

THINGS TO CONSIDER WHEN

SELLING YOUR HOUSE

in South Central Wisconsin

With the Mike Coke Team

SPRING 2020
EDITION



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—REALTY—

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Why This Spring Is a Great Time to Sell

With more buyers coming to market this spring, here are the **top three reasons** you may want to consider selling your house and making a move this season.

1. First-Time Homebuyer Demand Is High

In the latest *Housing Trends Report*, the *National Association of Home Builders* (NAHB) measured the share of adults planning to buy a home over the next 12 months. The report indicates the percentage of all buyers who will be first-time buyers looking to purchase a home grew from 53% in Q4 2018 to 63% in Q4 2019.

The results reveal:

“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 from first-time homebuyers and a shortage of inventory in the current housing market, especially at the entry level, selling your house this year might be your best move. Why? Because when homebuyers begin their search, they're not all looking for new construction. Many are eager to find a little charm and character in a place to call home – *possibly yours*.

In fact, according to the same study, there's a significant 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."

With showing activity up among buyers and more new construction coming to market, as a homeowner, you can sell your house now and move up into a new one or downsize into a home that better 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 fallen 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 a great rate you may already have on your current mortgage, don't sweat it. Locking in at today's low rate may allow you to get more for your money on your next home, whether you choose to move up or downsize.

3. Inventory Is Low, Especially at the Entry-Level

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, as a homeowner, this shouldn't scare you at all. New construction is starting to ramp up after years of slowing builder activity, and inventory at the upper-end is in a buyer's market, making it a great time for you to move into a new home.

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

Bottom Line

Not all buyers are looking for a newly built home, and your house may be high on an eager buyer's wish list. If you're ready to take advantage of low mortgage rates and a high demand for your house, let's get together to start the process for you and your family.





Expert Insights on the Housing Market

With low mortgage rates alongside home price and wage appreciation, many are wondering about the housing market forecast for the remainder of the year and what it might bring.

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 spring."

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."

Bottom Line

If you're thinking of making your next move, now may be the time. Demand for your house will be strong, particularly while buyers are looking to lock in at low mortgage rates.



Equity Gain Growing in Nearly Every State

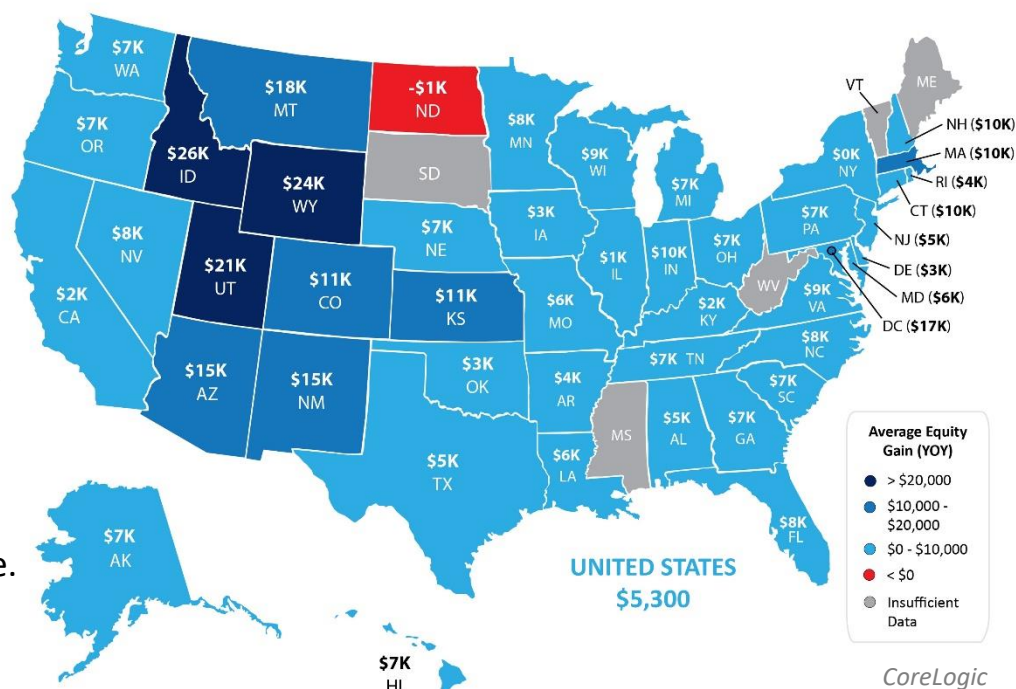
Rising home prices have been in the news a lot lately, and much of the focus is on whether home prices are accelerating too quickly as well as how sustainable the growth in prices really is. One of the often-overlooked benefits of rising prices, however, is the impact they have on a homeowner's equity 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 pay down their mortgages, the amount of equity they have in their homes climbs each time the value increases.

