

THINGS TO CONSIDER WHEN

SELLING YOUR HOUSE



SUMMER 2020
EDITION

TABLE OF CONTENTS

WHAT'S HAPPENING IN THE HOUSING MARKET?

- 3** | Why This Housing Market Is Not Like 2008
- 6** | Economic Impact of a Home Sale
- 8** | Selling a House in the Current Market
- 10** | Leveraging Your Equity

WHAT YOU NEED TO KNOW BEFORE YOU SELL

- 11** | Not All Agents Are Created Equal
- 13** | 6 Reasons Why Selling Your House on Your Own is a Mistake
- 15** | What You Can Do Now to Get Your House Ready to Sell

WHAT TO EXPECT WHEN SELLING YOUR HOUSE

- 16** | Selling Your House With Today's Technology
- 18** | Why Pricing Your House Right Matters
- 19** | 5 Reasons to Hire a Real Estate Professional





Why This Housing Market Is Not Like 2008

There are so many questions swirling around today about where the housing market is headed amid this economic slowdown. In order to best understand the current state and how the expert projections are playing out, it's best to look at our economic history, and how today is vastly different than the housing crisis of 2008, known as the Great Recession.

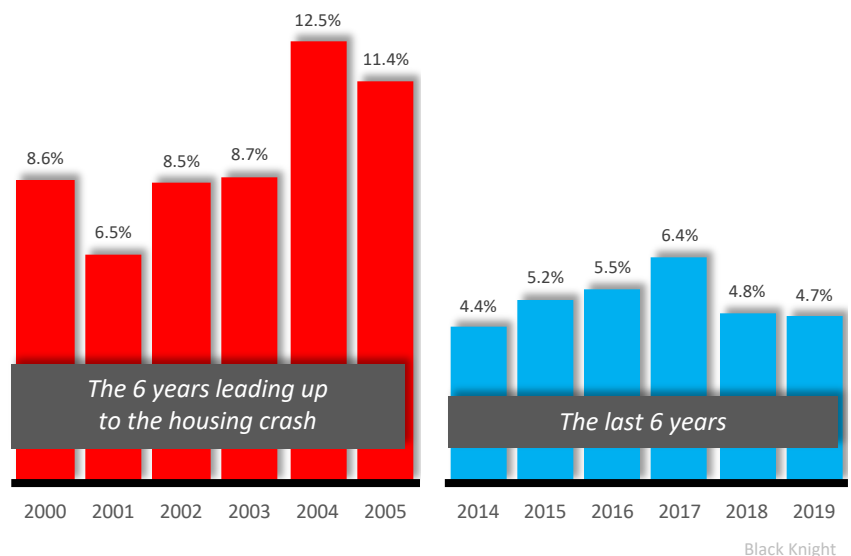
Many of us experienced financial hardships, lost homes, and were out of work during the Great Recession – the recession that **started** with a housing and mortgage crisis. Today, we face a very different challenge: an external health crisis that caused a pause in much of the economy earlier this year and a major shutdown of many parts of the country.

We're simply not in the same boat as we were then, and here are five big reasons why that can give you greater confidence if you're thinking of selling your house this year.

1. Appreciation

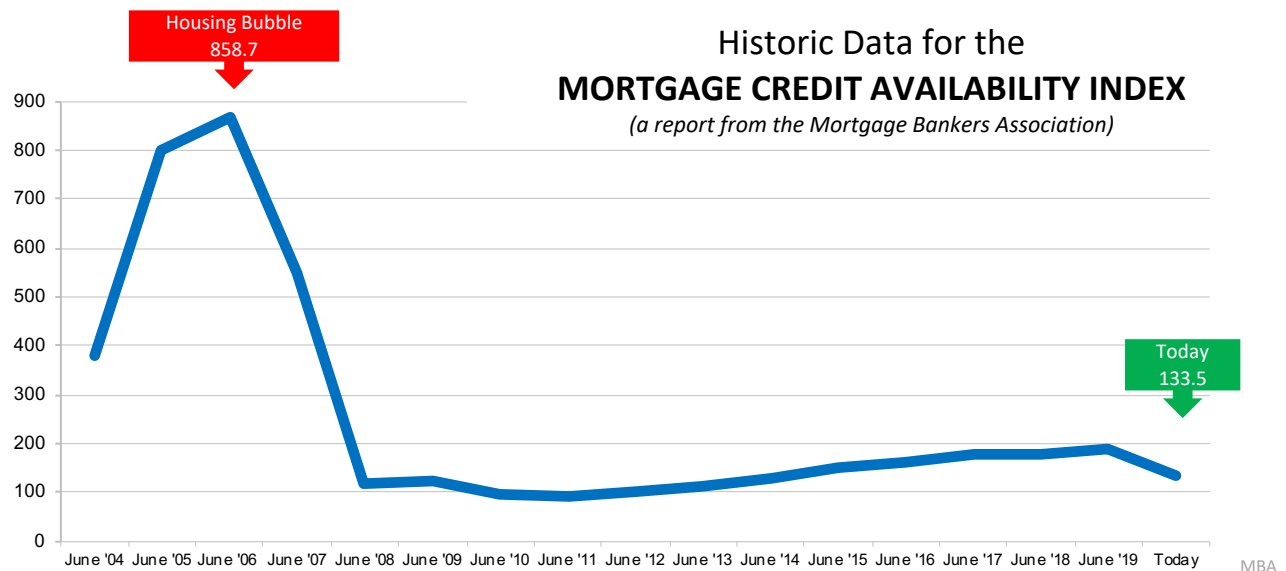
When we look at appreciation in the visual here, there's a big difference between the 6 years prior to the housing crash and the most recent 6-year period. Leading up to the crash, we had much higher appreciation in this country than we saw coming into this year. In fact, the **highest level** of appreciation most recently is below the **lowest level** we saw leading up to the crash. Prices were rising going into this economic slowdown, but not at the rate they were climbing back when we had runaway appreciation.

