

HOME SELLERS GUIDE

THINGS TO CONSIDER WHEN SELLING YOUR HOME



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**2020
EDITION**

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THREE REASONS TO SELL

1. First-Time Homebuyer Demand is High

In the latest Housing Trends Report, the National Association of Home Builders (NAHB) measured the number of adults planning to buy a home over the next year. The report shows the percentage of buyers who will be first-time home buyers looking to purchase a home went up from 53% in Q4 2018 to 63% in Q4 2019. The results show:

“Millennials are the most likely generation to be making plans to purchase a home within a year (19%), followed by Gen Z (13%) and Gen X (12%)...Geographically, 12% of respondents in the South and West are prospective home buyers, slightly ahead of the Northeast (10%) and Midwest (9%).”

With a high demand coming from all of the first-time home buyers and the shortage of inventory, especially at the entry level, choosing to sell your house this year may be your best move. This is because when home buyers start their search, they're not all looking for a new construction. Many buyers are eager to find character in a place to call home.

In fact, according to that same study, there's a large demand for existing homes:

“In terms of the type of home these prospective home buyers are interested in, 40% are looking to buy an existing home and 19% a newly-built home. The remaining 41% would buy either a new or existing home.”





Since showing activity in on the rise among buyers and more new construction is coming on the market, as a homeowner, you could sell your house now and move up into a new home or maybe downsize into a home that fits your current and ever-changing needs.

2. Mortgage Interest Rates Are Low

The Primary Mortgage Market Survey from Freddie Mac indicates that interest rates for a 30-year mortgage have gone down since November 2018 when they reached 4.94%. In February of 2020, they hit the lowest level in three years (3.45%). In their latest forecast, Freddie Mac also notes how mortgage rates are expected to remain low, leveling out to an average of 3.8% this year.

If you're worried about losing the great rate you already have on your current mortgage, don't worry about it. Locking in at today's low rate may help you to actually get more for your money on your next home, whether you choose something bigger or if you downsize.

3. Inventory Is Low

Inventory is a hot topic in the market today. According to the National Association of Realtors (NAR), "housing inventories are at the lowest levels for January since 1999." The good news is, homeowners do not need to be scared of this at all. New construction is starting to ramp back up after years of slow builder activity, and inventory at the higher-end is in a buyer's market, making it a good time for you to move into a new home.



A good rule of thumb is to sell something when there's less of it for sale and the largest number of buyers are in the market. That's exactly what's happening today.