Today, the number of homeowners that currently have significant equity in their homes is growing. According to the *Census Bureau*, 38% of all 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 over 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, painting a clear picture that home equity is growing in nearly every state.



Bottom Line

This may be the year to take advantage of your home equity by applying it forward, either as you downsize or as you move up to a new home.



Moving? Equity and Low Mortgage Rates Are on Your Side This Year

Home prices have been increasing for 95 consecutive months, according to the *National Association of Realtors*. If you're a homeowner, whether you're looking to move up or downsize your living space, an increase in value is great news, as you've likely built significant equity in your home.

How to Use Your Home Equity

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

For homeowners ready to downsize, home equity can work in a slightly different way. What you choose to do depends in part 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 may choose to live in a smaller home to save money or simplify their lifestyle in a space that's easier to clean and declutter. The reasons can vary greatly, and even by generation.

Those who choose to put their equity toward a new home may be able to make a substantial down payment or even buy their next home in cash. This is incredibly valuable if your goal is to have a minimal mortgage payment or none at all.

A local real estate professional can help you evaluate your equity 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 choices.

The Impact of Low Mortgage Rates

Mortgage rates are also expected to remain low throughout 2020 at an average of 3.8% for a 30-year fixed-rate loan, making moving into a new home right now very desirable. Low mortgage rates can offset price hikes and increasing appreciation, so locking in while rates are low will be key.

When rates are low and you also have equity to put into your next home, you may be in a better position than you think when it comes to making a move into your dream home. The combination of leveraging your growing equity and capitalizing on low rates could make a big difference in your housing plans this year.

Bottom Line

If you're planning on making a move this year, the twin trends of low mortgage rates and rising home equity can kickstart or boost those plans in the right direction.





Have You Outgrown Your Starter Home?

For many Americans, buying a home is the first taste of achieving part of the American dream. There's a sense of pride that comes along with building your family's wealth through your monthly mortgage payment.

It may seem hard to imagine that the first home you purchased (which made your initial dreams come true) might not be the house that will allow you to achieve the rest of your dreams. The good news is, 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 available*).

PRICES

↑ **5.9%** year-over-year

INVENTORY

↓ **3.4** month supply

These two statistics are directly related to one another. As inventory has **decreased** and demand has **increased**, prices have been driven up.

This is great news if you own a starter home and are looking to move up to a larger home; the equity in your house has likely risen as prices have increased. Even better is the fact that there's a large pool of buyers out there searching for the American dream, and your house may be exactly what they're after.

Bottom Line

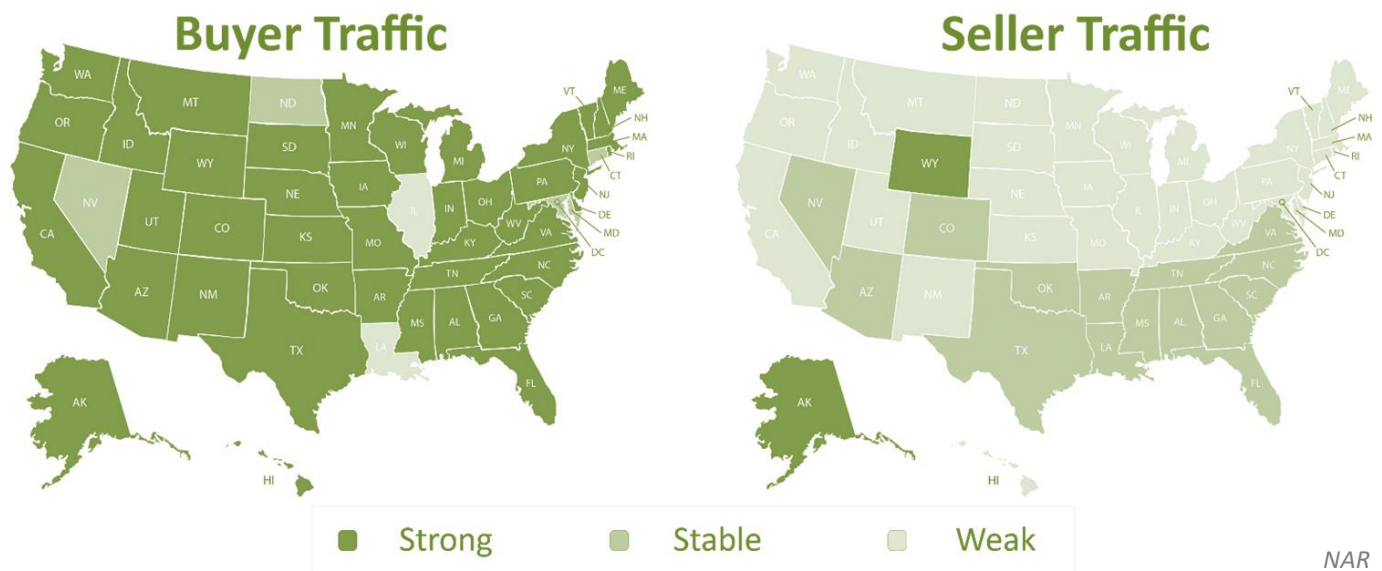
If you've outgrown your starter home, let's talk about market conditions in our area so we can make your move-up dreams come to life.

