



## HOW'S THE HOUSING MARKET RIGHT NOW?

By: Cathie Ericson

Yeehaw, the latest home-buying season is now in full swing! And if you're hoping to buy a house soon, listen up: The real estate market changes on a dime, so if you want to succeed in today's environment, you'll want to take its temperature and act accordingly.

And buyers are in luck: By and large, this year's home-buying season is a far better bet for buyers than in the past. So if you're craving some intel on what to expect—and how to use this to your advantage—here's the info you need to confidently buy a house right now.

### **The strong seller's market is on the wane**

In the recent past, you weren't altogether wrong if it seemed like buyers were offering their firstborn child in order for their offer to get a fair look—and often for houses that you would have snubbed in less-sizzling markets. But now it's OK to breathe—and even sleep on it.

As inventory begins to rise, the strong seller's market that characterized last season's home-buying season is fading fast. In fact, many say we're back into what can be considered more of a buyer's market, where the seller doesn't hold all the cards, says Brad Cox, a real estate agent at the Vesta Group of Long & Foster Real Estate, in Lutherville, MD. That means you're going to have some wiggle room to negotiate.

"While you still want to prepare a competitive offer, your time window is likely to expand—meaning you can think it over before rushing in with an offer," Cox says. "And you aren't going to have to include some of the riskier elements, such as waiving financing or inspection contingencies, that were a hallmark of past years."

### **But what you face still varies by the Big L**

You've heard the adage "location, location, location," but it will definitely be a huge factor in 2019's home-buying season, Cox says. Because while bidding wars are out in most markets, real estate is still very neighborhood-driven.

"While you might see a softening market in some areas, others may still be in a strong seller's market," he explains.

He says the key metric to look for is "days on market," which means how long a property has been waiting to sell. If you're hoping to buy in an area where days on market are

staying low, you'll have to be prepared to act a little faster. But in areas where this number has started creeping up, you might be able to look around a little more.

### **For an accurate pricing picture, look only at the latest comps**

Both buyers and sellers rely on comparables, aka comps, when determining a fair price. But that can get tricky as the market starts to turn, because sellers might be remembering a months-ago heyday and pricing accordingly.

"Buyers should only consider the most recent comps, which means the last three months, because that is the most accurate reflection of where the market is," says agent Jed Lewin of Triplemint in New York City.

### **But don't forget that it's still very easy to insult a seller**

Yes, the house might have been on the market a few more days than it would have been last year and the comps might be sliding, but that doesn't mean you can expect that anything goes when you're buying a home in 2019.

"I am seeing far more buyers starting to make very aggressive lowball offers in an attempt to test sellers' appetites, even if they're totally serious about a given property," says Lucas Callejas, an agent at Triplemint. But in places where the market is still warm, that can turn sellers off—and turn their attention to the next offer that comes along instead of yours.

### **You may be able to get a better interest rate than you think**

One of the big stories of 2018 was rising mortgage interest rates—but while they ticked up precipitously by the end of last year, they've fallen a bit again, so you could be in a good spot, says Beatrice de Jong, director of residential sales at Open Listings, in Los Angeles.

Bottom line: Now is the time to lock in a great rate, since today's appealing numbers might not last long.

"Interest rates are predicted to rise in 2019 and 2020, so buyers would be wise to shop for and lock in their interest rate as soon as possible," de Jong says.

Increasing rates can make a huge difference, she points out, noting that the difference between a 5% interest rate and 5.5% interest rate is \$93 a month on a \$300,000 mortgage loan, which can easily derail a buyer's budget.

So even if you are trying to improve your credit or save a few more bucks for the down payment, you might be better off just wading in and locking in the rate, says Jason Lerner, vice president and area development manager for George Mason Mortgage, in Lutherville, MD.

"You might work for three months to burnish your credit, and then find that the rate has risen so much that it doesn't make a difference," he adds.

## Your credit score might be better than you thought

Two recent developments in credit scoring may help would-be buyers: One is the new UltraFICO, which takes into account how you manage your checking, savings, and money market accounts, in addition to your credit cards and consumer loans. And the second is Experian Boost, which adds your utility and cellphone bills into the mix.

But even if you have a stellar record in all those areas, there's no guarantee these will be your golden ticket, cautions Lerner. That's because it's still early days for these initiatives: UltraFICO is currently available only in a pilot phase in certain areas, and Experian has yet to launch the booster product, although it is taking sign-ups. But as these products become more widely available throughout the year, home buyers may reap the benefits.

"A difference in 10 or 20 points to your credit score can make a difference between approval or denial—and can lower your rate, which can save thousands over the life of a mortgage," Lerner points out. He also predicts that requirements will loosen a bit in 2019: "You might not think your credit is good enough for a mortgage, but it's worth talking to a lender to see if there is a program out there that can help."