Annual Home Price Appreciation



2. Mortgage Credit

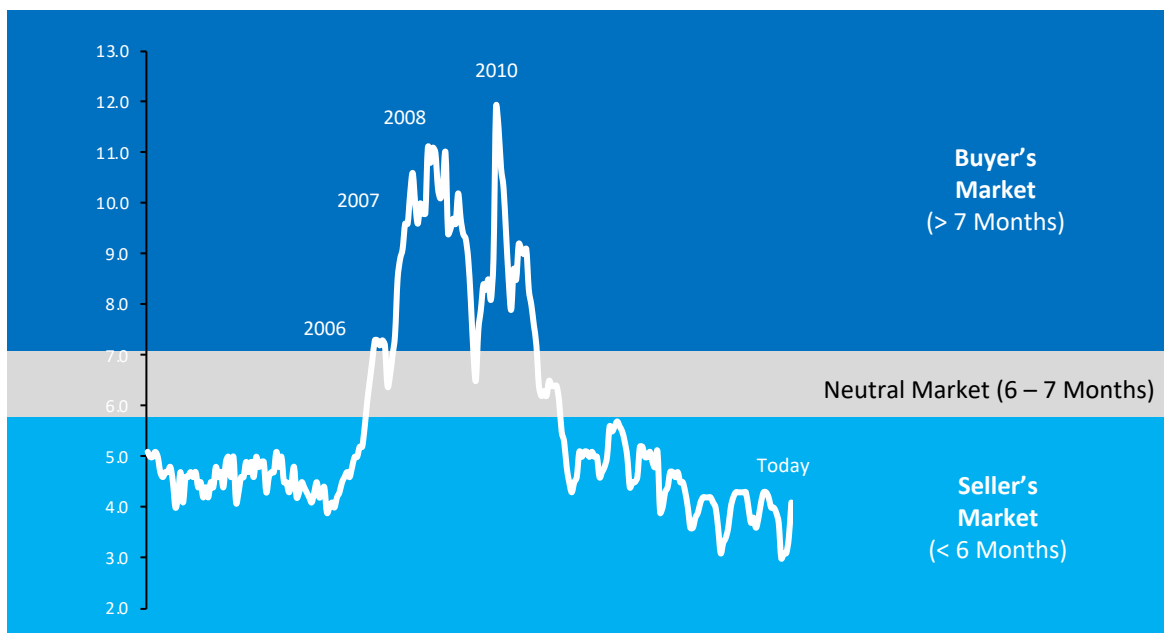
The *Mortgage Credit Availability Index* is a monthly measure by the *Mortgage Bankers Association* that gauges the level of difficulty to secure a loan. The higher the index, the easier it is to get a loan; the lower the index, the harder. Today we're nowhere near the levels seen before the housing crash when it was very easy to get approved for a mortgage. After the crash, however, lending standards tightened and have remained that way ever since.



3. Number of Homes for Sale

One of the causes of the housing crash in 2008 was an oversupply of homes for sale. Today, as shown in the next image, we see a much different picture. We don't have enough homes on the market for the number of people who want to buy them. Across the country, we have less than 6 months of inventory – an **undersupply** of homes available for buyers.

Months Inventory of Homes for Sale



4. Use of Home Equity

The next chart shows the difference in how people are accessing the equity in their homes today as compared to the period leading up to the housing crash. Back then, consumers were harvesting equity from their homes (through cash-out refinances) and using it to finance high-end lifestyles. Today, consumers are treating the equity in their homes much more responsibly.

