

Affordability Options For First-Time Buyers

Most first-time home buyers are eager to have their very own home but it has to be at a price they can afford. Smaller homes, fixer-uppers and up-and-coming neighborhoods are usually the best options to explore.

The problem is, most first-time home buyers expect more than what they can actually afford in a home. Coldwell Banker conducted an online survey with 150 of its brokers. The result of the survey yielded a strange trend among first-time home buyers.

Most of the survey respondents said affordability was their top concern. Yet, 81 percent were looking for move-in condition homes. Only 7 percent were considering fixer-upper homes. The real estate company suggests looking into fixer-upper homes if you want affordability.

"In the past, first-time home buyers were willing to purchase older, more basic houses in an effort to save money and break into homeownership," said Jim Gillespie, President and Chief Executive Officer, Coldwell Banker Real Estate, LLC. He adds, "It is important for first-time homebuyers to remember that by considering a fixer-upper for their first home purchase, they can build equity over time and later move up and into their second-stage home that better reflects their expectations."

Buyers who choose to go with fixer-ups homes should have the house inspected by a professional home inspector. Buyers need to find out how much it will cost you for repairs. You might end up spending more than what you saved. Homes that need basic fixing or improvement can give you a lot of savings but sometimes you can save even more on homes that need major work. Again, buyers need professional help so they can determine if the savings on the house is more than the cost of repairs.

Another surprising discovery was that most first-time buyers wanted affordability yet looked for bigger houses within major cities. The survey showed that 71 percent of first-time buyers wanted bigger houses than they were 10 years ago. A smaller home is less expensive because of its smaller footprint and square footage. Forty one percent were considering proximity. They were looking for a house near their workplace so they could save on gas. However, homes around economic centers are expensive. These properties bank on the value of convenience. Those who live in areas like this can save on travel time and gas money.

A good alternative to this is finding an affordable place far from economic centers but near a transit-oriented development (TOD) or low-cost public transit. There is also the option for carpooling or car-sharing communities.

The survey also showed that most of these first-time buyers looked at five to ten homes before they decided on a house. But if you want to get the most for your money, invest more time in looking at houses. More houses, more opportunities for savings. Look at a minimum of 10 houses. You can usually



TODDKAUFMAN

todd@kaufmanproperties.com
REALTOR® CalBRE # 01893578

805.206.4313

www.kaufmanproperties.com
2015 Executive Club Award Recipient



find big discounts from these: houses that had been on the market for at least 90 days; houses being sold by long-time homeowners; houses for sale from flipping investors who got unlucky; and houses from we-want-to-sell-real-estate banks.



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