

# Make the Most of a Low Inventory Market

Recently all buyers, sellers and agents alike are buzzing about low inventory. Of course, there are many other 'hot' terms that are being used to describe the current market situation — be it a "seller's market", "bidding wars" or a "hot market" with "homes flying off the proverbial shelf". One thing is clear — houses are going from "for sale" to "sold" quickly.

In Wisconsin, the local markets are on track with this national trend. In August, the Wisconsin REALTORS® Association reported closed sales increased 9 percent from 7,696 units to 8,385 units compared to in August of 2015 — a number that indicates the high demand of properties in the state. Inventory also continued to fall with the month's supply decreasing 14 percent to 45,337 units in August.

The good news for buyers: homes in Wisconsin remain affordable. The statewide median price of a home was \$170,000 and the 30-year fixed-rate mortgage was 3.44 percent in August.

All that said, how do both sellers and buyers entering the market make the most of the low inventory situation? Below are 5 tips from RE/MAX real estate professionals in Wisconsin.

## 1. Enlist a pro:

A REALTOR® helps out in more ways than you can count on your hands. Not only can they assist in navigating through agreements and documents that are very detailed and legally binding, but a licensed real estate agent will be there to guide you throughout the entire process.

This is especially critical for buyers when there are fewer homes listed in a desired area. In today's fast paced world, there are houses being sold before they even appear on the Internet. REALTORS® network with other real estate professionals who are informed about upcoming listings, which is an important factor in gaining an edge on other buyers in today's 'hot market'.

A seller needs the advice of a real estate agent to help stage the house, and then market it to get the best possible offer — an offer that not only hits the correct dollar amount, but also has little to no strings attached.

## 2. Consider contingencies.

Price is most likely top-of-mind, but there is an endless list of things to consider when buying or selling a house that affect the offer. Contingencies can make or break the sale.

So, what can buyers do in order to win a bid war when they don't have extra money to offer to sweeten the deal? Being flexible is one of the top things licensed real estate agents recommend.



**78 percent of homebuyers found their real estate agent to be a very useful source for info.**

The 2015 Profile of Home Buyers and Sellers 2015, National Association of REALTORS®



**For the 49<sup>th</sup> month in a row, the median U.S. home value rose year-over-year in August and in each month so far in 2016.**

Zillow.com



**In each month in 2016, annual home value growth has been incredibly consistent at no slower than 5% per year.**

Zillow.com





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Wisconsin REALTORS® Association



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Not being nit-picky about inspections or being flexible on move-in dates are small, yet important things buyers can do in order to convince a seller that they should accept their offer over one that has a higher dollar amount. Simply having empathy for the seller's situation can sometimes put the odds in the buyer's favor.

### 3. Secure your finances.

In low inventory markets, it can be tough for buyers to find their "dream home". When buyers do find the perfect home, they often get involved in bid wars and multiple offer situations. In these situations, it is imperative that buyers have their finances lined up prior to making an offer. Many sellers in this market won't even consider an offer without a letter of approval from the bank. Some real estate professionals even go as far as talking to the loan officer to ensure a clean pre-approval. The ability for the seller to have confidence in the prospective buyer is a critical factor. If a buyer waits until making an offer to get approved — it's too late. In order to not let a dream home slip away, taking the first step and getting pre-approved is a great place to start.

### 4. Decide on compromises.

Buying a home is part of the American Dream — so it is hard to imagine you would settle for anything less than that home you've been dreaming about. But REALTORS® will tell you that no home is perfect, and the home in the right location can be modified to make it the home of your dreams. Real estate professionals report that buyers today want a home that is not only move in ready, but is in almost pristine condition — which is a change compared to years ago.

Take advantage of this situation and look past a house's decor if you are a buyer. Real estate professionals point out that many homes on the market just need cosmetic improvements, which are usually easy and affordable changes compared to knocking out walls and changing floorplans. If renovations are not in the budget, trends usually come back in style. Midcentury modern and ranch-style homes, for instance, are now becoming popular.

If you are a seller, a real estate professional can help you decide what, if any, enhancements to the house may be necessary before it goes on the market.

### 5. Make it personal.

Home is where the heart is — a somewhat cliché, but true statement. Thus buying and selling a house can be an emotional process. So make an appeal to the heartstrings. REALTORS® are advising buyers to write personal letters explaining to the sellers why they love the home and how they plan to use it. According to real estate professionals, a huge percentage of buyers are submitting letters with the offers and beating out others.