



## 12 Tips for Spring Homebuying in a Seller's Market

Sellers hold most of the cards this spring, so buyers must be ready to move swiftly and play smart.

By [Teresa Mears](#) April 13, 2015 | 9:45 a.m. EDT

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When you come across a home you love, prepare to make an offer fast before someone beats you to it.

With spring finally here for most of the nation, [prospective homebuyers](#) can look at houses and condos without traipsing through snow and ice. Better weather, plus the traditional belief that families search for homes so they can move in between school years, makes spring a major homebuying season in much of the country.

"Especially considering this winter, we're expecting a very busy spring season," says [Daniel Hedaya](#), president of [Platinum Properties](#) in New York City. "We're already seeing an uptick."

The biggest challenge facing homebuyers in many markets may be finding a home to buy. The inventory of available homes for sale remains low in many cities, especially in certain price ranges.

At the end of February, according to the latest data from the National Association of Realtors, there was nearly a five-month supply of homes available for sale, slightly below the number available a year earlier. That means that, at the current sales rate, it would take five months to sell all the listed homes. That's a nationwide average, and the supply is even tighter in many cities. A six-month supply is considered a balanced market.

"Insufficient supply appears to be hampering prospective buyers in several areas of the country and is hiking prices to near unsuitable levels," said Lawrence Yun, the chief economist for the NAR, in a news release. "Stronger price growth is a boon for homeowners looking to build additional equity, but it continues to be an obstacle for current buyers looking to close before rates rise."

The median price of a home sold in February was 7.5 percent above the median price a year previously, according to NAR data.

A seller's market means that buyers have to be smart and prepared if they want to get the right house at the right price. Agents suggest that prospective buyers start by looking online at homes, narrowing down neighborhood choices and deciding between must-have and preferred features.

At the same time, buyers should visit a mortgage professional and get their financing in order. It's best to start that process before you start looking at homes, in case your credit needs repair or you need to pay off debts to [qualify for a mortgage](#). In a competitive market, agents may not even show homes to buyers who don't have a mortgage preapproval.

A desirable listing may be sold in days or hours, meaning there is no time to organize financing or mull over preferred features before making an offer.

"Any market here in the Midwest is very fast-paced right now," says Missy Price, an agent with Better Homes and Gardens Real Estate Kansas City Homes. "If they do see the property that they want and they love, they're going to have to act on it."

It's also important to know how much house you can afford before you get started. Looking at more expensive houses and then scaling down several thousand dollars often leads to disappointment. "I do not like to show somebody out of their price range unless the house is terribly overpriced," says Sharon Voss, president of the Orlando Regional Realtor Association and an agent with Watson Realty Corp. "You get people prequalified, and you're not going to have a problem."

Here are 12 tips for buying a home this spring:

**Get mortgage prequalification or, even better, preapproval before you start shopping.** This helps you know what you can afford and makes your offer much stronger in the eyes of a seller. In a competitive situation, you may even consider waiving the mortgage contingency clause, which is

something you want to avoid unless you are sure you can get the loan. "In New York City, it's always advisable to see if you can go in without a financial contingency," Hedaya says. "It's a market that's dominated by cash."

**Find a good agent.** Using a real estate agent costs buyers nothing because the seller pays the real estate commission. Ask friends, family and co-workers for referrals. Look for a full-time agent who works often in the neighborhoods where you're looking. You may want to interview several agents to find a good fit. If you can only look for homes on weekends, for example, you don't want an agent who takes weekends off.

**Do your research.** [Use the Internet and apps](#) from major portals such as Zillow, Trulia and Redfin to research neighborhoods and asking prices for the type of home you want. But you should keep in mind that you're not always getting a complete picture.

**Visit neighborhoods you're considering at different times of day.** A neighborhood that's quiet during the middle of the workday may be noisy and crowded at night and on weekends. Get out and walk the streets, talking to people who live in the neighborhood, visiting shops and restaurants and "trying out" your desired location. Drive to and from work during commuting hours to get an idea of what a typical day might be like.

**Expect to provide lots of documentation to get a mortgage.** Since the recession, mortgage lenders have become much stricter about documentation, income verification and other paperwork. Well-qualified buyers can still get a mortgage, with rates for 30-year loans at 3.66 percent last week. "Borrowing has become much, much more difficult," says Steve Roney, CEO and owner of Berkshire Hathaway HomeServices Utah Properties. "It has become a much more cumbersome process."

**Separate your needs from your wants.** In a competitive market, most buyers find they have to compromise on location, amenities or condition of home. It's easier to make a choice when you know going in which features you must have and which you'd like to have but can live without. "Be flexible," Hedaya says. "Be prepared to compromise."

**Be ready to move fast.** A well-located house in good condition and priced right will sell quickly, sometimes the first day it goes on the market. You need to be ready to make a decision when you find a home you like. "You have to be prepared to act fast because we're seeing bidding wars," Price says. "If they don't know what they want, the property is going to be gone."

**Don't expect to get a smoking deal.** The days of getting a house at a discount are long gone. That doesn't mean you can't ever get a substantial discount on a house that needs work, is in a less popular location or otherwise is in less demand. But in a [seller's market](#), there is usually very little negotiating room on price.

**Understand that no house is perfect.** Making your offer contingent on a home inspection is a good move, but all homes have small defects. Many sellers won't fix anything, and there is no reason for them to if there is a backup offer waiting if you walk away. "You can't nitpick a house," Voss says. "It is a used house."

**Find a way to sweeten your offer.** Most buyers can't pay all cash, but there are ways beyond price to make your offer more attractive to a seller. Have your agent ask the seller's agent if he would like

a faster or slower closing. Consider whether you can waive mortgage or inspection contingencies (which does not mean forgoing an inspection), go without a seller-provided warranty or otherwise improve the deal from the seller's perspective.

**Don't buy more than you can afford.** Lenders will often approve a buyer for a higher payment than he or she can make comfortably. When you're calculating what you can afford to pay, remember that a mortgage payment is only part of the cost of homeownership. "Buyers should make sure they're taking into account all the secondary costs," Roney says, including insurance, taxes, lawn maintenance, condo or homeowners association fees, repairs and even furniture.

**Don't buy a house you don't love.** While most buyers may have to compromise on some of the features they wanted, they shouldn't settle for a home they don't like. If you don't find the right home this year, maybe [you should rent](#) and try again later rather than make a purchase you'll regret. "Make sure that you have a really strong emotional attachment to what you want to buy," Roney says. "Make sure you love it before you buy it."