

Two Windows of Opportunity in Real Estate

The way I see it, there are two windows of opportunity when referring to real estate; especially in a buyer's market. One window of opportunity refers to our current real estate market and the other to when a seller sets the price for the property they wish to sell. When we are in this type of market, buyers normally have more selection and flexibility in terms of negotiating toward a lower price because properties are more likely to stay on the market for a longer period of time and fewer offers will come in and with less frequency.

Current Real Estate Market

Ask a local REALTOR® about our current real estate market and they will tell you that our current housing market offers a unique window of opportunity for both savvy buyers and sellers. Why? Because it is unlikely that this type of opportunity will be seen again in our foreseeable future or ever.

Our market is certainly not the hot market it was just two to four years ago; however, those were record years. The market has now cooled off and adjusting to market changes. We now have mortgage interest rates near an all-time low, prices appear to have stabilized, and there are a multitude of properties to choose from.

Those that can benefit from this market includes first-time home buyers, buyers looking to profit from an investment, existing homeowners looking for a new home, and more. If you wait to purchase because you are trying to identify the bottom of the market, your potential savings could be more than offset by higher interest rates and fewer seller concessions. Especially now when many sellers are willing to pay for concessions, such as paying for your closing costs or buying down your interest rate.

If you are a first-time home buyer, you have an opportunity to pay perhaps the same amount of money or a little more than what you pay in rent. However, with a home purchase your money will go toward a mortgage and an investment in your future, as well as offer tax advantages.

If you are interested in building wealth, you can buy in our market now that our prices are low and then trade up later when you are able to get a higher return on your investment. Investing in real estate, provided you have planned properly, can be extremely effective and profitable.

If you are looking for a change in either moving to a larger home or moving to a smaller home, there are plenty of opportunities for you as well; although, those looking to move up will generally be in a better position to take advantage of our current real estate market.

Asking Price for Your Home

What is the best asking price for your home or property? The general rule is one that will get it sold in your desired time frame in which you'd like to have it sold. If it is unlikely that you will be able to get the money you desire for your property, you need to determine what the best course of action is for you. Do you wait to list your home until market values increase or are you able or willing to accept less than what you were hoping for? Keep in mind that the when you list your property for sale, it is best to hit the market correctly (your window of opportunity) or you are less likely to sell your home in your desired time frame.

I believe that your property has the best chance of selling within its first seven weeks on the market with studies indicating that the longer a property stays on the market, the less it will ultimately sell for. Therefore, the most critical time for your property is the first two to three weeks that it is listed. That is when your property is considered a new listing and REALTORS® and buyers are looking at it. If it is overpriced, it may be ignored. After this time has passed, newer listings gain the most interest. Thus, when you decide to reduce the price, it may appear that you are desperate and willing to sell for less, which may lead to offers significantly below your initial asking price and perhaps your reduced price.

When comparing our current active listings to those that have sold since January, approximately 47% of residential listings and 14% of land listings have sold. These numbers, though, do not reflect the number of properties that expired or were withdrawn during that time. If those numbers were included, the percentages above would be lower!

As of the first week of December, we had 475 residential listings and 387 land listings in our multiple listing service (excluding those out of our mountain and foothill communities). Though, only 224 homes and 55 land listings closed escrow since January. Thus, if your property is not initially marketed competitively, it could very well be lost. You may wish to look at your property through the eyes of the potential buyer and understand that it is competing against other properties on the market similar to yours. If you choose to over-price your property, you run the risk of increasing the amount of time your property is on the market and decreasing the amount of money you'll ultimately receive.

There is no way that a REALTOR® can memorize all the listings available in our area. We do though remember the bad deals and the good deals. If a home is overpriced, we know that and it is something we may avoid. Also, price reductions are not something all agents make note off. There are some REALTORS® that watch the daily hot sheet showing these reductions; however, if I were to guess, those that monitor the hot sheet are in the minority. Therefore, it is even more important to price your property right when it is first listed.

Beverly Scott, President, Yosemite Gateway Association of REALTORS®