

When Do You Know It's Time To Sell?

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The U.S. housing market remains deep in the doldrums and economists expect prices to fall another 5% to 10% in many places. And yet some sellers are seeing signs of a turnaround.

The Angel Fire and Taos real estate markets often feels far removed from "the rest of the world" and The saying "all real estate is local" certainly applies here.

When the rebound arrives, desirable zip codes will see price jumps first, says David Stiff, chief economist for housing research firm Fiserv Case-Shiller. "Real estate is always local, but these days it's hyperlocal," broker Scott Berg.

To estimate where your own house lies on the recovery spectrum, answer the following questions.

HOW FAST ARE NEARBY HOMES SELLING?

While it's a good sign when price drops slow down, inventory levels are actually a better gauge of where your market is headed, says David Crowe, chief economist for the National Association of Home Builders.

That's because monthly home-value numbers are skewed by seasonal fluctuations, and prices are usually the last thing to budge when a market turns the corner.

What to do: Ask an Angel Fire and Taos real estate professional to tell you the number of listings now on the market in your area and the number of homes sold over the past year.

Let's say there are 100 listings and there were 240 sales last year, or an average of 20 per month. That equals a five-month supply, which is considered stable. More than six months and it's a buyer's market, says Crowe; less than three and sellers probably have the upper hand.

IS BUYING CHEAPER THAN RENTING?

People are more likely to buy homes when the payment on a loan is below what they'd pay to rent a similar home.

The number to calculate is the price-to-rent ratio, or the price of a home divided by one year's rent on a comparable one. In general, it's cheaper to buy when the price-to-rent ratio is below 15, although some places, such as San Francisco, have higher ratios even in soft markets.

What to do: Compare your neighborhood's price-to-rent ratio with what it was before the housing boom. You can find historical sale price info on Trulia.com; your realtor should be able to give you information on rental rates from a few years ago.

WHAT'S THE FORECLOSURE FACTOR?

Not surprisingly, a decrease in foreclosure filings is often an encouraging sign. But the official data aren't entirely reliable. "In some markets the year-over-year change is artificially low because of processing delays," says Rick Sharga, senior vice president with RealtyTrac.

What to do: Your Angel Fire and Taos real estate professionals can tell you if the official level of distressed sales is rising or falling.

To suss out the hidden foreclosure factor, take a close look at the homes in your neighborhood. Distressed owners tend to fall behind on lawn cutting and house painting long before a foreclosure, says Crowe. If you see several places in disrepair, don't expect your home value to rise soon.