

Strategy Makes All the Difference in a Slow Market

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Unless you've been living (or renting) under a rock, you've heard all the news you can take about a slowing real estate market. Yes, houses aren't selling or appreciating in value as quickly as they did a few years back. True, lenders aren't handing out hundreds of thousands of dollars in loans to just anyone anymore.

But, according to area real estate professionals, the North Jersey market isn't part of a bursting bubble. With a healthy job market, New York City next door and interest rates at historically low levels, both buyers and sellers can still come out on top.

"Northern New Jersey has been an outstanding area for homeowners," said Terrie O'Connor, broker/president of Terrie O'Connor Realtors.

"The reality is that buyers should purchase when the market is down, not up. Interest rates are still historically attractive, and this market provides them with unlimited inventory and great prices—a buyer's dream. Those who wait for the real estate market to be on the upswing will miss a golden opportunity."

TIPS FOR BUYERS

With a slower market, buyers have a lot going for them. But in order to enjoy a smooth buying process and get the home of their dreams, buyers should consider the following tips.

Have your best financial foot forward.

Before beginning your housing search, know your credit score, which can determine the interest rate you qualify for when obtaining a loan.

To receive a free copy of your credit report, visit www.annualcreditreport.com. Once you get it, check for any inaccuracies.

If you're in the position to do so, pay



Pictured at left is the "before" shot of a home prior to staging. Above is the "after" shot. According to staging professional Bernadette Flaim of Attention 2 Detail, some steps in the staging process include removing clutter and giving every room a focal point. And, she says, with more people doing their initial house-hunting via the Internet, it's important to leave a good impression with online photos.

down as much debt as you can. Outstanding car and credit card loans have an affect on your debt-to-income ratio, which is used by lenders to establish liabilities.

Even if your credit score isn't stellar, there are still loan options available, say financial professionals.

"Great credit is only part of the qualification process," says Steve Graber, president of Pan Am Mortgage, LLC, in Saddle Brook. "Income, assets, property type and down payment have just as much importance, but great credit will put you in the position to have more options at better rates. Credit-challenged buyers have fewer options than before the recent credit crunch started.

Many so-called subprime lenders have ceased funding loans or raised the bar to qualify for a loan. However, there are still many loan options available if everything else makes sense.

Income, assets, and down payment can be good compensating factors in overcoming credit challenges."

Get professionals on your side.

Hiring a Realtor makes financial sense because you typically don't pay the agent for their services. Agents also have access to the marketing network called Multiple Listing Service (MLS), which includes detailed information on homes for sale. Plus, you have the services of an individual who is familiar with

the neighborhood.

"As well as being your eyes and ears on the ground, a good Realtor will guide and educate buyers through and about the market, so they can buy an appropriate home for an appropriate price," said Philip Soo, an agent with Burgdorff ERA's Cresskill office.

Buyers also should deal with reputable lenders to ensure necessary funds are available when the time for closing arrives. According to Graber, borrowers should go online and investigate loan officers, who should be registered with the New Jersey Department of Banking and Insurance, and check with the Better Business Bureau to see if any complaints have been lodged against the mortgage company as well.

"New Jersey is a commitment state," Graber said. "That means that once you receive a loan commitment from a lender, that loan must fund unless there is fault found with the borrower or the property. Mortgage bankers and banks can issue loan commitments. Brokers cannot."

Negotiate incentives.

With the amount of inventory on the market, buyers are in the position to take their time and find a home that suits their needs. And while it's a blessing for buyers, time is not a friend to sellers, especially those with homes that have been on the market for a while.

To make their homes more attractive, sellers may be willing to offer incentives, such as financial assistance or upgrades.

"Real estate incentives buyers can expect from sellers are certainly purchasing at the right price and the expectation that any home inspection issues of a structural nature can be taken care of," O'Connor said. "Certain buyers are asking for the moon and in some cases are receiving credits toward closing costs and other items. However, I think the most important thing to remember in today's market is to take advantage of getting a good price for a good investment."

TIPS FOR SELLERS

For those putting their homes on the market, there are a number of things

that can be done to make a home stand out from the rest.

Price your home correctly.

Accurate pricing can mean the difference between weeks on the market and months on the market.

"It is always important to try to price your home to fair market value," Soo said. "If your home is overpriced, the buyers who see your home will be unimpressed, and the buyers who should see your home may not because it is above their price range. As long as a home is listed on the MLS, an underpriced home will attract multiple offers and correct up to a fair market price."

According to O'Connor, unrealistic pricing can help the competition.

"Sellers who need to sell their homes and overprice them will find their homes being used to sell the more attractively priced homes in their neighborhood," she said.

Expert advice can make all the difference.

Not only can Realtors assist sellers in pricing a property correctly, they also can expose a home to a larger pool of prospective buyers.

"A good Realtor will conduct the sale and guide the seller around obvious and hidden pitfalls," Soo said. "Also, a property will only be in the MLS when working with a Realtor. The MLS and Realtors represent the open market, giving properties unparalleled to buyers, inviting every agent in the area to sell your property."

Realtors also have experience in knowing what amenities sell a home and can offer remodeling suggestions.

"In consulting and advising sellers on a marketing plan for their home in these current times, it is extremely important that the price and appearance both inside and out is very attractive," O'Connor said. "Buyers today place a tremendous value on homes that are updated with good curb appeal, well appointed, light and airy."

Make repairs and dress up your home.

Structural concerns, leaky roofs and plumbing problems can delay a closing or even turn buyers away. Before putting your house on the market, hire an inspector, so any defects can be brought to your attention and corrected.

Next, a seller should consider staging their home.

"Staging provides clarity and creates desire in the prospective buyer," said Bernadette Flaim, an accredited real estate staging professional with Attention 2 Detail, located in Leonia. "Instead of a buyer saying 'I love that house,' staging may actually move a buyer to say 'I have to have it.'"

According to Flaim, staging down plays the minuses of a home and highlights its pluses.

"In our experience, staging definitely affects the amount of time a home stays on the market," Flaim said. "We were asked recently to stage a condo in Jersey City that was faced with numerous challenges, including a less-than-desirable neighborhood and years of clutter. Our client was also faced with the fact that there were two other condos in their building that were for sale at the same time.

"Unfortunately, it was not staged before it went on the market and received very little interest and activity languishing on the market for over 90 days. We were called in to help, and after it was staged, it was reintroduced to the market and sold in just four weeks for the full asking price. It is important to note that the two other condos for sale, which were not staged, are still on the market."

Flaim says that the cost of staging varies depending on the size and condition of the home.

"Many stagers charge an hourly fee for their services, and it is important to note that there is an additional cost for furniture, rentals and other third-party services (painters, etc.)," Flaim said. "The general rule of thumb is that it may cost a seller to go through the process about one to two percent of the asking price. For example, if a person's home is valued (and will be listed) in the \$400,000 range, then they can expect to invest about \$4,000 to \$8,000 toward the staging process.

"Some people may initially be put off by the thought of putting additional money into selling their home. It is our philosophy, however, that in the long run an investment in home staging will almost always be less than a seller's first price reduction." ■