Total Home Equity Cashed Out

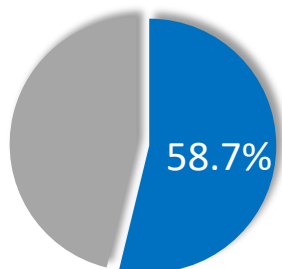
by Refinance in Billions

Then...		Now...	
Year	Dollars	Year	Dollars
2005	\$263B	2017	\$71B
2006	\$321B	2018	\$87B
2007	\$240B	2019	\$89B
Total	\$824B	Total	\$247B

Freddie Mac

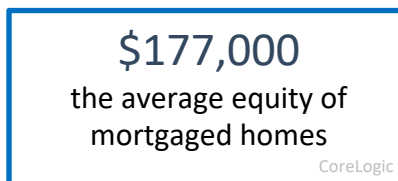
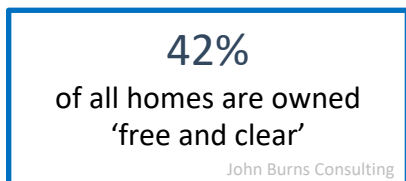
5. Home Equity Today

Today, 58.7% of homes across the country have at least 60% equity. In 2008, homeowners walked away when they owed more than what their homes were worth. With the equity homeowners have now, they're much less likely to walk away from their homes.



of all homes in America
have at least **60% equity**

Americans are sitting on tremendous equity



Bottom Line

If you're considering selling your house to make a move this year, there's no need to fear the market. We're not in a housing crisis, and this is nothing like 2008.

Economic Impact of a Home Sale

As businesses around the country move through the various phases of reopening, it's important to understand how housing can have a major impact on the recovery of the U.S. economy. Buying a home is a driving financial force in this process. Today, many analysts believe one of the first things we'll be able to safely bring back is the home building sector, creating more jobs and impacting local neighborhoods in a big way.

The *National Association of Home Builders* (NAHB) notes the impact new construction can have on the job market:

"Building 1,000 average single-family homes creates 2,900 full-time jobs and generates \$110.96 million in taxes and fees for all levels of government to support police, firefighters and schools, according to NAHB's National Impact of Home Building and Remodeling report."

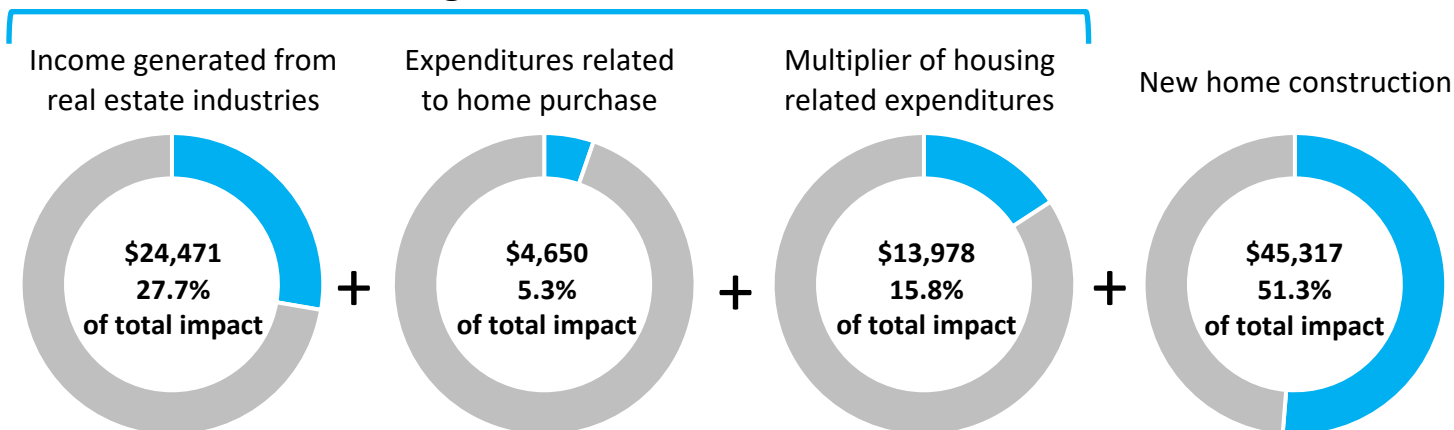
These employment opportunities, along with the home purchase, are a huge win for the economy. The *National Association of Realtors* (NAR) recently shared a report that notes the full economic impact of new and existing home sales.

The report shows the average economic impact of the sale of an **existing home is \$43,099**. Given the sheer number of workers it requires to design, build, equip, and finalize the sale of the house, the impact more than doubles to **\$88,416** for a **newly built home**.

