

The Art of Timing

When should I sell? How can I make sure that I will get the most for my home? I can't afford to own two homes, so how can I be sure I don't get stuck with my house?

Timing is a critical factor in determining the amount of money you can expect to get for your home. It is important to note that we are discussing a free, "no labour required" way to add thousands to the price of your home. Before figuring out when we should sell, we need to understand the two primary factors that will determine how effectively you can maximize your return in regards to timing; Supply & Demand and Motivation.

Supply & Demand

There are certain laws in life that are always right and never wrong. The principle of supply & demand is one of them.

When there are more properties for sale than there are buyers (too much supply and not enough demand), then prices will decrease until the demand equals the supply and the market levels out. Conversely, if there are more buyers than homes (limited supply and high demand) then prices will rise until the demand begins to fall and level off. This law governs the entire real estate industry.

Motivation

This concept is very simple to understand. When your motivation to sell is high, you will be willing to accept a lower price in order to close a transaction more quickly. However, when your motivation is low, people will have to pay a premium to buy because you "don't have to sell". For Example: If you are about to be foreclosed on by a bank, then you will likely take less for your home, just to get yourself out of the debt.

Now that we understand these two factors, let's discuss exactly when you should sell your home.

Competition

A buyer that does their homework will look at all the similar homes in a neighborhood and choose the home that best fits their needs and also provides the most value for their dollar. If you have two similar homes, one is \$360,000 and one is \$370,000 . . . which one would you buy (all else being the same)? The competition in your neighborhood will dictate how much you can reasonably ask for your home. If there are lots of homes similar to your own (1,700sq ft 2-storey) then you will have to price your home competitively to ensure that it sells in a reasonable amount of time.

Money Making Tip – *If possible, wait until your home is one of the only ones like it on the market. If a buyer doesn't have any options, they will have to pay your price to own your home.*

Changing Seasons

Who wants to move or be in transition during Christmas? Would you like hauling furniture when it is 40 degrees below zero? Well, not many people like moving or buying during fall and winter. Conversely, when spring arrives, everyone thinks it is time to make a change in their living arrangements. Also, people with kids need to be settled before September 1 for the start of school. So what does this all mean?? There are a lot more buyers on the market in the spring and early summer. You want to sell when people are buying and buy when people are selling.

If you want to sell quickly, the spring and early summer are by far the best times to have your home on the market (lots of buyers). However, if you shoot for the moon on your price, you will find your home among the thousands of over-priced listings that go stale in the fall as the buyers disappear.

This article has been written by Lindsey Smith of the Entyro Service Group in Calgary AB

Money Making Tip – *Sell your home in the spring, and ask for a very long possession date into the late summer or fall. Then take advantage of the increased motivation of sellers when the buying activity decreases to get a lower price (when you buy).*

Sell First or Buy First

There is a standard rule, common throughout the real estate, that says you should sell first and for good reason. Here's a scenario: You find a home that you would like to purchase, and you write the contract subject to selling your home in the next 30 days. The seller doesn't like accepting this special clause in the offer, but agrees to it if you pay \$5,000 more. For the peace of mind of not being stuck with two homes, you agree. Now you are selling, however you are two weeks into the listing and starting to get nervous. Finally, a low ball offer comes in and you negotiate price, but settle for less than you wanted because you really want the other house and have to sell your current home to pay for it (you are very motivated). On both sides of the transaction, you may have lost a total of \$15,000 because of your motivation (\$5,000 on the buying end & \$10,000 on the selling end).

If you sell your home first, you will always be in a power position, as you don't "have to" sell (less motivated). This way you can wait as long as you need for an offer to come in that is acceptable to you. In addition, when you decide to buy you can write an offer with fewer conditions, and have the ability to match possession dates for your convenience.

Money Making Tip - *In normal market places, selling first will give you the negotiating edge to save thousands.*

If you are looking for an uncommon home or if the market is very low on listings, you may want to consider buying first. Give yourself enough time on the possession date to sell your home without too much pressure. In addition, speak with your bank about bridge-financing in case you need to temporarily carry two mortgages.