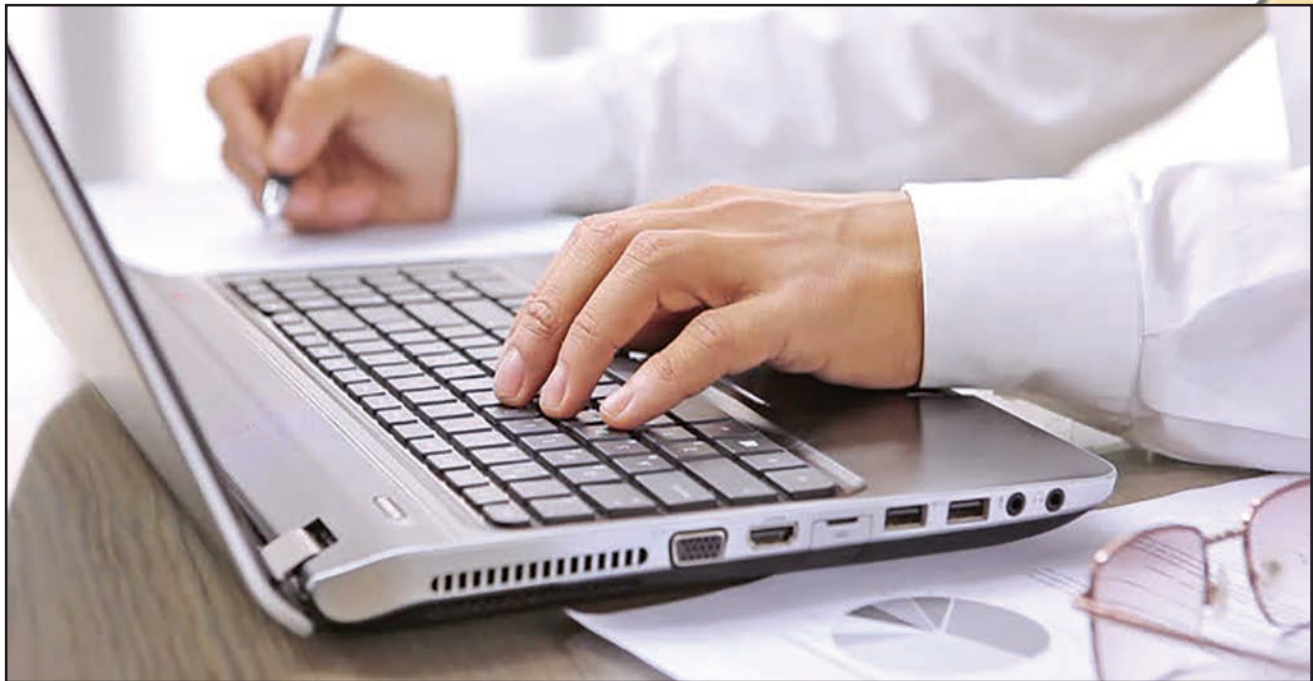
THE MARKET

With low mortgage rates combined home price and wage appreciation, many are wondering what the housing market will look like for the remainder of the year.

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

Lawrence Yun, Chief Economist for the National Association of Realtors (NAR)

"We saw the year come to a close with the economy churning out 2.3 million jobs, mortgage rates below 4% and housing starts ramp up to 1.6 million on an annual basis. If these factors are sustained in 2020, we will see a notable pickup in home sales in 2020."



David Brickman, CEO of Freddie Mac

"The housing market is strong and, based on our survey, the low mortgage rate environment may inspire both renters and owners to make an educated move this year."

Frank Martell, President and CEO of CoreLogic

"On a national level, home prices are on an upswing. Price growth is likely to accelerate in 2020. And while demand for homeownership has continued to increase for millennials, particularly those in their 30s, 74% admit they have had to make significant financial sacrifices to afford a home. This could become an even bigger factor as home prices reach new heights during 2020."

LATEST NEWS IN EQUITY



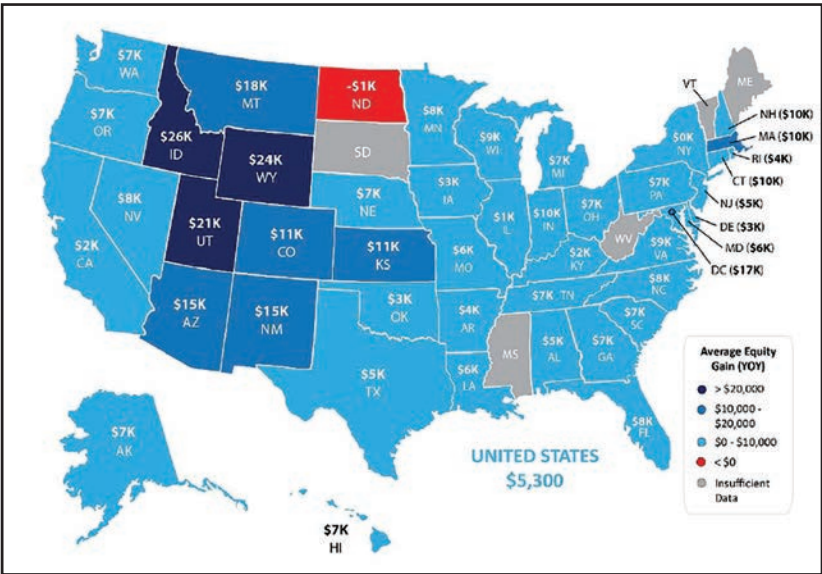
The increasing home prices have been in the news a lot recently, and a lot of the focus is on if home prices are accelerating too quickly and how sustainable the increase of prices really is. One of the usually overlooked benefits of rising prices, however, is how they have an impact on a homeowner's equity position. Home equity is defined as the difference between a home's fair market value and the outstanding balance of all liens on the property. While homeowners are paying down their mortgages, the amount of equity in their homes climbs each time its value increases.

Today, the number of homeowners that currently have a significant amount of equity in their homes is growing. According to the Census Bureau, 38% of homes in the country are mortgage-free. In a home equity study, ATTOM Data Solutions revealed that of the 54.5 million homes with a mortgage, 26.7% of them have at least 50% equity. That number has been increasing the last eight years.

CoreLogic also notes,

"...the average homeowner gained approximately \$5,300 in equity during the past year."

The map here shows a breakdown of the increasing equity gain across the country, making it clear that home equity is growing in almost every state.