Average Economic Impact of One Home Sale in the U.S.

Newly Built Home: \$88,416

Existing Home: \$43,099



NAR calculated the total economic impact of real estate-related industries on the state economy, as well as the expenditures that result from a single home sale, including aspects like home construction costs, real estate brokerage, mortgage lending and title insurance.

NAR

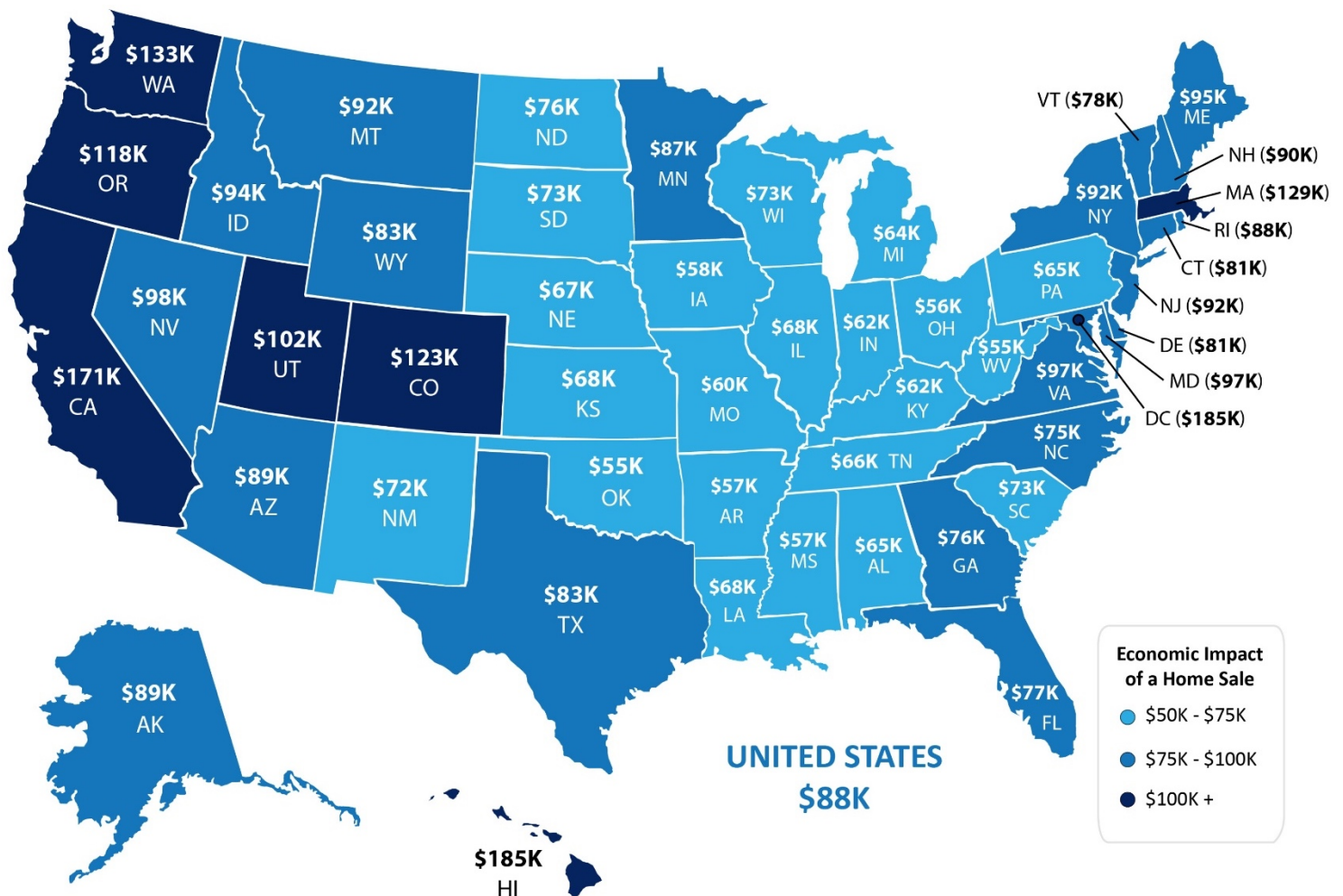
According to the NAHB:

“Building new homes and apartments generates jobs in industries that produce lumber, concrete, lighting fixtures, heating equipment and other products that go into a home remodeling project. Other jobs are generated in the process of transporting, storing and selling these products.

Additional jobs are generated for professionals such as architects, engineers, real estate agents, lawyers and accountants who provide services to home builders, home buyers and remodelers.”

