

## ***Real Estate market report as of February 1, 2021, plus “dos and don’ts” for buyers who want to win in this market***

The current Real Estate market consists of very low mortgage interest rates combined with lower-than-normal housing inventory. This has resulted in very high buyer demand, with more and more buyers chasing fewer and fewer homes. With the shortage of inventory, I would say that this market is more of a seller’s market and prices are still climbing. Smaller single-family homes and many town homes with 2 bedrooms are being listed in the lower \$600K level. Older Ranch style single-family homes are listing well into the \$700K range. Larger, luxury level homes with 3,000 square feet or more are fetching seven figures. “Hot” homes (the nicest home on the block and highly upgraded) are getting multiple offers on the first day! With all of that, it can be frustrating for buyers who are otherwise very qualified, but are getting out-bid on many homes. Here’s some Real Estate “dos and don’ts” that can help.

### ***First, the Real Estate “don’ts”***

Don’t use sites like Zillow.com or Realtor.com as your home search platform. These sites have many stale and out of date listings. I’ve had clients send me a link from one these sites and the homes have been in escrow for a few weeks or sold a month ago. There are better home search sources out there! If you do like using these sites, always double check with me to see if home is still active.

Don’t chase “hot” homes. These homes are often the nicest home in a more modest neighborhood and highly upgraded. Listing agents initially price these homes using comparables (“comps”) but they are also very happy to run the price as high as they can by countering many of the offers. Avoid getting into these bidding wars because you don’t want to wind up with the most expensive house in the neighborhood and one that may not even appraise.

for condos and town homes, watch out for very high Homeowners Association dues. Some HOA dues can add over \$500 per month to your costs.

Be careful also for high Mello Roos assessments. Some of the newer communities have Mello Roos fees that can raise your total property tax percentage to as high as 2%!

Avoid “contingent” offers if you can (where you need to sell your home before buying). Sellers are less likely to take your offer if it is contingent. I can show you several ways to go around having to make your offer contingent. Read more about contingent offers here.

<http://www.ronforhomes.com/contingentbuyer.htm>

Last, if you are in escrow, do not make any additional purchases, get any new credit cards, or do anything else that would affect your credit scores. For example, if you take out a new car loan while in escrow, this could void your loan pre-approval. Lenders do check constantly on your credit status throughout the escrow.

### ***Then, the “dos”***

Use better sources for your home searches. My website [www.ronforhomes.com](http://www.ronforhomes.com) gets frequent updates from the MLS so the data is very accurate. Also, request one or more custom MLS home searches that I can set up for you, using your search criteria. You will always want to be sure that the home you are interested in is still in Active status and available for your offer.

Do focus your search on homes with fewer upgrades but with good “bones”. There is less competition for these homes and you can always upgrade the home to your liking later. Just be sure that the home you are considering has the following three characteristics

- 1) Make sure the home is in a good location, away from road noise and visual obstacles like power lines or commercial buildings. Cul de sac locations are also more desirable. Also consider whether you’d like to be close to your work place or a school. You can change the home’s interior but you can’t change the location.
- 2) Be sure that the home’s floor plan works well for you and your family with enough bedrooms and bathrooms, and living space.
- 3) Also, check to be sure the home is in a good school district and in a low crime area. (important for you and for resale). I can provide this information to you.

When you do find a home you like, go visit the home ASAP! (The early bird gets the worm). Also, make sure you have proof of funds and your pre-approval letter ready to go with your offer.

If you are coming in with a lower down payment on a competitive home, make your offer more attractive by:

- 1) Offering a higher earnest money deposit
- 2) Letting the seller and listing agent select the escrow and title companies
- 3) Allowing the sellers to briefly rent back the home, if they need to
- 4) Shorten inspection periods
- 5) With your lender’s approval, shorten the closing period

Do make sure your excepted offer price is within recent comps. You do want the home to appraise at your final offer price so that you know you are not overpaying.

Adding a personalized cover letter that lets the seller know who you are and why you love their home, is always a good idea. This lets you (the buyer) connect emotionally with the seller and it personalizes the homebuying process.

For buyers who are age 55 or older, do consider a home in one of the 55+ communities like Casta del Sol or Palmia in Mission Viejo. These homes are more niche oriented so there’s far less competition.

If you do lose out on a home you really like, consider being in a “backup offer” position. There are many times that the initial offer falls out, so having a backup offer in with the listing agent might work. By the way, you do this on multiple homes. There’s no obligation until you agree to activate one of the backups.

If all else fails, consider buying a lower priced, less competitive home for now. You can always upgrade in a few years when the market is right.

Last, please remain **patient, flexible, and persistent**. It may take a while to nail down your next home. Expect that a few of your offers might be rejected or surpassed with higher offer prices, but don’t throw in the towel. Keep making offers and be prepared to compromise a bit, since it’s difficult to get 100% of everything you want in a home.

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