

The Real Estate Guru: Answering Housing Market Questions

By Phil Immel

Question: Dear Guru, is now a good time to sell my house?

Answer: Probably not. The good news is that home values have soared to record values since the pandemic. This occurred because of historically low mortgage interest rates (2.6%-3%) for a 30-year fixed and also because of an extreme lack of inventory (listings).

Since January, rates have skyrocketed from 3% to 6.25%—more than doubling. The fed is raising interest rates to curb inflation, and it has crushed affordability. More rate hikes are expected.

Even the luxury market, which usually produces all-cash sales, has cooled dramatically because of stock market volatility. Because of the uncertainty in the market, I would wait to list your home in the first quarter unless there is a more urgent need.

Residential real estate values peaked in March. Inventory has increased, but it is still extremely low compared to history.

Sellers should also be aware of “seasonality.” That means there are prime times of the year to sell, when buyer demand increases, and slow times of the year, when consumers are preoccupied with holidays like Thanksgiving, Christmas, etc.

The fourth quarter of the year is the slowest for sales. The second and third quarters are the busiest! Listing now would not be wise, as summer will be over before we know it and headed into fall/winter.

Declutter and prep/fix your home up between now and January. List it the day after the Super Bowl, and you will likely optimize your price.

Question: I have a home improvement question. My spouse and I are debating if we should put a pool in the backyard or remodel the kitchen. Both will cost approximately \$100,000. What do you recommend for the best financial return?

Answer: Although a pool will aesthetically be pleasing to look at day and night, a new kitchen will be more practical and have a daily usability benefit.

When you do any major home improvement, always consider what will optimize your investment when you sell the home. A pool is generally worth 50% of its cost when you sell. Why? Not everyone wants the upkeep and expense of a pool.

It may also be a liability if someone fell in and cannot swim.

Generally, a pool is used more often in the summer months than the winter. Conversely, a new kitchen has an everyday use and may likely create value beyond the expense.

Bottom line, do the kitchen, not the pool.

Question: How do I select a listing agent?

Answer: I recommend interviewing three agents, ideally with three different companies. You should build a spreadsheet with questions you need to ask the agent. Here's a sample of some of the questions, but not all:

- Are you a broker or salesperson?
- What is your educational background?
- How long have you been in the business?
- Are you part-time or full-time?
- How many homes have you sold in my neighborhood?
- What advantages do you or your company have versus the competition?
- What is your commission fee, and do you split it in the MLS with the other agent?
- If you have a real estate team, who will be my primary contact from time of listing through close of escrow?
- How responsive are you with all forms of communication?
- Can you provide me with a list of past seller referrals?

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.