

Real Estate Guide



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Existing-home sales retreated in June

WASHINGTON — Existing-home sales slipped in June, according to the National Association of REALTORS®. Sales varied among the four major U.S. regions, with the Northeast experiencing gains, the Midwest holding steady, and the South and West posting decreases. All four regions recorded year-over-year sales declines.

Total existing-home sales — completed transactions that include single-family homes, townhomes, condominiums and co-ops — receded 3.3% from May to a seasonally adjusted annual rate of 4.16 million in June. Year-over-year, sales fell 18.9% (down from 5.13 million in June 2022).

“The first half of the year was a downer for sure with sales lower by 23%,” said NAR Chief Economist Lawrence Yun. “Fewer Americans were on the move despite the usual life-changing circumstances. The pent-up demand will surely be realized soon, especially if mortgage rates and inventory move favorably.”

Total housing inventory registered at the end of June was 1.08 million units, identical to May but down 13.6% from one year ago (1.25 million). Unsold inventory sits at a 3.1-month supply at the current sales pace, up from 3.0 months in May and 2.9 months in June 2022.

“There are simply not enough homes for sale,” Yun added. “The market can easily absorb a doubling of inventory.”

The median existing-home price for all housing types in June was \$410,200, the second-highest price of all time and down 0.9% from the record-high of \$413,800 in June 2022. The monthly median price surpassed \$400,000 for the third time, joining June 2022 and May 2022 (\$408,600). Prices rose in the Northeast and Midwest but waned in the South and West.

“Home sales fell but home prices have held firm in most parts of the country,” Yun said. “The national median home price in June was slightly less than the record high of nearly \$414,000 in June of last year. Limited supply is still leading to multiple-offer situations, with one-third of homes getting sold above the list price in the latest month.”

Properties typically remained on the market for 18 days in June, identical to May but up from 14 days in June 2022. Seventy-six percent of homes sold in June were on the market for less than a month.

First-time buyers were responsible for 27% of sales in June, down from 28% in May and 30% in June 2022. NAR’s 2022 Profile of Home Buyers and Sellers — released in November 2022 — found that the annual share of first-time buyers was 26%, the lowest since NAR began tracking the data.

All-cash sales accounted for 26% of transactions in June, up from 25% in both May 2023 and June 2022.

Individual investors or second-home buyers, who make up many cash sales, purchased 18% of homes in June, up from 15% in May and 16% the previous year.

In the Midwest, existing-home sales were unchanged from one month ago at an annual rate of 990,000 in June, slumping 19.5% from one year ago. The median price in the Midwest was \$311,800, up 2.1% from June 2022.

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Did you know?

A joint study from researchers at the University of Alabama and the University of Texas at Arlington found that curb appeal can have a significant impact when selling a home.

That study, which examined Google Street View photos and sales data from more than 88,000 properties, found that homes with high curb appeal sold for an average of 7 percent more than similar homes with less inviting exteriors.

The study also revealed that, in slow markets with greater housing inventory, homes with high curb appeal sold for as much as 14 percent more than homes with uninviting exteriors.

Homes defined as having high curb appeal for the study included those with features including well-maintained lawns and professional landscaping.

Make home more appealing to buyers

Home trends come and go. Today's must-have items tend to become tomorrow's outdated features in the blink of an eye.

Homeowners who plan to stay in their current homes for years to come needn't prioritize modern trends over personal preferences. However, homeowners looking to sell their homes can consider these favored features to increase their properties' appeal to modern buyers.

- **Separate laundry room:** According to the National Association of Home Builders' 2021 What Home Buyers Really Want report, a separate room dedicated to laundry was the most desired feature among prospective home buyers. Though it might not inspire the awe of an outdoor living room or floor-to-ceiling windows overlooking a wooded backyard, a laundry room fills a direct and universal need. Perhaps that's why 87 percent of buyers want a room dedicated to laundry in a home.

- **Exterior lighting:** Drive through a modern suburban neighborhood at night and it won't take long before you realize the popularity of exterior lighting. And that's no coincidence, as homeowners everywhere appear to embrace exterior lighting. The NAHB report indicates that exterior lighting is the most sought-after outdoor feature. The good news for prospective sellers is that exterior lighting is an inexpensive and instant way to transform a property at night. Some solar-powered



lighting along walkways and outside the front door can make a home feel more safe, while some uplighting of large trees in the backyard can produce a sight to behold once the sun goes down.