Thinking of Selling? Now May Be the Time

The housing market has started off much stronger this year than it did last year. **Lower mortgage interest rates** have been a big factor in this change. The average 30-year rate in 2019 as reported by *Freddie Mac* was 3.94%. We are now closer to 3.5%.

The *Census Bureau* also just reported the **highest homeownership rate** for people under 35 since 2014. This is evidence that owning their own home is becoming important to Millennials as they reach the age where marriage and children are part of their lives.

According to the latest *Realtors Confidence Index Survey* from the *National Association of Realtors* (NAR), **buyer demand across the country is strong**. That's not the case, however, with seller demand, which remains weak. Here's a breakdown by state:



Demand for housing is high, but supply is extremely low. NAR indicates the actual number of homes currently for sale stands at **1.42 million**, which is one of the lowest totals in almost three decades. Additionally, the ratio of all existing homes for sale to the number purchased is **3.1 months of inventory**. In a normal market, that number would be double that at 6 months of inventory.

What does this mean for potential sellers?

If you're thinking of selling, you may not want to wait until spring to put your house on the market. With **demand so high** and **supply so low**, now is the perfect time to sell for the greatest dollar value and the least hassle.

Bottom Line

The real estate market is entering the spring like a lion. There's no indication it will lose that roar, assuming inventory continues to come to market.



Having a Professional on Your Side Makes All the Difference

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 truth is that the addition of more information can lead to more confusion.

Shows like *Property Brothers*, *Fixer Upper*, and dozens more on *HGTV* have given many a false sense of what it's like to buy and sell a home.

Now more than ever, you need an expert on your side who's going to guide you toward your dreams and not let anything slip through the cracks. **Buying or selling a home is not something you should DIY (Do It Yourself)!**

Here are just some of the reasons you need a real estate professional in your corner:

There Are Quite a Few Steps to Navigate in the Process

There are over **230 possible steps** that need to take place during every 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 buying and selling process?

You Need a Skilled Negotiator

In today's market, hiring a talented negotiator could save you thousands, perhaps tens of thousands of dollars. Each step of the way – 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.

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.

Bottom Line

Today's real estate market is highly competitive. Having a 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.





Why You Shouldn't "For Sale By Owner"

By now, you're aware of the benefits of working with a real estate professional. However, rising home prices coupled with the current inventory in today's market may cause some homeowners to consider selling their home on their own (known in the industry as a **For Sale By Owner**). Believe it or not, a *FSBO*, as it's candidly called, might not actually 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 online for a home. That's a pretty staggering number! Most real estate agents have an Internet strategy to promote the sale of your home. Do you?

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 sign in your yard or placing an ad in the paper are long gone. Having a strong Internet strategy is crucial.

3. There Are too Many People to Negotiate With

Here's a list of some of the people with whom you must be prepared to negotiate if you *FSBO*:

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

4. It Has Become Increasingly Difficult to FSBO

The paperwork involved in buying or selling a home has increased dramatically as more industry disclosures and regulations have become mandatory. This is one of the reasons 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'll save the real estate commission by selling on their own, but the seller and buyer can't both save the commission.

A report by *Zillow* revealed that *FSBOs* are inclined to do so because they believe it will save money (46% cite this among their top three reasons), but they don't actually save anything, and eventually end up listing with an agent.