EQUITY AND MORTGAGE RATES ARE ON YOUR SIDE

Some prices have been increasing for 95 straight months, according to the National Association of Realtors. If you're a homeowner, whether you're looking to move up or downsize, an increase in home value is great news since you've likely built up a lot of equity in your current home.

How to Use Your Home Equity



For move-up buyers, the usual pattern for building financial stability and wealth through homeownership works like this: you buy a house and you will gain equity over several years of mortgage payments and price appreciation. You can then take that equity from the sale of your house and use it to make a down payment on your next home, and then repeat that process.

For homeowners who are ready to downsize, home equity works in a slightly different way. What you choose to do depends on your goals.

According to HousingWire.com, for some, the desire to downsize may be related to retirement plans or children aging out of the home. Others choose to live in a smaller home to save money or live a simpler life in a space that's easier to clean and upkeep. The reasons can vary greatly, and even vary by generation. Those who choose to put their equity toward a new home may be able to make a very large down payment or even purchase their next home in cash. This is incredibly valuable if your goal is to have your mortgage payment be small or have none at all.

A local real estate expert can help you evaluate the equity of your home and how to use it wisely. If you're planning to move, keep in mind that the experts are forecasting home price appreciation in 2020, which could influence your decisions.

The Impact of Low Mortgage Rates

Mortgage rates are also expected to remain low throughout all of 2020 at an average of 3.8% for a 30-year fixed-rate loan, which makes moving into a new home right now

look very desirable. Low mortgage rates can offset price hikes and increasing appreciation, so be sure to lock in that low rate.

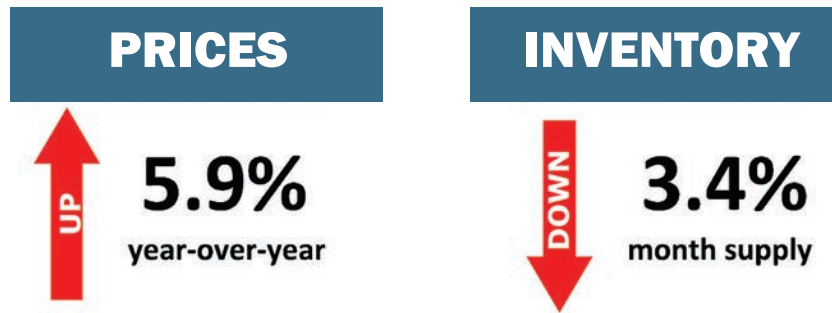
When rates are low and you have equity to put into your next home, you may be in a better place than you think when making a move into your next home. The combination of being able to leverage your growing equity and capitalize on the low rates could make a big impact on your housing plans this year.



OUTGROWING YOUR STARTER HOME

For many Americans, buying a home is the first part of achieving part of the American dream. There's a sense of pride that comes with building your family's wealth through each of your mortgage payments. It can sometimes be hard to imagine that the first home you purchased (which made some of your dreams come true) might not be the one that will allow you to achieve all your dreams throughout your life. But it's okay to admit your house no longer fits your needs.

According to CoreLogic, prices in the starter-home market have appreciated by 5.9% year-over-year. At the same time, inventory in this specific category closed 2019 with a 3.4-month supply (down from 3.9 months in December 2018, which is the most recent data



These two statistics are directly related to each other. As inventory has decreased and demand has increased, prices have been steadily increasing.

This is really good news if you own a starter home and you are looking to move up into a larger home; the equity in your house has likely gone up as prices have increased. Even better, there's a large pool of buyers out there who are searching for the American dream, and your house may be that dream.



WHY YOU NEED A PROFESSIONAL



In today's world where answers are right at your fingertips, there are some who may question the value of hiring a real estate professional. The truth is that with all of the information that's out there, you can easily be confused by the process.

Shows like Property Brothers, Fixer Upper, and dozens of others on HGTV have given many people a false sense of what it's like to experience buying and selling a home.

Now more than ever, you need an expert on to work with you to help guide you toward your dreams and make sure nothing slips through the cracks.

Buying or Selling a Home is Not Something You Should Do Yourself.

Here are just a few of the reasons you need a real estate professional working with you:

There Are A Number of Steps to Navigate in the Process

There are over 230 possible steps that will need to take place during all successful real estate transactions. Don't you want someone who has been through the process, someone who knows what these steps are, to ensure you have the best buying and selling experience possible?

You Need a Skilled Negotiator

In today's market, hiring a talented negotiator could save you thousands of dollars. Each step of the way – from submitting an offer, to the possible renegotiation of that offer after the home inspection, to the potential cancelation of the deal based on an appraisal – you need someone who can negotiate to keep the deal together until it closes.

