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Mixed messages provide optimal buying opportunity in real estate

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It's always easy to follow a pack. Time and time again the cycles of real estate markets and equity markets move in repeating cycles and many of us find it more compelling to buy when everyone else is buying and sell when everyone else is selling.

Maybe that's the reason there are so few true "experts" that routinely outsmart the rest of us; they actually put their money where their mouth is and buck the trends. When reviewed through the lens of past performance, they always appear to be one step ahead and in some cases we believe they're smarter. In defense we sometimes consider, maybe if we had the same access to information, we too would be able to make better decisions.

Well, the reality is that in the age of the Internet and instant access to every number, percentage, analysis, and countless blogs, charts and reports, we all have a level playing field when it comes to access. As it turns out, the true advantage is not access to data but rather it's all about interpreting what the data means and then having the courage of our analysis and acting accordingly. Recently appearing on CNBC's Squawk Box, Warren Buffet told Becky Quick he'd buy up "a couple hundred thousand" single-family homes if it were practical to do so. If held for a long period of time and purchased at low rates, houses are even better investments than stocks, Buffet explained.

Not surprisingly, there is a growing pool of buyers who seem to have heard this through the ongoing flood of mixed economic messages that barrage us daily. In stark contrast to the \$4 dollar gas price fears, continued questions about unemployment, the deficit, and our solutions for very real economic challenges a voice of reason rings through, in honor of EF Hutton's old mantra, "when Warren Buffet talks, people listen."

Let's take a look at what's been happening in the past couple of months, and maybe it's time you consider taking advantage of an opportunity ahead of the pack.

February property sales in Massachusetts totaled 2,849, that's up 26.8% from last February. Sales were even higher when compared with February of 2010, which is substantial when considered against the \$8,000 tax credit that was being offered to buyers at the time. Total sales statewide through the end of February, 5,834, are running 14.2% ahead of last year's year-to-date sales of 5,110.

What does this mean? It means that there is a growing number of buyers who've decided to take advantage of the historically low interest rates while capitalizing on well-priced listing inventory. The unseasonably warm weather we've enjoyed has no doubt fueled a natural increase in buyers' feelings of excitement to get out and hunt for homes.

So you may think maybe it's too late, maybe you've missed the best opportunities. However, it largely depends on what areas of the state you are interested in.

The median sales price statewide was \$252,000 and that's down 2.5% from \$258,375 in February

2011. Further supporting additional opportunities for buyers, is that the median sales price is 3.4% lower than January's median price of \$261,000.

Of course price is directly tied to the specific region and town within Massachusetts. While the average pricing in the community you're most interested in may be substantially higher, it should be considered that median price percentage changes are a scalable and a stable barometer of value fluctuations. In smaller communities, there are fewer home sales so average pricing can become skewed quickly with only one extremely high or low sale while median pricing maintains greater consistency.

Another strong indicator of buyers' opportunity and reason for urgency is a look at our total inventory and what we call the month's supply of inventory (MSI). The total inventory of properties available for sale as of February was 28,590, up 2.6% from 27,858 in the prior month and down 10.3% from 31,882 in February of last year. February inventory was at its lowest level compared with February 2011 and 2010. A lower MSI is more beneficial for sellers, while a higher MSI is better for buyers. The February 2012 MSI of 10 months was at its lowest level compared with the last two years.

Finally, a good reference point for buyers to consider when making a decision about when it's time to buy is a look at the relationship of selling price versus original listing or asking price. The selling price versus the original listing price reveals the average amount that sellers are agreeing to come down from their original list price. The lower the ratio is below 100% the more of a buyer's market exists; a ratio at or above 100% indicates more of a seller's market. The February 2012 selling price vs original price was 95.5%, that's up from 95.4% in the prior month, and up from 95.4% in February 2011.

Remember, that having information doesn't inherently make you an expert - I can hold a Harvard medical school text book in my hands but it doesn't mean I can perform surgery. At the end of the day, the best course is to seek the advice of a trusted real estate professional about current market conditions. Only someone who knows and understands your unique needs, resources, and timeframe will be able to provide you with the best and most coordinated advice to help you navigate the home purchase process.

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