The same NAR report also breaks down the average economic impact by state, as shown here:

Average Economic Impact of One Home Sale by State



Bottom Line

Buying a home is a substantial economic driver. As businesses continue to reopen under new safety guidelines, new construction will pick back up again too, powering the economy forward. If you're able to buy a home this year, you can have a significant impact on your local neighborhoods and safely make the move you've been waiting for. It's a win-win.



Selling a House in the Current Market

Every day that passes, people have a need to buy and sell homes. That doesn't stop during a pandemic. If you've had a major life change recently, whether with your job or your family situation, you may be in a position where you need to sell your home this year. While you probably feel like timing these days hasn't been on your side, making a move is still possible.

Rest assured, with the technology available and fewer sellers on the market in most areas, you can list your house and make it happen safely and effectively, especially when following the guidelines set forth by the *National Association of Realtors* (NAR) and the *Centers for Disease Control and Prevention* (CDC).

You may have a baby on the way, a new employment situation, a parent who moved in with you, or some other major part of your life that has changed in recent months. Buyers have those needs too, so if you're thinking of selling, know that someone is likely looking for a home just like yours.

According to the latest *Realtors Confidence Index*, a survey produced by NAR, buyer demand for homes is strong or stable across the entire country. People are also spending a lot of time on the Internet right now. Buyers are actively looking at homes for sale online. Some of them are reaching out to real estate professionals for virtual tours and getting ready to make offers too.

There Is Less Competition Right Now

Additionally, inventory across the country was low going into the economic slowdown, and it has only decreased as many homeowners have taken their listings off the market or decided to delay selling their homes until the health crisis settles down. The same survey, however, notes that while seller traffic has been remarkably slow through the spring, and understandably so, listings should be returning to the market this summer.

According to NAR, 77% of people who are getting ready to sell their homes are preparing to list once local restrictions are lifted. Most sellers are only delaying the process temporarily. So, if you're thinking of selling this year, don't wait for the competition to get back into the market. Let your house stand out in the market now.

Your Trusted Real Estate Advisor Can Help

Real estate agents are working hard every single day under untraditional circumstances, tapping into new tools to help both buyers and sellers who need to continue with their plans. We're using virtual tours to show homes currently on the market, staying connected with buyers and sellers through video chats, and leveraging resources to complete transactions electronically. We're making sure the families we support remain safe and can keep their real estate needs on track, especially as life is changing so rapidly.

Bottom Line

Homes are still being bought and sold this year. If you need to sell your house and would like to know the current status in our local market, let's connect to create a safe and effective plan that works for you and your family.

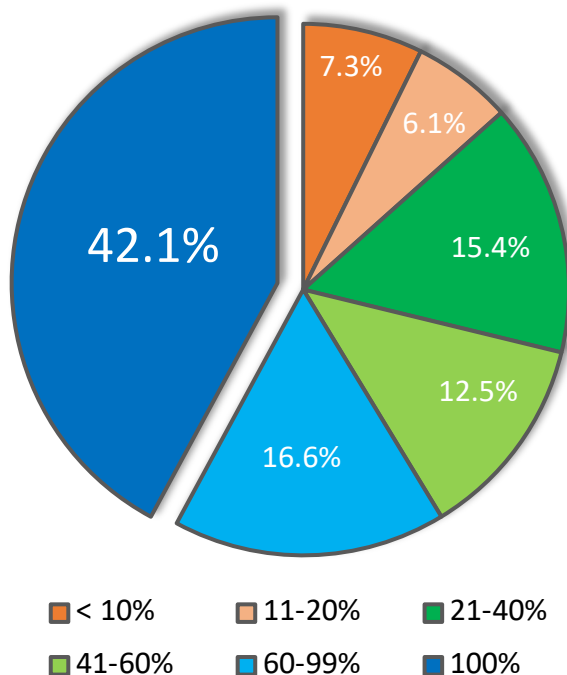




Leveraging Your Equity

According to *John Burns Consulting*, **58.7% of homes in the U.S. have at least 60% equity**, and **42.1% of all homes in this country are mortgage-free**, meaning they're owned free and clear.

Percentage of Homeowner Equity



In addition, *CoreLogic* notes the average equity mortgaged homes have today is \$177,000. That's a tremendous amount of forced savings for homeowners in today's market.

As a homeowner, you may have more equity in your house than you realize. Using it to make your move to a new home while interest rates are hovering near historic all-time lows may be the best decision you could ever make.

In a season like we're in now, when inventory is limited, equity is high, and interest rates are low, homeowners in a position to sell are in a great place to win big.

In the current market, your trusted real estate professional can follow all the virtual guidelines and protocols recommended by NAR and the CDC to make sure you, your family, and your buyers are safe, healthy, and protected along the way.

