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Market offers ideal opportunity for homebuyers looking to move up

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Over the past several years, much has been made about the amazing opportunity for first-time buyers to get into the housing market while affordability is so high. Yet, the reality is that today's market offers just as many advantages for existing homeowners wishing to move up to a larger home.

"Many current homeowners mistakenly don't think it is good time to buy because they are focused on what they might have sold their home for in the past," said Jim Weichert, president and founder of Weichert, Realtors. "Once they realize the financial and personal benefits of trading up, they often have a change of heart."

Take for example a homeowner who paid \$200,000 for a home several years ago. If prices in their market declined by 10%, they would experience a \$20,000 loss upon the sale of their home. However, if they are also buying a larger home that had cost \$400,000; they would now benefit from a \$40,000 savings on their purchase. This is a \$20,000 gain in overall equity as a result of moving up. In addition, as prices rise, this trade-up buyer will see even greater appreciation in their new home than their previous one.

With home affordability at all-time highs and interest rates at all-time lows, those looking to move up can get more for their dollar today than at any time in recent memory. For some, this historic buying opportunity can translate into a home with more bedrooms or a bigger yard. For others it might mean a larger dining room for entertaining. Whatever the reason, today's market makes it possible for trade-up buyers to afford a home they couldn't just a few years ago and might not be able to in a few years to come.

Weichert said, "Perhaps the biggest advantage for trade-up buyers is the fact that they are in the middle of the real estate action - literally. In most cases, the home they own is in the best-selling segment of today's market - the starter home price range. As a result, trade-up buyers often have a much easier time selling than they might expect. On the flipside, the home they wish to purchase is in a price range that is seeing less activity. This offers trade-up buyers more negotiating power and quite possibly even greater savings on their purchase."

Today's affordable prices and low interest rates have opened a great window of opportunity for all buyers, not just first-time home buyers. The big question is how long the window will stay open before it shuts.

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