- **Energy-efficient upgrades:** Inflation has driven up the cost of just about everything over the last year-plus, and energy is no exception. So it should come as no surprise that 83 percent of prospective home buyers are looking for energy-efficient windows and appliances in a home. These features save money and benefit the planet, making them a win-win among buyers.

- **Patio:** Patio spaces have long been popular, but that popularity reached new heights during the pandemic. When forced to

stay at home for long periods of time, millions of people longed for ways to spend more time outdoors without breaking lockdown rules. Patios provide outdoor living spaces, and 82 percent of buyers indicated they wanted a patio with their next property.

- **Side-by-side sink:** A double or side-by-side sink is among the more affordable features buyers are looking for. At less than \$1,000 on average, a side-by-side sink is an affordable way to make a home more appealing to modern buyers.

Modern buyers want a lot out of their homes, and sellers can do their best to meet those desires while getting the most money for their properties.



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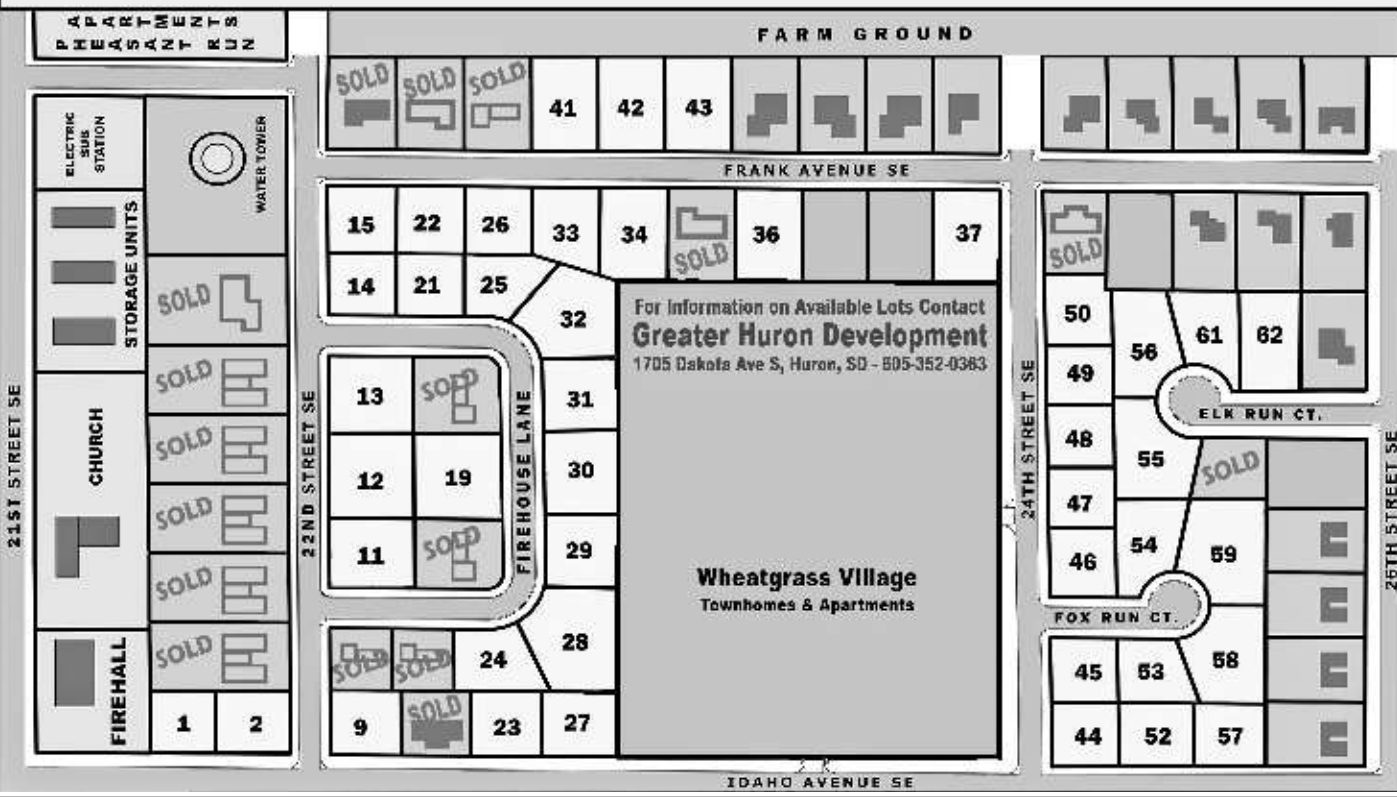


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Improve your status with mortgage lenders

Owning a home is a dream shared by millions of people. Investing in property that can be owned within 15 to 30 years of closing on the home makes more financial sense to many than continuing to rent and having little to show for it over time.

