

Cooler sales climate means sellers need to be realistic

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The new economy: Unfortunately, it appears to be a lot like the old economy, with ups and downs, booms and busts, recessions and expansions. And, as the economy goes, so goes the real estate market.

The economy is slowing down. This has cooled our red-hot real estate market. Even the casual observer has noticed that the number of for sale signs has increased. The available inventory of resale homes is up across the board along the 680 corridor.

In Pleasanton, there were 51 active listings at the beginning of the year. There are now over 160, an increase of more than 300 percent. In Danville and Blackhawk, there were 61 active listings on Jan. 1. Now there are almost 200.

The number of sales has also increased since the first of the year, but not enough to absorb the increase in inventory. Buyers are still out there, but they are more cautious and conservative.

There are even occasional multiple-offer situations, but even in these situations buyers have abandoned the wild bidding that characterized the market at the peak, and are instead exercising restraint.

So, as we return to a more balanced market between buyers and sellers, let's revisit some of the principles that prevail



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in a "normal" market.

Location: As inventory increases, buyers have more homes to choose from. Location is becoming a more important factor in how quickly a home sells, and at what price. Homes in challenging locations, (near a freeway, on a busy street or near power lines,) will be hit the hardest, and will sell for less than homes in better locations.

Condition: With several homes to choose from in a given price range, condition of a home is now more important. Here's a clue: if people often mistake your home for the set of "The Brady Bunch," you might have a hard time selling it.

Find an experienced designer to help you prepare your home for the more challenging market. Or, visit a model home in a new subdivision. Builders spend tens of thousands of dollars in market research to design their model homes to appeal to what buyers want now. Take advantage of this

free market research.

Price: This is the tricky part. Buyers now want to see comparable sales in the neighborhood and appropriate market information.

In the over-heated market, buyers determined a price based on how long (or should I say how many hours) the home had been on the market and how many other offers they would be competing against.

Now, buyers take into account competition, comparable sales and neighborhood data to see how realistically the seller has priced the home. Even comparable sales are tricky, as often the sales prices of these homes were the result of wild bidding on the part of anxious buyers, conditions that do not exist now.

Just because the same floor plan sold last year in your neighborhood for \$700,000 does not mean it is worth that today. Don't pull out your appraisal from your recent finance and think that is what your home is worth.

That is an estimate of value only, and unless the appraiser wants to buy your home (and, more importantly, has a check in his/her hand,) it may not reflect the price a buyer is willing to pay. Be prepared to adjust your price if the market indicates that it is too high.

Precious gems: Outstanding homes that have intrinsic value will sell in any market, and most likely sell quickly. If you have an extra large lot, extensive remodeling, incredible amenities or a unique location that sets you apart from the competition, your home should still sell for a premium.

Emotion: Buyers usually buy homes because there is strong emotional appeal, and the home provides them with a sense of security, pride, accomplishment, stability and even ego gratification. They then will rationalize the purchase with market data, mortgage calculations and tax deductions.

The more emotional appeal your home has, the better your odds of getting top dollar. There are also other emotions at play in the market right now on the part of buyers — fear and uncertainty. Buyers want to avoid looking foolish by overpaying for a house. They want to be reassured that they are making an intelligent decision, and will not regret it. A professional Realtor can help the buyer work through these very real fears, and provide information to help guide the buyer to an intelligent decision.

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