



### **Think of Summer on the Cape!**

#### **Some Good Information for Buyers and Sellers!**

There was a most educational article in the Wall Street Journal last week by Dave Kansas entitled "Why Houses Look Better and Better". Here is a summation of the most salient points to ponder:

Home sales are picking up and mortgage rates are still very low indicating that buyers are realizing a good deal is available right now. There is a cautionary caveat to this, however in that we should not expect the boom-boom years earlier in the decade to return soon. That 20% appreciation per year is unrealistic...historical data indicates a trend to match inflation of about 3% is more realistic.

Buying carefully is the key to enjoying your little piece of Cape Cod! Be prepared to put 20% down and be able to comfortably afford your monthly mortgage and upkeep expenses. The possibility of renting your home for some time during the high season will also help with these expenses.

"The fall in prices and the rise in sales activity is a good thing. It is an indication that buyers and sellers are starting to agree more and more often on a price. When prices start declining, sellers will hesitate, hoping that the market will rebound. This hesitation has evaporated as prices have continued to fall. The uptick in sales amid falling prices shows that the market is beginning to work once again, which is usually an early indication that a bottom in prices is starting to form."

Of course we all want to buy at the bottom, but that is very hard to determine. A recent report from Bancof America Securities-Merrill Lynch states that the housing market could start showing modest growth later this year. Mortgage rates are anticipated to decline even further.

A key to success in buying a home now is to know what you want and what you can afford so you can move quickly when an ideal property comes on the market.

Be ready to pounce! If you can pay cash, you have a great bargaining chip. The next best thing is to have pre-approval for a mortgage, which also enables you to close the deal quickly...a most attractive situation for the seller.

Negotiate closing costs. This is a buyer's market and having the seller absorb these costs will make the home cost even less.

Naturally have a home inspection and again negotiate if some things need to be done.

Be cautious about investing just to turn a profit! Quite a few investors found this quite a disappointing...and costly... scenario a few years ago. Buy something you love in a good location for a price you can comfortably afford and be prepared to enjoy and create family memories in your home on Cape Cod!

For sellers, there is some good news too. According to Lawrence Yun, the NAR chief economist, the future looks favorable for the second home market. Currently, 39.2 million people in the United States are ages 50 to 59 – a group that dominated sales the first part of this decade. An additional 44.8 million people are between 40 and 49 and another 40.7 million are 30 to 39.

“While economic factors can affect sales from one year to the next, the fundamental demand from these large population groups will remain” says Yun. “Given that most people become interested in buying a second home in their forties, the bulge of population approaching middle age should drive the second home market over the next decade.” This definitely appears to be true on the Cape where we see younger buyers who are looking for a second home well in advance of retirement.

In conclusion...this is a great time to buy. I don't expect prices to increase dramatically anytime soon...and for sellers, there are many, many people looking to buy and more coming in the future.

I hope this has been helpful and informative for you.

Please do be in touch if I can help you with any of your real estate needs!

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