The first step to take when planning to enter the real estate market is to ensure that your finances are in order. Various factors will influence individuals' ability to secure a mortgage, and these are some ways to make yourself more attractive to prospective lenders.

- **Check your credit report.** Lenders will check your credit report before deciding if you are a risk or a safe bet for a mortgage. So it makes sense to check your credit report prior to speaking with a lender. The Federal Trade Commission says everyone can get one free credit report a year from each of the three credit reporting bureaus. If you split it up, you can get a credit report every four months so you are aware of anything that may adversely affect your ability to get a mortgage loan. A credit (FICO) score that's too low may disqualify you from a mortgage. Each lender sets its own thresholds when they price and approve loans, but the higher your credit score, the better.

- **Improve credit standing.** One way to improve your status in the eyes of lenders is to pay down credit card balances to reduce your credit utilization ratio. A high utilization occurs when there is a high balance in relation to the credit limit, says Business Insider. Also, it may be wise to avoid any credit inquiries through new credit card applications for several months before applying for a loan, as these inquiries can affect your score.

- **Be realistic about what you can afford.** Do your homework and determine your target interest rate and monthly payment as well as what down payment you can afford. It will help you research potential lenders and provide an idea of what may be offered to you.

- **Pay bills on time.** Paying bills promptly not only helps you avoid late fees, but also positively affects your credit. The financial resource The Mortgage Reports urges diligence when paying rent, as late rent payments can bar you from getting a mortgage. Lenders look at rent history



as the biggest indicator of whether you'll make mortgage payments on time.

These are some of the ways to make a prospective home buyer look better in the eyes of mortgage lenders. Individuals can speak with financial professionals about what else they can do to improve the possibility of securing mortgages at the best rates possible.

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What to know about refinancing a mortgage

Historically low interest rates have made now a good time to be a homeowner. According to the Federal Home Loan Mortgage Corporation, also known as Freddie Mac, the average interest rate on a 30-year fixed-rate mortgage in mid-September 2021 was 2.86.

Just ten years earlier, the average rate was 4.09. That's a significant dip, and one that's saving today's homeowners tens of thousands of dollars over the life of their mortgages.

Interest rates dipped during the pandemic and have remained low ever since. That's unlikely to last forever, which has given many homeowners a sense of urgency regarding refinancing. Refinancing can be financially advantageous, but there



their mortgages. Refinancing is often associated with significantly lower monthly payments, and such savings can be used to finance home improvements, pay for tuition or build retirement nest eggs. However, homeowners won't necessarily save money over the long haul if they're refinancing an existing 30-year mortgage with another 30-year mortgage.

are some things homeowners should know prior to contacting their lenders.


Refinancing does not always save money over the long haul

It's hard to blame homeowners who jump at the chance to refinance

The mortgage experts at Mortgage Calculator note that a Change Terms mortgage refinance is characterized by a shift to a loan charging a lower interest rate. The initial savings with such a refinance are undeniable, but changing

REFINANCE / Page 8

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Upgrades to help sell a home

The home improvement industry has been booming for years, but forecasters are projecting a deceleration in 2023 and perhaps beyond. Estimates from the Home Improvement Research Institute, which is the leading market research resource for the home and building products industry, indicate that growth in the home improvement products market was expected to decelerate from 7.2 percent in 2022 to 1.5 percent in 2023. Inflation continues to affect consumer spending, and homeowners may be looking to spend less on renovations in the year ahead.

