly housing cost. Call us and we can discuss any concerns you may have about giving up a lower rate to move on to our dream home and how you can make an informed decision.



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# 4 Elements to a Quality Listing & 5 Levels of Access

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**#1**      **#2**      **#3**      **#4**  
**Access**   **Condition**   **Financing**   **Price**



- Level 1** **Lockbox on the Door/Home** gives the buyer the ability to see the home as soon as they are aware of the listing, or at their convenience.
- Level 2** **Providing a Key to the Home** may cause a delay in being able to show the home because the buyer's agent will need to pick up the key.
- Level 3** **Open Access with a Phone Call** allows the home to be shown with just a phone call's notice to the sellers.
- Level 4** **By Appointment Only (example: 24 hour notice)** works well for relocation or out-of-town/state buyers who may only have the weekend to view homes.
- Level 5** **Limited Access (example: the home is only available on Thursdays and Fridays after 3 pm)** is the most difficult way to show a house to potential buyers.

## The Main Point

In a competitive market, access can make or break your ability to get the price you are looking for, or even sell your house at all. Contact us and we will help you get your house sold.



# Pricing Your Home Appropriately

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In today's real estate market, with more houses coming to market every day and eager buyers searching for their dream home, pricing your home appropriately is one of the most important things you can do when selling.

According to CoreLogic's latest Home Price Index, home values have risen at over 6% a year over the past two years, but have started to slow to 3.7% over the last 12 months. By this time next year, CoreLogic predicts that home values will be 4.8% higher.

Instead of the seller trying to 'win' the negotiation with one buyer, they should price their house so that demand for the home is maximized. By doing so, the seller will not be negotiating with a buyer over the price, but will instead have multiple buyers competing with each other over the house.

The key to selling your house in 2019 is making sure your house is Priced To Sell Immediately (PTSI). That way, your home will be seen by the most buyers and will sell at a great price before more competition comes to market.

## The Main Point

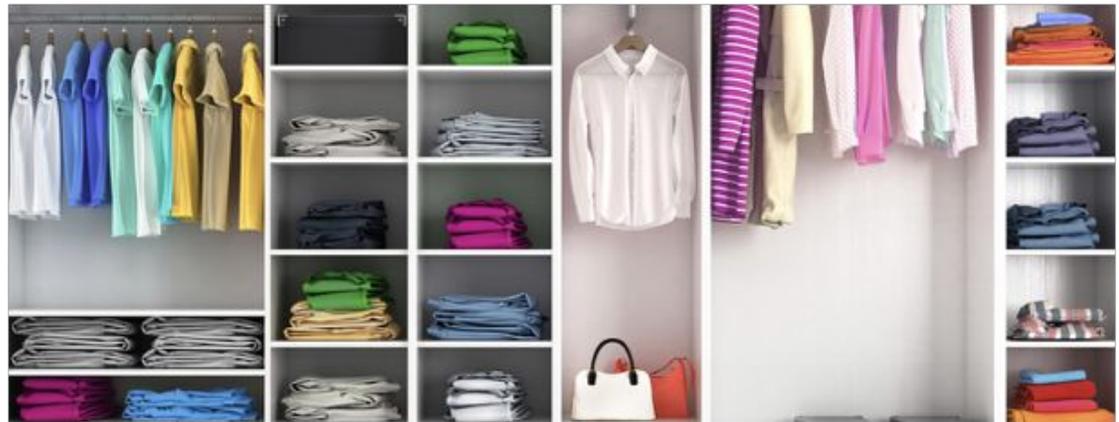
Let's get together to discuss how to price your home appropriately for our area and maximize your exposure.



# Marie Kondo & The KonMari Method of Tidying Up

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You can probably guess what one of the biggest challenges sellers face when listing their home is...

## DECLUTTERING.

You may have seen Marie Kondo, creator of the *KonMari Method of Tidying Up*, on Netflix. If you have seen her Netflix series, you have probably gained some great tips for sorting through years of accumulated possessions that we collect in our homes.

“The KonMari Method™ encourages tidying by category – not by location – beginning with clothes, then moving on to books, papers, komono (miscellaneous items), and, finally, sentimental items. Keep only those things that speak to the heart, and discard items that no longer spark joy. Thank them for their service – then let them go.”

When you subjectively look at all of your belongings, you can sort through the ones that mean the most to you. Consider packing these more sentimental items away to ensure that you know where they all are. Plus cleaning out some of the more personal decorating choices allows buyers to imagine themselves living in the house.

