



Interest Rates are Important for Sellers Too!

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Why do interest rates matter for home sellers? While you may think that interest rates are important only to buyers looking for a new home, as a seller you should consider how they affect your pricing and position in the market.

Sellers today must keep a very close eye on interest rate prices. If your home is listed on the market for \$500,000 and interest rates go up just a quarter of a percent, it's going to end up costing the buyer an extra \$25,000 over the lifetime of a 30-year loan.

So how does this affect you? If interest rates go up, the number of buyers able to purchase your home goes down. The pool of buyers shrinks. People who may have been on the verge of making an offer are suddenly unable to do so.

If you've been in your home for longer than five years, you've probably seen record appreciation and made oodles of money. The last five years were an unprecedented growth wave that some people thought would never end.

Now that the ceiling has been reached and prices are tumbling nationwide, sellers need to look at the "big picture". While many are unwilling to lose even a penny of the appreciated value of their home, what they don't realize is that it's already gone. They would have had to sell two years ago

to realize those gains.

All financial markets ebb and flow, just like the ocean. At "high tide", your home is worth X number of dollars. As the tide recedes (which it's doing now), so must your expectations.

But think about it. If you reduce your selling price by 5%, is that really such a big deal when you've appreciated by 80% or more in the last five years?

The answer is no.

The sellers who are willing to do a 5% price reduction now and get their homes sold are saving the money they would have lost by trying to hold on to the prices from two years ago. The sellers who are steadfastly clinging to a "high tide" that has long since gone will end up lingering on the market for months—and end up losing money in the process.

Be smart in the current market. Don't wait so long that interest rates go up and you lose potential prospects for your home's current value. And don't forget—the seller of the home you're about to buy must reduce their home by 5% as well.

Want to see a chart that shows exactly how the "high tide" has receded in your neighborhood—in precise numbers? Just give me a call at (360) 620-2690 or send an e-mail to www.mollyells.com. I'll fill you in so you'll be armed with knowledge.

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