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Buyers on top: Changes in housing market shift balance of power

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ASHEVILLE — Three years ago, selling a house in the Asheville area was a relatively painless affair that sometimes involved choosing between two or three offers from buyers.

These days the first step to selling a home might be to check the calendar: 2008 is not 2005. It is still possible to sell a home in the current market, real estate agents and others say, but sellers have to recognize changes in the local market and price their homes accordingly.

“If they are selling, they are selling in a market that’s had a downward trend,” said Tom Garden, owner/broker at Century 21 Mountain Lifestyles’ Weaverville office. “If they will let the Realtor price the house properly and competitively, it will sell. If they’ve got stuck in their head the old prices and won’t make changes ... they may as well keep it off the market.”

Buyers with good credit, on the other hand, finally have the upper hand after years of chasing after local home prices that rose higher and higher.

“I look at these kind of times and I say, ‘Hot diggity dog!’ ” said local real estate investor and author Mike Summey, who is also a Citizen-Times columnist.

It is no secret that home sales have declined in the Asheville area as part of the bursting of the national real estate bubble, although prices have not been hit as hard as the number of homes sold.

Here’s how buyers and sellers might want to respond.

Selling

The fundamentals of selling a home still apply in tough times, and probably become more important than ever.

“The basic rule of real estate has not changed at all. ... Well-priced homes are selling,” said Debbie Williams, general manager at brokerage Beverly-Hanks & Associates.

“You want to price your property so that the buyer walks in and says, ‘This is the best value I’ve seen in this price range,’” Williams said. That means taking a close look at what other similar homes have sold for and how many are on the market.

Sellers may have to reduce their price once an offer comes in, but if their initial price is outside the range a buyer is looking in, the offer just won’t happen, said Charles Giezentanner, owner of Asheville Realty & Associates.

“Don’t overprice your house. Nobody’s going to look at it,” he said.

Williams, like many Realtors, also recommends “de-cluttering” a home, “straightening closets and rearranging furniture” as well as taking care of cosmetic items that might be turnoffs for buyers. Realtors generally tell clients to take down most of their family photos and other personal items, things Williams says “sometimes get in the way of a buyer imaging a home being their home.”

Buying

Buyers have more time to do research and to make decisions and more latitude when making an offer

than they generally did a few years ago, said Jon Corbin, head of The Buyer's Agent of Asheville.

"You feel a little more comfortable going lower (with an offer) than you did in the past because there's less chance of competing offers," he said.

"If you're shopping for the best deal and you're willing to go from house to house, you'll find it," Corbin said.

But, he said, buyers can't take big discounts for granted.

Many sellers will simply wait, hoping prices will rise, if they don't get an offer they like, Corbin said.

Homes in some neighborhoods are much more in demand than others, he said. Montford and Grove Park remain relatively strong, while some outlying areas of the county have weakened significantly.

And some sellers owe so much on their home that they may feel they can't afford to make much of a price cut, he said. It's not unusual to hear stories of sellers who are "upside down" on their home loans — owing more than a home is worth — and actually end up having to bring money to a sale closing to pay off their debts.

Corbin advises buyers to take the time to decide what they need and shop carefully: "There seems to be a lot more inventory, a lot more things to choose from in a given price."

Predicting

Some in the industry say now is a good time to buy because of price softening and relatively low mortgage rates — and the possibility of the beginning of a recovery in the market in the next few months.

"I would advise somebody who is serious about buying a house to do it right now," Garden said.

But some forecasts suggest that local buyers may enjoy an advantage for some time to come, even though local prices won't necessarily drop dramatically.

National forecasts say the housing market might turn toward the end of the year or sometime in 2009, although few analysts pretend to know for sure.

The National Association of Realtors says sales will keep falling this year and median home prices will drop slightly this year before rising slightly next. Moody's Economy.com late last year predicted "a bottom by early 2009."

The Web site HousingPredictor.com says prices in the Asheville metropolitan area will rise 3.2 percent this year, which could be less than the overall rate of inflation.

But the markets where many potential Asheville-area homebuyers now live could be in for more trouble.

HousingPredictor.com says five other North Carolina metros will see price drops from 3.6 percent to 4.0 percent and that prices will fall from 7.6 percent to 15.2 percent in nine major Florida markets.

Another forecast for housing in Florida — the Asheville area's second-greatest source of new residents behind North Carolina — predicts weak conditions for major markets there this year and next.

In the Asheville area, "I think the market is going to steadily get to be more of a buyer's market,"

Summey said. "I think the next two years are going to be the best time to buy that I've seen in my lifetime."

Summey doesn't expect the local market to bottom out until late 2009 or 2010. He says down markets tend to hit Asheville later than the rest of the country, that the local market tends to recover after the nation as a whole and the climb out of a bad market tends to mirror the slide in.

"We've just been through the biggest upswing I've seen in my life, so we're in for a long, rocky road out," he said.

THE DATA

The number of existing homes sold in Buncombe County was 19.1 percent lower in 2007 than in 2006, and January sales were 22.7 percent below those of January 2007, according to Multiple Listing Service data.

Whereas the number of homes sold started dropping in fall 2006, the average home price in the county

continued to rise. But prices, too, have softened in recent months. January's average of \$286,601 for existing homes sold was 1 percent below the average for January 2007.

Federal figures say home values in Buncombe and three other nearby counties rose 7.9 percent in 2007 — better than all but 12 metropolitan areas across the country — but only 0.9 percent in the last three months of the year.

The regional MLS put the median home sale price for five area counties in January at \$208,000, down from \$215,000 in January 2007.