“Remember, tidying up isn’t about getting rid of stuff. It is about creating an environment that sparks joy and improves your quality of life.”

Decluttering not only makes packing much easier, but it also helps make a good first impression. Before you or your agent schedules photos and videos of your listing, make sure to tour your home with fresh eyes. This is your time to look for any imperfections that a buyer might notice.

## The Main Point

Whether you are selling your house to move up to a larger one, downsizing, or moving in with family, only bring the items that truly spark joy for you. This will not only help cut down on the items you move, but also ensures that you’re off to a great start in your new home!



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# The Top 5 Reasons Why You Shouldn't "For Sale by Owner (FSBO)"

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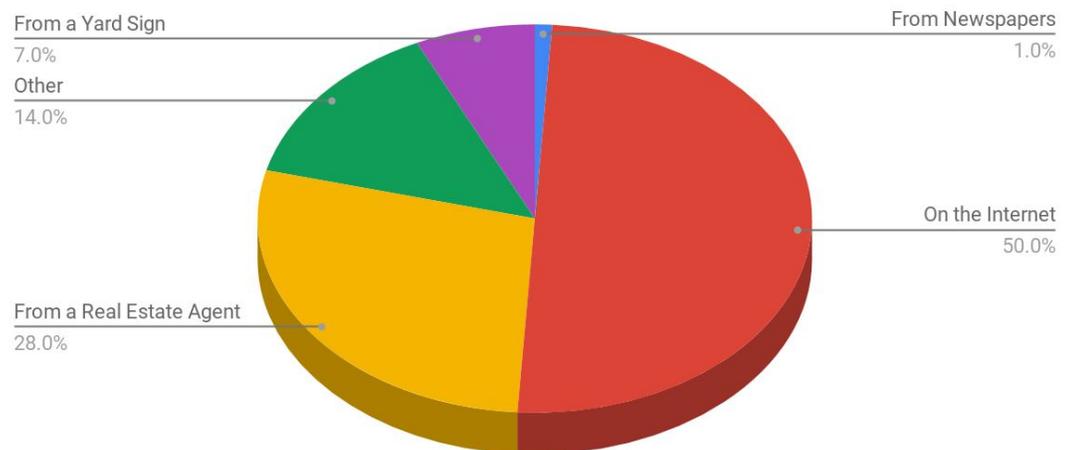
## #1 Online Strategy for Prospective Purchasers

Recent studies have shown that 95% of buyers search online for a home. Only 13% use newspaper ads. We have an expert digital marketing strategy that we use to promote the sale of your home.

## #2 Results Come from the Internet

Having a strong digital marketing strategy is crucial. Take a look at where the buyers found their home that they actually purchased:

Where did buyers find the home they actually purchased?



## #3 Negotiations

As a FSBO, you have to be prepared to negotiate with many people and companies:

- 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.



# The Top 5 Reasons Why You Shouldn't "For Sale by Owner (FSBO)" Continued

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## #4 FSBO is Not an Easy Task

The paperwork involved in selling and buying a home has increased dramatically as industry disclosures and regulations have become mandatory. This is one of the reasons that the percentage of people choosing to FSBO has dropped from 19% to 7% over the last 20+ years.

## #5 You Net More Money When Using an Agent

Many homeowners believe that they will 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 the commission.

A study by Collateral Analytics revealed that FSBOs don't actually save anything. In some cases, they may actually cost themselves more by not listing with an agent. One of the main reasons for the price difference at the time of sale is:

"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 of a bidding war for the property. The study showed that the difference in price between comparable homes of size and location is currently at an average of 6%.

Why would you choose to list on your own and manage the entire transaction when you can hire an agent and not have to pay anything more?

## The Main Point

Before you decide to take on the challenges of selling your house on your own, contact us and we can discuss your needs.



# Contact Us to Talk More

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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 :)

**Main Point:** Don't hesitate on selling your home or purchasing a new one. Prices are at a standstill right now and the inventory is still great! Call us and we can help give you an accurate value or find your dream home.



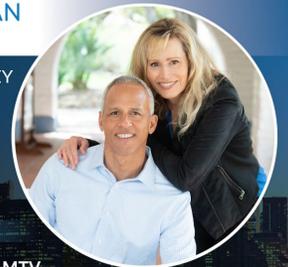
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