You Need to Know What the Home You're Buying or Selling is Worth in Today's Market

There's so much information in the news and on the Internet about home sales, prices, and mortgage rates; how do you know what's going on in your local area? Who do you turn to in order to competitively and correctly price your home at the beginning of the selling process? How do you know what to offer on your dream home without paying too much or offending the seller with a lowball offer?

Dave Ramsey, known as the financial guru, advises:

"When getting help with money, whether it's insurance, real estate or investments, you should always look for someone with the heart of a teacher, not the heart of a salesman."

Hiring a real estate professional who has a finger on the pulse of the market and is eager to help you learn along the way will make your experience an informed and educated one. You need someone who's going to tell you the truth, not just what they think you want to hear.



DON'T FOR SALE BY OWNER

By now, you know the benefits of working with a real estate professional. However, rising prices coupled with the current inventory in may cause some homeowners to consider selling on their own (known as a **For Sale By Owner**). Believe it or not, a FSBO might not be a good idea for most sellers.



Here are the top five reasons not to FSBO:

1. Online Strategy for Prospective Purchasers

Studies have shown that 93% of buyers search for their home online. That's a pretty massive number!

Most real estate agents have an Internet strategy to assist in promoting the sale of your home.

2. Results Come from the Internet

Where did buyers find the homes they actually purchased?

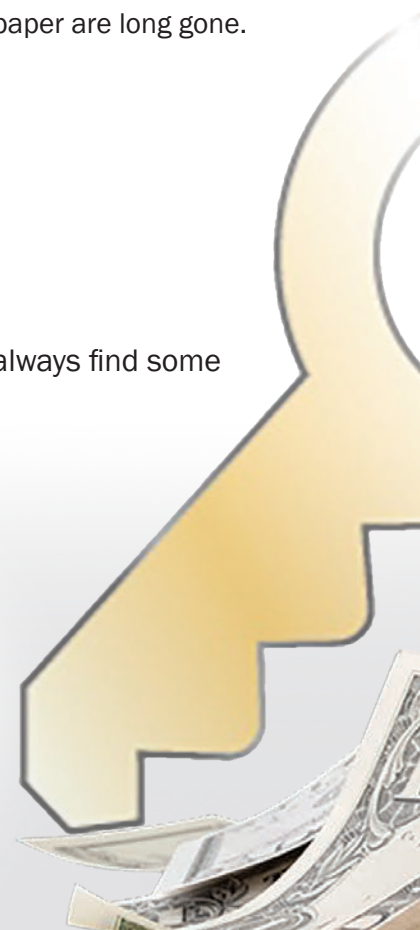
- 52% on the Internet
- 29% from a Real Estate Agent
- 10% Other
- 6% from a Yard Sign
- 3% from Newspapers

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

3. There Are too Many People to Negotiate With

Here's a list of some of the people you will negotiate with if you FSBO:

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



4. It Has Become Increasingly Difficult to FSBO

The paperwork involved in buying and selling homes has increased dramatically as more disclosures and regulations have become mandatory. This is one reason 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 can save the real estate commission if they sell on their own. However, the buyer and seller can't both save the commission.

A report by Zillow shows that FSBOs are inclined to it because they believe they will save money (46% cite this among their top three reasons), but they don't really save anything, and usually 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.



TIPS TO SELL QUICKLY



1. Make Buyers Feel at Home

Clean up your house. Put away personal items like pictures, awards, and sentimental pieces. Help buyers feel like they belong in the house. According to the 2019 Profile of Home Staging by the National Association of Realtors (NAR), “83% of buyers’ agents said staging a home made it easier for a buyer to visualize the property as a future home.”

Not only will your house spend less time on the market, but the same report mentioned that, “One-quarter

of buyers’ agents said that staging a home increased the dollar value offered between 1 – 5%, compared to other similar homes on the market that were not staged.”

2. Keep it Organized

Since you took the time to declutter, keep it that way. Before buyers arrive, pick up toys, make the bed, and put away the dishes. According to the same report, the kitchen is one of the most important rooms to stage in order to attract buyers. Put out a scented candle or some cookies fresh out of the oven. Buyers will remember the smell of your house.

3. Price it Right

When competition in your neighborhood heats up, you want to make sure your house is noticed. One key to selling quickly is ensuring your house is Priced to Sell Immediately (PTSI). This means you’ll be attracting more buyers to your property and creating more interest in your home.