Minor upgrades that aren't as costly as larger projects can still make a big difference, especially among prospec-

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REFINANCE: From Page 7

from one 30-year to another 30-year restarts the mortgage clock, which can add years to the time homeowners will be repaying their debt. As a result, homeowners may end up paying more interest over time than they might have had they just kept their initial mortgage. Homeowners interested in a Change Terms refinance may want to look into switching from a 30-year to a 15-year mortgage. A shorter term mortgage will increase the monthly payment, but the loan will reach maturity much faster, greatly reducing the amount of interest homeowners will pay over the life of the mortgage.

Refinancing can be costly

Lower monthly payments might be the number that catches homeowners' eyes as they look to refinance, but it's important that homeowners recognize that refinancing is not free. In fact, the personal finance experts at Kiplinger note that refinancing incurs many of the same costs that homeowners had to pay when they signed their initial mortgage papers. That includes fees, taxes and appraisal costs. These costs are sometimes paid up front, but they also might be rolled into the loan balance. In the latter instance, homeowners could be paying interest on their refinancing costs. Homeowners who are refinancing solely because of lower interest rates should know that some lenders raise interest rates to compensate for refinancing costs. That can negate the savings and end up costing homeowners more money than the original mortgage.

Refinancing is an option for homeowners who want to save money. Homeowners can speak with a financial advisor to determine if this is the best way to save money over the long haul or if refinancing will ultimately cost them more over the life of the mortgage.

Did you know?

When remodeling a home with the ultimate goal of making it more attractive to prospective buyers, homeowners can benefit from taking stock of current trends, including the style of home that's most popular.

According to a 2020 Homes.com survey of more than 5,000 adults across the United States, modern farmhouse is the most favored house style.

The survey asked participants to choose from a selection of styles, including mid-century modern ranch, Spanish colonial/southwest, bohemian craftsman, Italianate, French chateau, and Tudor. The modern farmhouse style was the most popular choice in 42 of the 50 states, proving that home style preference is not beholden to geography. Respondents gave a host of reasons for favoring the modern farmhouse look, including that the style is "aesthetically appealing but not boring" and that it looks "simple, cozy, and not too busy."

I still think buying a home is
the best investment any
individual can make.

John Paulson



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UPGRADE:

...tive buyers. When looking for minor upgrades that can help sell a home, homeowners can rely on Remodeling magazine's annual "Cost vs. Value Report." That report analyzes costs for an assortment of remodeling projects and determines the value of those projects at resale. Though resale value depends on a host of variables, including location, the following are some relatively minor exterior upgrades that impress buyers and provide a strong return for homeowners.

- **Garage door replacement:** Garage doors matter more than sellers may recognize, as various real estate professionals note that buyers appreciate homes with updated ga-



From Page 8

Updated garage doors add curb appeal and provide a strong return on homeowners' investment at resale.

rage doors. That's good news for homeowners, as the "2022 Cost vs. Value Report" indicated homeowners recoup roughly 93 percent of their garage

door replacement investment at resale. The average cost of such a job is right around \$4,000, making this a budget-friendly remodeling project.

- **Window replacement:** The cost of new windows will depend on just how many windows must be replaced. But there's no denying buyers like the idea of low emissivity (low-E) windows, which can cut energy bills by a significant amount over time. The Office of Energy Efficiency & Renewable Energy estimates that heat gain and heat loss through windows is responsible for between 25 and 30 percent of residential heating and cooling energy use, so sellers who can tell buyers they have new low-E windows can emphasize those savings in home listings. The "2022 Cost vs. Value Report" in-

dicates that homeowners recoup roughly two-thirds of their investment in new windows at resale.

- **Landscaping:** Well-maintained landscaping is another home exterior component that can make a strong first impression on buyers. A recent survey of nearly 7,000 realtors conducted by the National Association of Realtors found that upgrading a landscape recouped roughly 83 percent of homeowners' initial investment at resale. In addition, 11 percent of realtors surveyed indicated that an upgraded landscape was the decisive factor that closed the deal for the house.

Updating a home's exterior doesn't have to bust homeowners' budgets. Many affordable projects also provide a substantial return at resale.



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Single women outpacing men in home ownership by millions

In most areas except S.D. and N.D.

BY LEORA RUZIN

An analysis by LendingTree found that single women own millions more homes than their male counterparts, according to 2021 U.S. Census Bureau data. The analysis also uncovered that single women are more likely than single men to own their own home in 48 out of the 50 states.

Women dominate ownership at the highest rates in southern states like Louisiana, Alabama, and South Carolina, which typically have cheaper home prices. The only states where single men own more homes than single women are North and South Dakota.

