

THE ALPINE Advisor



Alpine Mortgage Planning
Your Dreams. Our Expertise.

COMING OUT AHEAD WHEN LISTINGS ARE LAGGING

How to Play by the Housing Market's New Rules

As you're flipping through local real estate listings this spring, you might see something a little strange. You might notice it again when you're out driving in your neighborhood, or when you grab a flyer from that bungalow down the block. Where are all the "For Sale" signs and rock-bottom prices you've been hearing about? By now, shouldn't the housing market be gearing up for the summer buying season?

Your suspicions are correct: The market is experiencing an inventory shortage. A lot of demand without much new supply has created a challenging climate for hopeful buyers. But even though getting into your dream home this year might require a little more effort, it's still a worthwhile endeavor — prices and mortgage rates are only going up from here, and investing now could pay big dividends in the future.

WHERE HAVE ALL THE HOUSES GONE?

There are several reasons inventory is low, and the main one is actually good news: The economy has improved. People's incomes have increased, and buyers are snapping up houses with money they didn't have in the aftermath of the 2008 recession.

For hopeful homeowners, that presents the challenge of increased competition. In addition to the normal amount of buyers looking for a house, many others have been saving up money for years and are finally ready to make a purchase. This has resulted in a flood of buyers vying for a limited number of available homes.

But even if a normal number of buyers were house hunting this year, available inventory would still be considered low. Many factors are at play when it comes to the back-and-forth of supply and demand in this market. Here are several of them:

BUYING IS CHEAPER THAN RENTING.

Though the gap has closed slightly over the last several months, buying a home with a 30-year fixed mortgage is still a full 38 percent cheaper nationally than renting, according to Trulia.



PRICES KEEP INCREASING. Continuously rising home prices bring buyers to the market because those buyers are afraid houses will become unaffordable; but they keep sellers on the sidelines waiting for the opportunity to sell for a higher price.

SHADOW INVENTORY HAS DECREASED. The supply of foreclosures and short sales is much lower than it was in the last few years, because of investors who swooped in and paid cash to fix and flip these homes.

WINTER STORMS HAVE DELAYED CONSTRUCTION. This hard winter has stalled new home starts, limiting the number of newly built properties for sale.

One thing's certain: It's a competitive market out there. But since prices and mortgage rates are still historically low, investing the time to find a good deal this year could have tremendous long-term returns.

STRATEGIES FOR BETTER HOUSE HUNTING

If you were wondering how to spend that extra hour of daylight this spring, we have some ideas for you! Perfecting these three strategies will put you in a better position to seal a great deal on your next home:

- Become a market expert. Familiarize yourself with homes in the areas you like, including the "list to sales price ratio" — the difference between a house's listed price and its selling price. That way, you'll be able to spot a fair price right away and make an appealing offer.
- Make your offer more attractive. A seller is more likely to accept your offer if you're pre-approved for a mortgage. You should also offer a fair price (this might be higher than the list price) and consider limiting contingencies to increase your chances of closing.
- Act soon. Looking for a house is hard work, but the time you spend now to get a good deal can really pay off in the long run. If you're financially ready, don't drag your feet. Mortgage rates and house prices are only climbing higher, and staying at the front of the pack will increase your chances of success.

ENJOY THE FRUITS OF YOUR LABOR

A little preparation goes a long way when it comes to avoiding sticker shock, identifying good deals and competing with other offers. If you're ready to join this year's buyer's rush, talk to an Alpine mortgage advisor about your plans. By looking at your complete financial picture, determining what you can afford, and getting pre-approved for a loan, you'll give yourself a great leg up on the competition — and you'll be one step closer to closing on your dream home.