4. Give Buyers Full Access

One of the top elements when selling your house is access. If you make your house available to tour anytime, it creates more opportunities to find a buyer right away. Some buyers, especially those who are relocating, don’t have much time available. If they cannot see the house, they will move on to the next one.

PREPARING FOR A WINNING SALE

When listing your house, your goal will likely be to get the house sold for the best price. There are many small projects you can do to make sure your house is ready to meet that goal.

10 Tips to Improve the Curb Appeal of Your House



- Give your entry a facelift. Try a fresh coat of paint or a new front door.
- Landscape the yard. Kept yards shows buyers the house was cared for.
- Make sure all exterior lights are working. Replace outdoor light bulbs.
- Wash all windows. Don't let dirty windows detract from a great view!
- Clean out your garage. Consider getting a storage unit to remove any non-essential items you want to keep.
- Plant flowers. Depending on the weather, you may want to add a pop of color to your yard.
- Remove lawn ornaments you are bringing to your new home.
- Replace a worn-out welcome mat. Welcome buyers with a fresh mat into your house.
- Paint or replace the street numbers on your house. Make them more visible to buyers.
- Power wash outdoor surfaces. Give them a 'like new' feeling (ex: siding, sidewalks, driveway).

10 Tips to Make Your House Feel Like Home to Buyers

- Clean everything. A clean house will help buyers picture themselves in the house and not be distracted.
- Give every room a purpose. Even if you used it as a bonus room, clear room purpose helps buyers visualize better.
- Let light in. Bright rooms feel large warm and inviting; dark rooms can feel small and gloomy.
- Fix anything broken. Buyers will notice and may offer less if repairs are required.
- Declutter your house. Thinning out your closets and pantry will better display how much room is available.
- Update paint and carpet. These are the top things you can update to sell your house faster and for more.
- Organize the kitchen. Pack any non-essentials or small appliances and clean all surfaces.
- Clean up for each showing. Take out all trash and hide dirty laundry.
- Fix the doors. Fix any squeaks or creaks on all doors.
- Replace light bulbs. Make sure all the switches in your house work properly.

Whether you need a list of great local contractors or recommendations on what to fix and replace, let's get together to make sure your house is ready for a top-dollar sale.

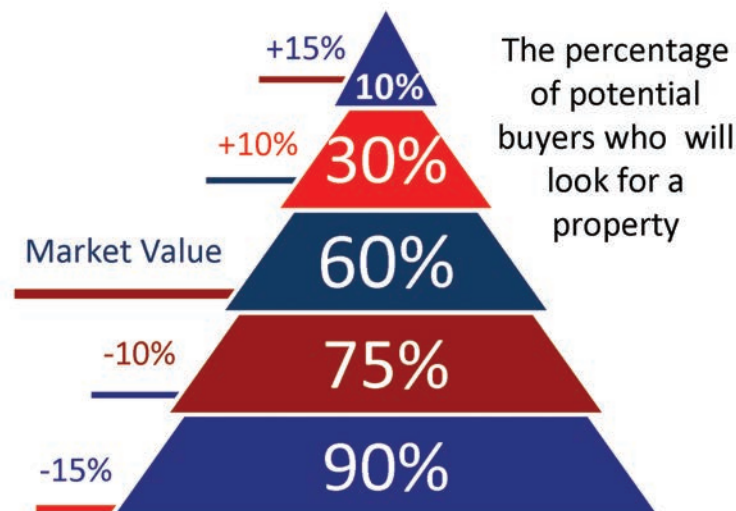
IS IT PRICED RIGHT?

In today's real estate market, listing your house for the right price is one of the most important things you can do.

According to CoreLogic's latest *Home Price Index*, home prices nationwide have increased year-over-year by 4%. By this time next year, CoreLogic predicts home prices will increase by 5.2% on a year-over-year basis.

It's important to know that pricing your house a little over market value so as to leave room for negotiation will dramatically decrease the number of buyers who will see your listing (see below):

Impact of Price on Visibility



Instead of trying to 'win' the negotiation with one buyer, you should price your house to maximize demand. By doing so, instead of negotiating with one buyer over the price, you'll have multiple buyers competing for your house.

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

HOW ACCESS CAN HELP

When selling your house, there are four key elements to a quality listing. First is access, followed by condition, financing, and price. Believe it or not, the level of access you provide to buyers can be a major factor in how quickly you're able to sell your house.

Here are five levels of access you can provide to a buyer:

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

WHY HIRE A REAL ESTATE PROFESSIONAL

Contracts

Help 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.





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.

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