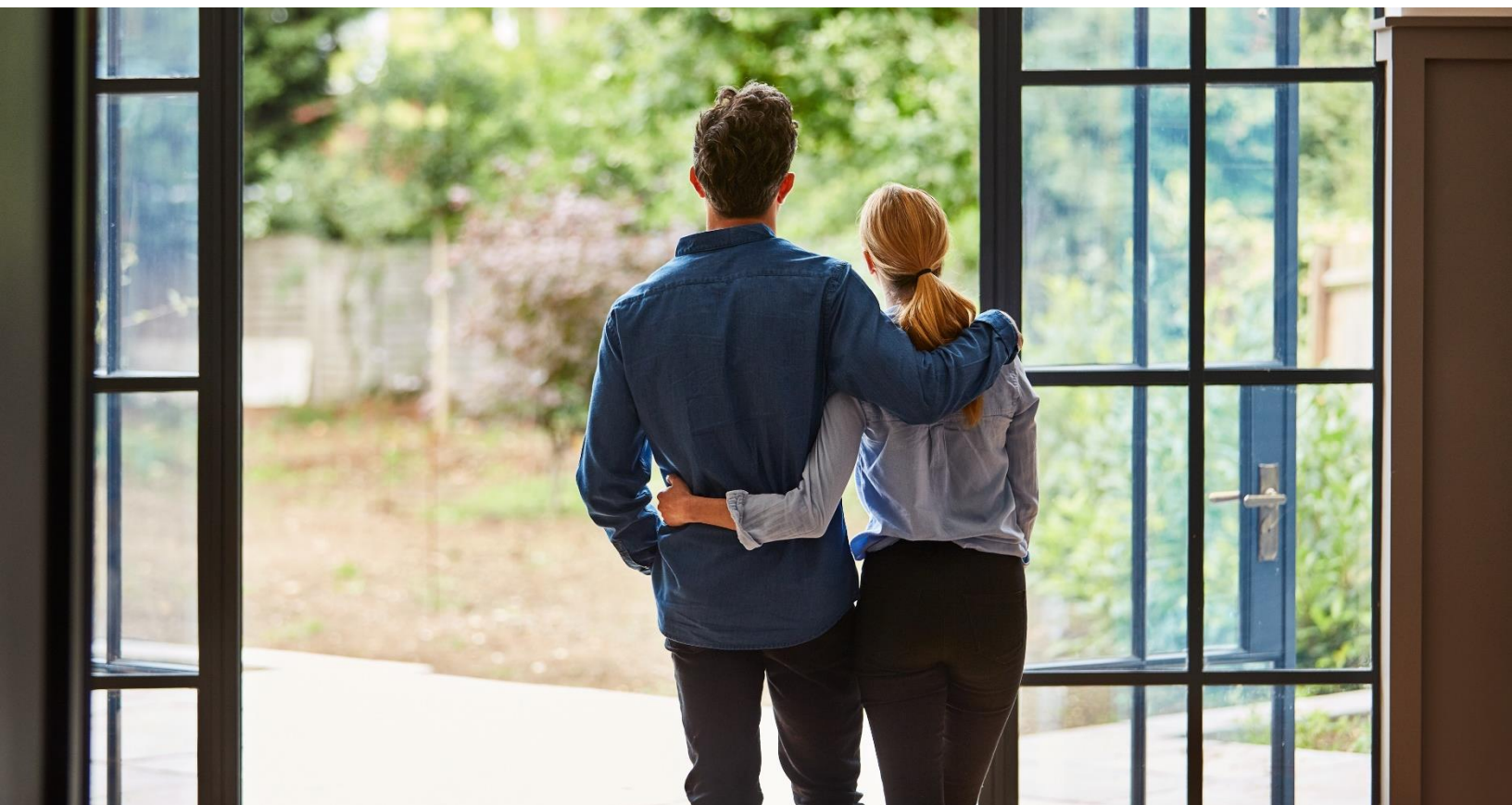
The same report revealed that:

"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.

Bottom Line

Before you decide to take on the challenges of selling your house on your own, let's get together to discuss your needs.





Tips to Sell Your House Faster

1. Make Buyers Feel at Home

Declutter your house. Pack away personal items like pictures, awards, and sentimental pieces. Make 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 organized. Before buyers arrive, pick up toys, make the bed, and put away clean dishes. According to the same report, the kitchen is one of the most important rooms to stage in order to attract more buyers. Put out a scented candle or some cookies fresh from the oven. Buyers will remember the smell of your house.

3. Price it Right

When the competition in your neighborhood heats up, you’ll want to make sure your house is noticed. A key to selling quickly is ensuring your house is *Priced to Sell Immediately (PTSI)*. This means you’ll be driving more traffic to your property and ultimately creating more interest in your listing.