Bottom Line

There is fear and uncertainty everywhere we turn today, but the real estate market shouldn't be one of those places. Let's connect to see if your home equity positions you to make your next move sooner than you may have thought possible. Taking advantage of this market – safely and effectively – may be your best bet.



Not All Agents Are Created Equal

In today's fast-paced world where answers are just a Google search away, there are some who may question the benefits of hiring a real estate professional. The reality is the addition of more information can lead to more confusion. A real estate agent can be your guide, but truth be told, not all agents are created equal. Finding the right agent for you and your family should be your top priority.

The right agent is the person who can truly walk you through the whole process, look out for your best interest, and seamlessly lead you through all the steps along the way. In today's complex market, the way we execute real estate transactions is changing constantly, especially as more elements can be done virtually. Making sure you have the best advice on your side is mission-critical, especially when you're trying to navigate what is likely one of the biggest transactions of your life.

So, how do you choose the perfect agent?

It starts with trust. You must trust the advice this person is going to give you, and you'll want to begin by making sure you're connected to a true professional. An agent can't give you perfect advice because it's impossible to know exactly what's going to happen at every turn – especially in this market. A true professional agent can, however, give you the best advice possible based on the information and situation at hand, helping you make the necessary adjustments and best decisions along the way. The right agent – the professional – will get you the best offer available. That's exactly what you want and deserve.

What do you need to trust your agent to do?

1. Navigate the Process

There are over **230 possible steps** that take place during a successful real estate transaction. Don't you want someone who has been there before, someone who knows what these actions are, to ensure you have a positive selling experience?

2. Negotiate on Your Behalf

Today, hiring a trusted and talented negotiator could save you thousands, perhaps tens of thousands of dollars. Each step – from the buyer submitting an original offer, to the possible renegotiation of that offer after a home inspection, to the potential cancelation of the deal based on a troubled appraisal – you need someone who can keep the deal together until it closes.

3. Price Your House Competitively

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 our local area? Who do you turn to in order to competitively and correctly price your home at the beginning of the selling process?

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 trusted professional who has a finger on the pulse of the market and is eager to help you learn 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.

Bottom Line

Today's real estate market is highly competitive. Having a trusted professional who's been there before to guide you through the process is a simple step that will give you a huge advantage. Let's make it happen together.





6 Reasons Why Selling Your House on Your Own Is a Mistake

There are many benefits to working with a real estate professional when selling your house. During challenging times like the one we face today, it becomes even more important to have an expert you trust to help guide you through the process. If you're considering selling on your own, known in the industry as a **For Sale By Owner**, or **FSBO**, please consider the following:

1. Your Safety Is a Priority

During this pandemic, your family's safety comes first. When you FSBO, it is incredibly difficult to control entry into your home. A real estate professional will have the proper protocols in place to protect not only your belongings, but your family's health and well-being too. From regulating the number of people in your home at one time to ensuring proper sanitization during and after a showing, and even facilitating virtual tours for buyers, agents are equipped to follow the latest industry standards recommended by the *National Association of Realtors* (NAR) to help protect you and your family.

2. A Powerful Online Strategy Is a Must to Attract a Buyer

Recent studies from NAR have shown that, even before COVID-19, the **first step** 44% of all buyers took when looking for a home was to search online. Throughout the process, that number jumped to 93%. Today, those numbers have grown exponentially. Most real estate agents have developed a strong Internet and social media strategy to promote the sale of your house. Have you?

3. There Are Too Many Negotiations

Here are just a few of the people you'll need to negotiate with if you decide to FSBO:

- The buyer, who wants the best deal possible
- The buyer's agent, who solely represents the best interest of the buyer
- The inspection companies, which work for the buyer and will almost always find challenges with the house
- The appraiser, if there is a question of value

As part of their training, agents are taught how to negotiate every aspect of the real estate transaction and how to mediate the emotions felt by buyers looking to make what is probably the largest purchase of their lives.

4. You Won't Know if Your Purchaser Is Qualified for a Mortgage

Having a buyer who wants to purchase your house is the first step. Making sure they can afford to buy it is just as important. As a FSBO, it's almost impossible to be involved in the mortgage process of your buyer. A real estate professional is trained to ask the appropriate questions and, in most cases, will be intimately aware of the progress that's being made toward a purchaser's mortgage commitment.

Further complicating the situation is how the current mortgage market is rapidly evolving because of the number of families out of work and in mortgage forbearance. A loan program that was there yesterday could be gone tomorrow. You need someone who is working with lenders every day to guarantee your buyer makes it to the closing table.