"This discovery is surprising, considering the financial hurdles women have historically faced," Jacob Channel, a senior economist at LendingTree and the author of the analysis, stated. Specifically, women continue to face a wage gap in the workforce, making on average 83.1 cents for every dollar a man makes, according to the Bureau of Labor Statistics.

The analysis discovered that while single men own roughly 8.1 million homes, single women own about 10.7 million homes. The trend may have long-term financial implications for single Americans given that homeownership is often one of the most effective methods of building personal wealth. A typical homeowner who bought their home in 2011 accumulated \$225,000 in housing wealth by 2021 on average, according to an analysis from the National Association of Realtors in 2022.

Some critics are wondering how single women can afford more homes than single men with the wage gap. Further analysis may give insight into this puzzling finding. Research shows that "not all women are lower earners". Women on average have longer life expectancies than men do, which leads them to still use their homes even after their spouse dies. A recent study by Pew Research Center also shows that there are now more college-educated women than men, which translates to more earning power later in life.

The National Association of Realtors reported that women typically will spend less money and make more sacrifices on their homes than men will. "I have saved aggressively for a home because my whole adult life I've been hearing about the wage gap and how women are at a disadvantage, and it made me want to take care of myself financially," Sarah Wilson, a financial expert and author for financial website Budget Girl, stated in 2020.

"In a world where I know and have seen how hard it is to be a woman, I feel a need to make sure that I will never be in a vulnerable situation if I can control it. That means budgeting, saving, investing, and building my own personal wealth," Wilson said.

Despite the increasing rates of single women buying



homes, most owner-occupied homes in the US belong to couples. This all comes as interest rates on mortgages are at an all-time high and home values continue to increase in most major markets.

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What to do before applying for a mortgage

A home is the single biggest purchase most people will ever make. That's perhaps become even more true in recent years, when the cost of homes has increased dramatically.

The sticker price of a home may come as a shock to first-time buyers, but few homeowners purchase their homes in cash. Mortgages are a vital component of home ownership for the vast majority of buyers. Mortgages are loans obtained through the conveyance of property as security. When homeowners pay off their mortgages, the title of the property officially transfers to them from their lenders.

Though most homeowners utilize mortgages to buy their homes, that does not mean the process is the same for everyone. A host of factors affect mortgage terms, and there's much prospective homeowners can do to secure the best agreement possible.

- Recognize why a low interest rate is important. Mortgage interest rates have drawn considerable attention in recent years, as rising inflation has led to rates that have reached their highest point in more than a decade. Even a seemingly small difference in interest rates can save or cost homeowners thousands of dollars, if not tens of thousands, over the course of a loan. For example, the financial experts at Bankrate.com note that the difference between a 5.5 percent interest rate and a 6 percent interest rate on a \$200,000 mortgage is roughly \$64 per month.

That might not seem like a lot, but over the course of a 30-mortgage the borrower who gets the 6 percent loan will pay in excess of \$23,000 more in interest than the borrower who secures the 5.5 percent loan. Recognition of the benefits of securing the lowest interest rate possible can motivate prospective buyers to do everything in their power to get a low rate.

- Work on your credit score. So how can borrowers get the best possible rate? One way to go about it is to improve credit scores. Average mortgage interest rates vary significantly by credit score, with higher scores earning borrowers significantly lower rates. According to data from FICO, as of mid-February 2023 borrowers with a FICO score of 760+ earned an average interest rate of 6.06 percent, while those with scores between 620-639 secured an average rate of 7.65 percent. By bolstering their credit scores before applying for a mortgage, prospective homeowners can improve their standing in the eyes of mortgage lenders, which can potentially save them tens of thousands of dollars over the life of the loan.

- Identify how much you want to spend. Prospective home buyers may be approved to borrow much more money than they think they will qualify for. That's because lenders do not consider factors like utilities, insurance, day care, or other expenses everyone has. That means it's up to borrowers to determine how much those expenses will be, and how much they should be spending on a home. Though it might be tempting to borrow up to the amount lenders approve you for, in general it's best to stay below that amount so you can capably meet all of your additional obligations.

Mortgages enable millions of people to buy homes each year. Some simple steps before applying for a mortgage can help prospective homeowners secure the best terms.

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