4. Give Buyers Full Access

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

Bottom Line

If you want to sell your house in the least amount of time, at the best price, and with as little hassle as possible, let’s make sure it checks the box on each of these key elements.

How to Prepare Your House for a Winning Sale

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

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 are working.** 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 Feel 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 carpet.** These are the top things you can update to sell your house faster and for more.
- ❑ **Organize the kitchen.** Pack away any non-essentials or small appliances and clean all the surfaces.
- ❑ **Clean up for each showing.** 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.

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.

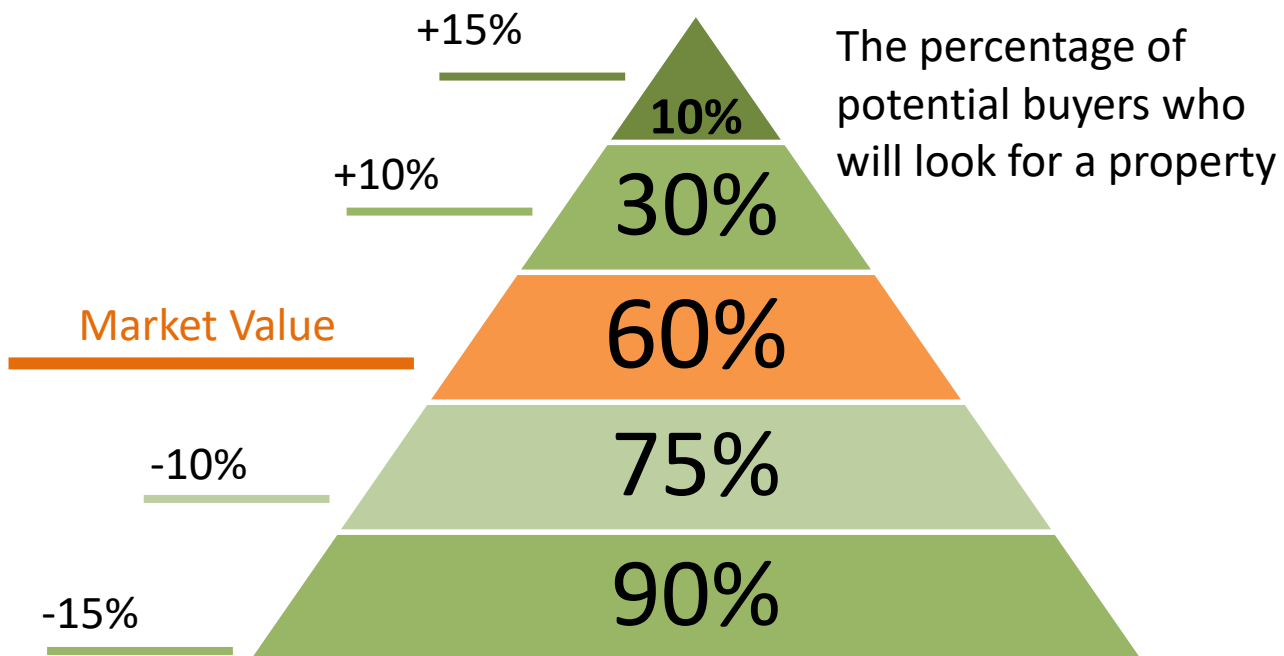
Is Your House Priced to Sell Immediately?

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 *CoreLogic's* latest *Home Price Index*, home prices nationwide 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 realize that pricing your house a little over market value to leave room for negotiation will dramatically decrease the number of buyers who 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 so demand for it is maximized. 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, let's discuss how to price it appropriately to maximize your exposure and return.



The Role Access Plays in Selling Your House

When selling your house, there are four key elements to a quality listing. At the top of the list is access, followed by condition, financing, and price. Believe it or not, the level of access you provide can be a critical factor in how quickly you're able to go under contract.

Here are five levels of access you can provide to a buyer. Which one will you choose?

- **Lockbox on the Door** – This allows buyers the ability to see your house as soon as they're notified 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 just a phone call's notice.
- **By Appointment Only** – Example: 48-hour notice. Many buyers who are relocating for a new career or promotion start working in that area prior to purchasing their home. They often like to 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 48 hours to see your house.
- **Limited Access** – Example: the house is only available for a couple of hours a day. This is the most difficult way to be able to show your house to potential buyers.

Bottom Line

In a competitive marketplace, access can make or break your ability to get the price you're looking for or to even sell your house at all.



5 Reasons to Hire the *Mike Coke Team*



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 working with you.



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