5. FSBOing Has Become More Difficult from a Legal Standpoint

The documentation involved in the selling process has increased dramatically as more and more disclosures and regulations have become mandatory. In an increasingly litigious society, the agent acts as a third-party to help the seller avoid legal jeopardy. This is one of the major reasons why the percentage of people FSBOing has dropped from 19% to 8% over the last 20+ years.

6. You Net More Money When Using an Agent

Many homeowners believe they'll 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 by forgoing the help of an agent. In some cases, the seller may even **net less money** from the sale. The study found the difference in price between a FSBO and an agent-listed home was an average of 6%. One of the main reasons for the price difference is effective exposure:

"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 a bidding war will take place.

Bottom Line

Listing on your own leaves you to manage the entire transaction yourself. Why do that when you can hire an agent and still net the same amount of money? Before you decide to take on the challenge of selling your house alone, let's connect to discuss your options.

What You Can Do Now to Get Your House Ready to Sell

When listing your house, one of your top goals will likely be to get the house sold for the best price possible. In many cases, it's the little things that make a big impact. Here are some small projects you can do to make sure your house is in tip-top shape when you're ready to sell.

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 your yard.** A well-groomed lawn shows buyers the house was cared for.
- ❑ **Make sure all exterior lights work.** Replace outdoor light bulbs.
- ❑ **Wash all windows (inside and out).** Don't let dirty windows take away 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 climate in your area, you may want to add a pop of color around your yard.
- ❑ **Remove any lawn ornaments** you are planning to bring with you to your new home.
- ❑ **Replace a worn-out welcome mat.** Welcome buyers with a fresh step into your house.
- ❑ **Paint or replace the street numbers** on your house. Make them more visible to potential buyers.
- ❑ **Power wash outdoor surfaces.** Give them a 'like new' feeling (ex: siding, sidewalks, driveway).

10 Tips to Make Your House Look Like Home to Buyers

- ❑ **Clean everything.** A clean house will allow buyers to picture themselves in the space and not be distracted.
- ❑ **Give every room a purpose.** Even if you used it as a bonus room, clear room identity helps buyers visualize.
- ❑ **Let the light in.** Bright rooms feel warm and inviting; dark rooms can feel small and gloomy.
- ❑ **Fix anything that's broken.** Buyers will notice and may offer less for your house if repairs are required.
- ❑ **Declutter your house.** Thinning out your closets and pantry will show how much room is available.
- ❑ **Update paint and floors.** These are things you can update to sell your house faster and for more money.
- ❑ **Organize the kitchen.** Pack away any non-essentials or small appliances and clean all the surfaces.
- ❑ **Clean up.** Empty all trash bins and hide any dirty laundry.
- ❑ **Fix the doors.** Fix any squeaks or creaks on interior and exterior doors.
- ❑ **Replace light bulbs with new ones.** Make sure all the switches work properly in your house.

Every small project can make a big difference when you're ready to close a top-dollar sale.



Selling Your House with Today's Technology

In a survey by *realtor.com*, people thinking about selling their homes today indicated they're generally willing to allow their agent and some potential buyers inside if done under the right conditions. They're less comfortable, however, hosting an open house. This is understandable, given the health concerns our country is facing this year. The question is, if you need to sell your house now, what virtual practices should you use to make sure you, your family, and potential buyers stay safe throughout the process?

In today's rapidly changing market, it's more important than ever to make sure you have a digital game plan and an effective online marketing strategy when selling your house. One of the ways your agent can help with this is to make sure your listing photos and virtual tours stand out from the crowd, truly giving buyers a detailed and thorough view of your home.

So, if you're ready to move forward, virtual practices may help you win big. While abiding by state and local regulations is a top priority, a real estate agent can help make your sale happen. Agents know exactly what today's buyers need, and how to put the necessary digital steps in place. For example, according to the same survey, when asked to select what technology would be **most helpful** when deciding on a new home, here's what today's homebuyers said, in order of preference:

- Virtual tour of the home
- Accurate and detailed listing information
- Detailed neighborhood information
- High-quality listing photos
- Agent-led video chat

After leveraging technology, if you have serious buyers who still want to see your house in person, keep in mind that according to the *National Association of Realtors* (NAR), there are ways to proceed safely. Here are a few of the guidelines, understanding that the top priority should always be to obey state and local restrictions first:

- Limit in-person activity
- Require guests to wash their hands or use an alcohol-based sanitizer
- Remove shoes or cover with booties
- Follow CDC guidance on social distancing and wearing face coverings

Getting comfortable with your agent – *a true trusted advisor* – taking these steps under the new safety standards might be your best plan. This is especially important if you're in a position where you need to sell your house sooner rather than later.

Bottom Line

In a new era of life, things are shifting quickly, and virtual strategies for sellers may be a great option. Opening your doors up to digital approaches may be game-changing when it comes to selling your house this season. As always, a trusted real estate professional can help you safely and effectively navigate through all that's new when it comes to making your next move. Let's connect today to make it happen.



