



What's Stopping You from Buying a New Home? **By Ken Harney**

If you're like a lot of people, you may be having trouble parting with — or selling — your current home. Without the proceeds from the sale, you can't swing the new purchase.

Maybe you don't like the idea of selling into a "down" market. You know all the time and money — and yes, the emotion — that you've invested in your home over the years, and you can't tolerate the thought of selling it for less than it was worth a year or two ago.

Nor do you relish the idea of having your house sit on the market for months on end, with dozens of gawkers tramping through every weekend but making no offers.

So back to the original question: How do you buy a brand new house in a soft market when you've first got to sell the house you love?

It is by no means impossible. Here are some practical thoughts, based on several decades of dealing with often challenging sell-and-buy situations.

To begin with, you've got to understand that while it may be a difficult time for sellers right now, it's a great time for buyers. And you happen to be BOTH!

What you give up on the "sale" side of your transaction, you may well be more than compensated for on the "buy" side. Consider this example: Say you're forced to slice \$50,000 off the price you could have sold your house for in 2005 or 2004. But your home builder may have had to cut the price of your new house by \$75,000 or \$100,000, plus throw in special incentives.

Keep that in mind. You may be losing a little on one side, but gaining a lot more on the other — to say nothing of acquiring a new house with superior features and amenities.

SELLING IN A SOFT MARKET

Whatever you've heard to the contrary, soft markets are not dead markets. People are selling houses successfully every day — nearly 6.5 million resales this year alone, the third highest annual resale total in American real estate history.

How to do it? Personally I always start by assembling the most talented professional counsel I can muster. That means contacting the local real estate agents who not only specialize in your neighborhood and price bracket, but who also achieve the highest sales volumes in your neighborhood. Your builder may be able to suggest some outstanding agents as well.

Bring in the top three or four specialists, show them your home, and then ask each separately:

- *If I want to sell my house within (fill in the blank with your time target, e.g., two months or three months) at the best possible price, what would you recommend to make that happen?*

- *What asking price?*
- *What sort of touch-ups or fix-ups or other changes should I make before putting it on the market?*
- *What's your candid assessment of the plusses and minuses of my house compared with competing properties?*

The best agents will get back to you within a few days with a comprehensive plan covering both online and offline marketing. You'll have three or four plans to mine for good ideas — and then you can list with the agent who offers the smartest combination of pricing and marketing strategies.

Pricing realistically in a soft market is key. Forget about what your neighbors pocketed during the glory days of the housing boom. Today is today. Selling prices are down in many markets, buyers are picky, and asking prices need to be realistic enough that serious buyers shopping online or through newspaper ads will stop and think — wow, that's an interesting deal for that neighborhood, that's a fair price! Let's take a closer look.

Presentation is key. Your agent should be able to advise you on cosmetic and other changes needed to grab buyers' attention. It may involve painting walls, installing new carpeting, a little upgrade to your landscaping, "de-cluttering" your decorations, rearranging furniture or other minor improvements. Some agents even recommend "make-overs" — bringing in new furnishings or accent pieces temporarily that will highlight your home for current buyers' tastes.

Creative incentives may be necessary. You might need to be prepared to offer financial incentives to seal the deal — contributions to buyers' closing fees, short-term "buydowns" of mortgage rates, and possibly even non-cash extras such as a free weekend at the buyers' favorite resort.

Your builder may have answers, too. Builders are in the business of selling houses, week in week out, in good markets and tough markets alike. Talk to your builder up front about the most effective ways to present and market your house. Most builders' sales staffs have good ideas they can share with you. Some builders even have formal programs to help sell their buyers' homes. Be sure to ask.

Can you sell and buy — and come out ahead — in a soft market? The answer is clear. The real question is: why not?

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