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SOAPBOX



Dana Point. Photo: File

GUEST OPINION | The Real Estate Guru[®] by Phil Immel

Ready, Set, Go!

Question: Should I buy a house now or wait?

Answer: The past three years have been like riding the biggest roller coaster at Magic Mountain. Similar to buying a suit, there is no “one size fits all.” Every buyer is unique and has his/her own variables and time frame.

If you are contemplating buying a home in the next year, you should interview three agents who are very experienced through different market cycles and familiar with the area where you want to buy.

If the Real Estate Guru had a buyer priority list, it would read:

1. Ignore most TV and media stories about real estate. It is not doom and gloom. It was the Federal Reserve doubling the interest rate since January to slow down inflation. Mortgage rates were 3% in January and have gone up to more than 7.5% in November. Today, they are in the high 6% range. I predict rates will be 5.5% on a 30-year fixed mortgage by July 2023. The Feds overreacted to

inflation in housing. It is interesting that it only used rental increases vs. home prices as its measurement. It makes no sense to me.

2. Unlike the past three years, first-time homebuyers will not have to compete with Wall Street giants like Zillow and Open Door. Their business model was insanity at its best. These and other firms bought tens of thousands of homes in the U.S., paying all cash, with the goal of fixing and flipping, and now collectively have lost just more than \$1.5 billion a year to date, because the tech



THE REAL ESTATE GURU
BY PHIL IMMEL

CEOs thought they knew real estate. The typical properties were ideal for first-time buyers who were seemingly shut out of the market. Although it was legal, apparently their boards of directors had no moral compass. Markets self-correct. Less buyer competition is great.

3. It is not a panacea. Inventory of homes for sale is 50% less than pre-pandemic days. If you were a seller with a 3% fixed rate 30-year mortgage, why would you sell and move up to a more expensive home, even if rates subside to 5.5%? Not likely. Plus, their property taxes may double or triple. Historically, a homeowner could write off all their property taxes. Now, it is part of a convoluted tax law that caps at \$10,000, combined with other deductions that

existed. For example, a \$2 million home in California multiplied by the average 1.1% tax basis (or more for a new home), taxes would be at least \$22,000 a year. The maximum tax benefit would be \$10,000. The remainder is real cash—another reason home inventory won't increase. The housing inventory decrease is here to stay. It is a paradigm shift—the “new normal.” As a prudent buyer, look out the windshield (the future), not the rearview mirror (history). Enjoy the family and stories of the past. Realize it is a new world and hire the most seasoned, top-gun agent you can. You will win.

4. Once you've selected your agent, get pre-approved, not pre-qualified (a big difference)—by a reputable lender. Don't just go to your bank and ask. You'll just be a number. Your agent will know of a good referral, or ask an astute friend or family member whom they recommend. The mortgage process is very complex. A stellar lender will not cost you more, perhaps less.

5. Sign up on multiple real estate websites to get automated emails of the neighborhood or zip codes you like. Do it between now and Christmas. Plug in your request and desired price range. The sites offer a wealth of education for buyers as well. The ones I recommend are Redfin, Zillow and realtor.com.

Ready—Follow the list above, and now you are ready to shop!

Set—Now you are equipped to go!

Go—Go and find your home. Combined with your professional realtor. Good luck! **DP**

Have a real estate question? Email Phil Immel at phil@realestateguru.com. Visit realestateguru.com. The Guru has more than four decades of experience listing and selling homes in South Orange County. As a licensed real estate broker, Phil majored in Real Estate at San Diego State University and is also an expert in mortgage, title, escrow, appraisal and negotiations.

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