Why Pricing Your House Right Matters

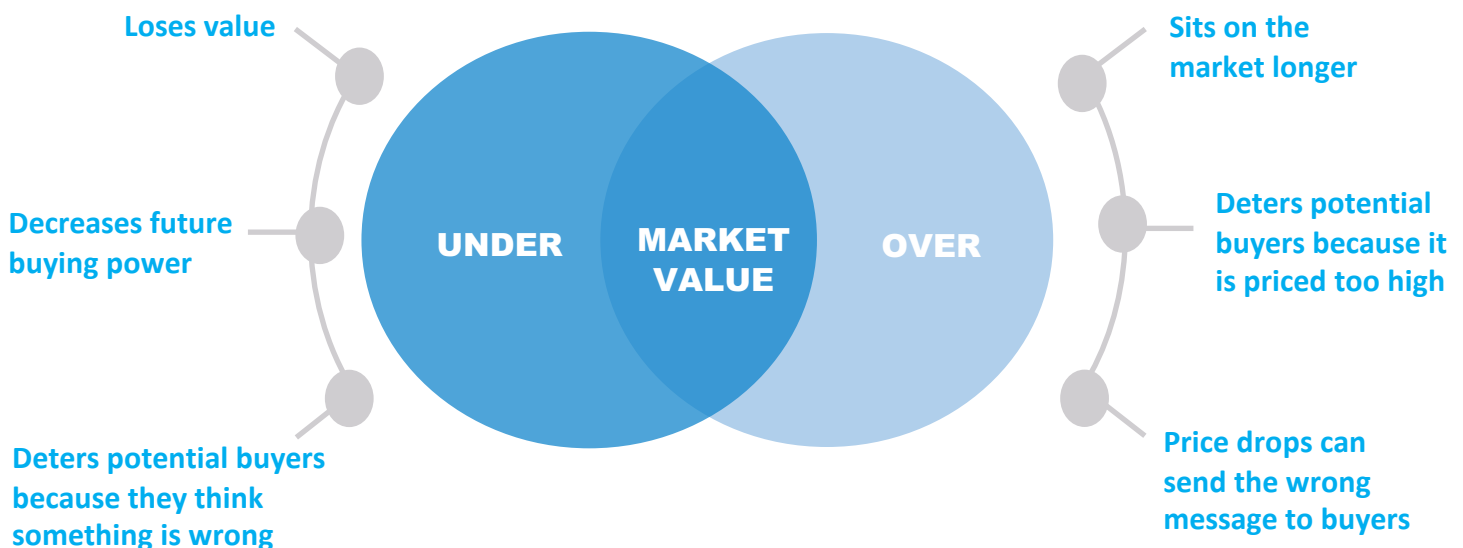
In today's real estate market, setting the right price for your house is one of the most important things you can do.

According to the *U.S Economic Outlook* by NAR, existing home prices nationwide will increase 3.8% in 2020 and 2.1% in 2021. This means experts anticipate home values to continue climbing into next year. Low inventory is largely keeping them from depreciating. Mark Fleming, *Chief Economist at First American*, notes:

"Housing supply remains at historically low levels, so house price growth is likely to slow, but it's not likely to go negative."

When it comes to pricing your home, setting it at or slightly below market value will increase the visibility of your listing and drive more buyers your way. This strategy actually increases the number of buyers who will see your home in their search process.

Instead of trying to win the negotiation with one buyer, you should price your house so demand is maximized. This way, potential buyers don't get deterred by a high price tag and you don't find it sitting on the market longer than it should. By doing so, you won't be negotiating with one buyer over the price. Instead, you'll have multiple buyers competing for the property.



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

Bottom Line

If you're thinking about listing your house this season, let's discuss how to price it appropriately to maximize your exposure and your return.



5 Reasons to Hire a Real Estate Professional



Contracts

We help with all disclosures and contracts necessary in today's heavily regulated environment.



Pricing

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



Experience

We are well-educated in real estate and experienced with the entire sales process.



Negotiations

We act as a buffer in negotiations with all parties throughout the entire transaction.



Understanding of Current Market Conditions

We simply and effectively explain today's real estate headlines and decipher what they mean to you.

CONTACT ME TO TALK MORE

I'm sure you have questions and concerns about the real estate process.

I'd love to talk with you about what you read here and help you on the path to selling your house. My contact information is below and I look forward to hearing from you.



Rob Cunningham

Licensed Realtor

Hobby Associates

rob.cunningham@live.com

CunninghamRealtor.com

(925) 999-6396



Equal Housing Opportunity

