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Delaying Homeownership a Costly Decision

Realtor.com in its Opportunity Cost Report notes potential homebuyers who don't take advantage of current interest rates and property prices risk losing out on thousands of dollars. Jonathan Smoke, chief economist for Realtor.com contends "Current market conditions give buyers the opportunity to build substantial wealth in the long term, compared with renters and later buyers, in advance of the projected increase in mortgage rates and continuing price appreciation."



Pricing Reality Check



Did you know sellers tend to overestimate the value of their properties by about 8%? With all the information available, how does this occur. Appraisers note that sellers often have unrealistic expectations about how much their improvements add to the home's resale value. In addition, some homeowners don't realize they have over-improved their home compared to others in the neighborhood.

The moral is if you're doing a costly improvement that you love, understand that you are doing it for your own benefit, and you may not regain the cost when you sell your home.

New Tools and Techniques for Appraisers

There is an important new software program called "Collateral Underwriter" to evaluate appraisals helping to confirm accuracy. This is a good thing.

What about AVMs (automated valuation models), the kind of numbers you get from Zillow and similar sites? As more data becomes available, AVMs will be more accurate, but they do not replace an appraisal where the appraiser has actually viewed the house and the neighborhood. Appraisers are encouraged to reach out to Realtors for comparables as well as a list of improvements.

Emphasis on accuracy is a positive sign of the times.



Bidding Wars

Warning to buyers: you may have to fight to “win” the home you want. A strong spring market together with limited inventory, especially in the \$200,000 to \$400,000 price range, may set the stage for a bidding war. Best advice for winning is to make a strong initial offer with few contingencies.



Multiple Offer Tips for Buyers

Sellers considering more than one offer will choose the “best” offer, a subjective decision to be sure. Here are some things for buyers to think about.

- **Earnest money.** The more money a buyer will put down, the better.
- **Verification.** Submit an underwriting approval.
- **Courtesy.** Allow the seller extra time to move.
- **Strength.** Submit your best offer first.
- **Market value.** Compare the pricing to other sold homes in the neighborhood.
- **Few contingencies.** The fewer, the better.
- **Keep it simple.** Write a clean contract without small requests.
- **Closing costs.** Request to pay closing costs could hurt.
- **Actual concerns.** Does seller want to move quickly? A family to love the home.
- **Prepare for the next step.** A counter offer? Think about it beforehand.
- **Details count.** Respond quickly to communications.

Listings with ‘green’ features get higher Offers

Recent research has found that buyers will pay a premium for homes that are environmentally friendly and have lower energy bills. In addition, those homes sell more quickly.



Hurricane Season

A decade ago 8 hurricanes ravaged Florida causing \$33 billion in insurance claims. Since that time coastal communities have added an additional 1.5 million people. However, the risk of catastrophic destruction has not grown along with the new development. The building code has changed to protect against wind damage. Shatter proof glass, straps reinforcing the connection between roof and walls as well as stiffer roofing requirements have made a huge difference.

Parks have been added to act as buffers against storm surge. Emergency generators are commonplace in Florida homes.

Both builders and homeowners have adopted an awareness for the devastation of hurricanes and have prepared for the worst.

