

Financially Speaking

Considering Selling Your Home? Here Are Some First Steps.

Tomorrow is going to be a very big day in my house.

Tomorrow morning my husband, my 16-year-old son and I are scheduled to receive our second dose of the Covid-19 vaccine. While it isn't an "all clear" pass and we will still be cautious, especially until my 13-year-old can also be vaccinated, it does bring with it a certain sense of relief and a feeling that maybe soon we can start to be comfortable doing some of the things again that we have missed out on for over a year.

Thankfully, many of you are joining in the vaccination effort and the economic evidence is starting to show that, as we begin to feel more comfortable going out, our pent up demand is going to translate to spending at restaurants, stores, movie theaters, hotels, etc.

And interestingly, for the first time since the start of the pandemic, there are also tentative signs that more people are willing to sell their home. According to Realtor.com, there were 36% more new listings during the week ended April 10th than during the same week last year when we were in the depths of Covid related lock downs. This is only the second time in the last twelve months that the year over year number has shown an increase.

That is good news for a housing market that is starved for inventory.

The last year led to a perfect storm for home sellers – and a perfect nightmare for buyers. The decline in interest rates pushed mortgage rates to historic lows and the shift to workplace flexibility, which some companies have now adopted permanently, resulted in a surge of home buyers looking to relocate, buy a larger home with room for an office or simply move to the suburbs. At the same time, a number of people that had been considering selling last year decided not to due to fears of how to safely handle showings or unexpected changes to their plans, career or otherwise. And with a moratorium on foreclosures, there was even a backlog of homes that normally come to market due to people not being able to afford their mortgage.

If you are someone that is considering selling your home but aren't sure where to start, here are some first steps.

Deciding when to sell is the first, and probably most important decision. Sometimes you have no choice because some circumstance in your life dictates it for you, but if you have flexibility then the housing market is a good gauge. Ideally you want to be a seller when there many buyers looking. Realtors will historically suggest spring or summer months in Wisconsin because people prefer to move when the weather is nicer and between school years. But with the number of homes for sale in our area so low and listings in some price ranges selling so quickly I know there are buyers looking all year.

Once you have decided that you want to sell you should declutter your house and do some cosmetic work to it. Known as staging, this is getting the house ready for people to look at it. You want the

buyer to be able to see the space and imagine living in it so a good cleaning, a fresh coat of paint, fixing the leaking faucet and trimming the hedges can go a long way.

When you are ready to list the house for sale you will need to decide if you want to use a realtor or try to sell the house on your own. A realtor will bring with them expertise and experience with selling homes and will help you with everything from the listing process, to marketing the house, handling the showings, and reviewing and responding to offers. A realtor does come with a cost, typically 6% of the selling price, so some people will opt to try and do it on their own though I always advise my clients to utilize a real estate attorney to review documents if they are not working with a realtor.

Pricing your listing is always tricky, and a place where I have personally found an experienced realtor's advice very valuable. You want to do your research before setting a price and base it on comparables that really are comparable – local to you and similar homes – not something you read on Facebook about a house selling in another state. You don't want to price the home so high that it won't sell or so low that you will miss out on potential profit. And you should recognize that people like to negotiate so you may well get offers that vary from your asking price. Have a price in your mind in advance that you are comfortable with given all of the particulars of your situation – if you have a mortgage, if you are paying a realtor, if you will have to pay capital gains taxes (special tax exclusions often apply if you are selling your primary residence) and if you need to close on the sale quickly.

Selling your home can be a big move but, with many buyers looking, if it is something you are considering now may be a good time to start thinking about the next step.

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