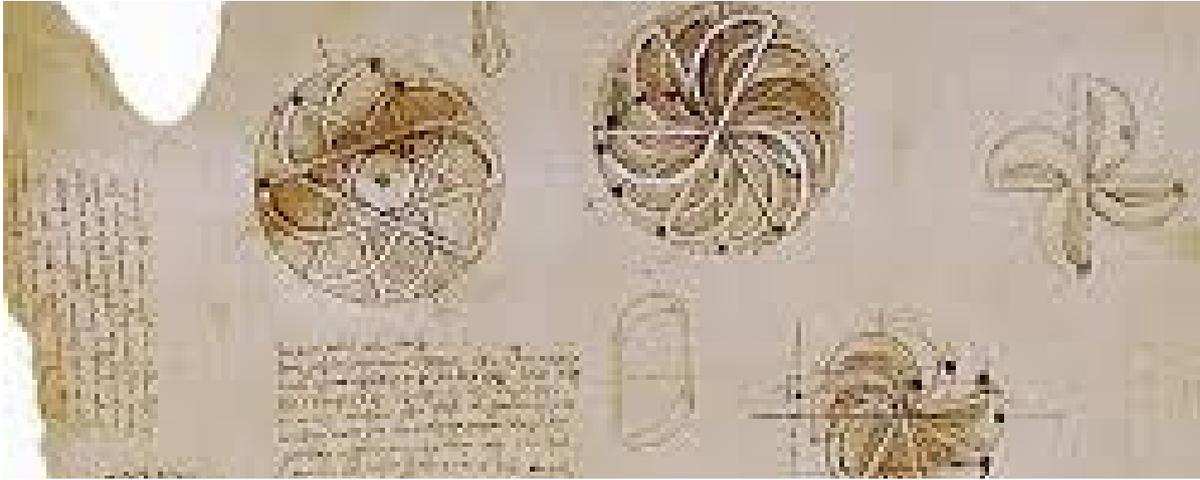


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Realty News



Brought to you by
Mark Siwiec



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Market Overview

Leonardo da Vinci set out in the Middle Ages to ascertain whether it was possible to construct a perpetual motion machine, i.e. a device that would continue forward momentum, ad infinitum. The concept of perpetual forward movement is one that still intrigues people today. Commodity investors hope that the stock market will continue to rise. Buffalo Bills fans hope that, after their first win, the team will go on to win the Super Bowl. And real estate agents, homeowners, and others involved in the sale of property hope that exuberant sales and bidding wars will endure far into the future. Well, da Vinci ultimately discerned that any such device was an impossibility- and, several centuries after his realization, local realtors and home sellers woke to the same conclusion. Multiple offers, which lined the pockets of many home sellers with additional tens of thousands of dollars this past spring, seemed as if they would proceed indefinitely. Well, at least for the foreseeable future, they are a thing of the past.

The spring market of 2019 was one for the ages. I've been selling real estate for almost thirty years and I've never seen anything like this. The chaos was mostly confined to property valued at **less than \$300,000**, and it was breathtaking to watch. In part, the origins of that which played out have been a long time in the making. Homebuilders have not been developing housing tracts targeted to first time buyers because there's no money to be made in building such small homes. Instead, builders are focused on homes costing \$350,000 or more. As a result, there aren't enough starter homes to satisfy the needs of America's younger buyers. Until this dynamic changes- perhaps as a result of government subsidies- the number of homes suitable for first time buyers will remain stubbornly inadequate.

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Looking Ahead

It may be too early to proclaim a trend, however, there is a possibility that the blood sport that has played out amongst first time home buyers in the first half of the year may continue in years to come. For the moment, now that things have started to calm, it may be the time for exhausted first-time buyers to reenter the market and renew their search. Bidding wars aren't as common nor are they as competitive as they were eight weeks ago. Additionally, interest rates have dropped a full percentage point in the past year. **A thirty-year mortgage can now be secured for 3.75%.** Meanwhile, the cost of renting a home or an apartment continues to escalate. Sure, it's still very difficult for many young men and women to purchase their first home. Student loan debt is a crushing burden and property values have increased far more quickly than salaries. However, what's the alternative? Do you really want to find yourself beholden to a landlord in your retirement years or would you rather use that monthly savings in your housing allowance and join the conga line on Carnival Cruises' Dancing With The Stars getaway? **Thankfully, my team has successfully placed hundreds of first time homeowners in the house of their dreams and are available to assist you in doing the same.**

Recently, I've discussed how it is that I think that the role of the real estate agent is changing and, with the passing of time, only the highly skilled and competent will remain standing. I think that this past spring was a great example of how it is that the role of a realtor is beginning to transform. Of late, my job and that of many of my colleagues had little to do with selling more modest homes. Instead, my time was increasingly occupied with tending to the subtleties of bidding wars. I've always loved managing bidding wars and I love the moment when it is that I can tell my client that they've sold their home \$25,000 over list price. Yes, I'm sure that you're thinking, *"In this environment, almost any fool could accomplish such a feat."* In some ways, you're right. It's not difficult to add a few thousand dollars onto the sale price of a good home. However, managing the expectations of your client, understanding the tempo and speed with which you're making prospective buyers aware of the existence of another offer, securing an additional \$25,000 over asking, drawing up an ironclad contract so that the buyer doesn't experience remorse and walk away all while keeping the losing party in a good place in the off chance that you need to come back to them? It's the equivalent of watching Simone Biles nail a double layout with a half twist. It looks easy until you foolishly attempt a cartwheel in your backyard and break a leg.

At the other end of the spectrum, do you have any idea how many existing, single family homes sold over a million dollars in Monroe County last year? **The answer is two. Only two.** Seven properties sold over \$900,000. In other words, it's increasingly difficult to sell this type of luxury home. Buyers in this category of home always like to state that they can afford the residence, however, they simply don't want to pay the taxes. As the roles of real estate agents continue to change, it's this category of seller who is probably most in need of a talented, well-connected realtor. There are only so many local buyers looking to purchase this type of home. And, there are only so many transplants relocating from other parts of the country that are willing or interested to do the same. **Thankfully, we work with a lot of local companies and hospitals to feed this pipeline and our network of local high-net-worth Rochesterians is equally admirable.** As this market continues to experience downward pressure on valuation, we can at least step in to help manage a less-than-desirable situation.



Word to the Wise

Finally, a word of caution. As the real estate industry becomes increasingly difficult for agents to navigate, some of the more dishonest behaviors that would occasionally rear their head have become a bit more prevalent. We're noticing an increase in the number of sellers wooed into listing their home for sale as a result of an inflated and, ultimately, unrealistic property valuation. **Here's my advice: Interview a few agents and make two decisions.** First, decide what it is that you want to list your property for based on the logical assessment of more than one analysis. If somebody is suggesting that they're going to sell your house for a sum of money in excess of what other appraisals are suggesting, ask them to intelligently walk you through their process. The second decision that you need to make has to do with who it is that you're going to work with. Who has the track record, the marketing plan, the relocation network and the interpersonal chemistry that speaks to you? Sometimes this person is the same person that is giving you the highest valuation. Other times, it's not. Most people fall into the trap of simply listing with that agent who has presented the highest number. Take your time and think about both decisions. There's too much at stake!

As always, thank you! I continue to hear great reviews from a lot of readers. If you have any questions or concerns about real estate- whether they're general queries or specific concerns- please let me know. I can be easily contacted at **330-8750** or **mark@marksiwiec.com**. In the meantime, enjoy the remainder of summer!



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