Potential sellers staying put to avoid homebuyer hell

Most real estate experts would agree that it's a seller's market — inventory is low and buyer demand is high, meaning that homeowners can garner higher sales prices than ever before.

So, why aren't homeowners selling their homes? They don't want to navigate the current housing market as buyers.

According to ValueInsured's latest quarterly Modern Homebuyer Survey, 63 percent of homeowners recognize that it's a good time to sell, but a horrible time to buy, thanks to home prices that are predicted to rise another 5.5 percent year-over-year in 2018. Sixty-one percent of those owners said they'll simply wait until home price growth begins to slow down to make their move.

"Homeowners in many cases are eager to sell but don't want to become buyers," said ValueInsured CEO Joe Melendez of the survey results, in a statement. "These homeowners have experienced a lot of home value volatility and see more uncertainties looming — tax reform, for example."

"By hesitating, these homeowners are actually controlling the market on both sides. Reassuring these individuals is the key to unlocking inventory," he added.

Beyond worries about exorbitant home prices, homeowners don't want to risk letting go of their fixed, low-interest mortgage rates, which are expected to rise.

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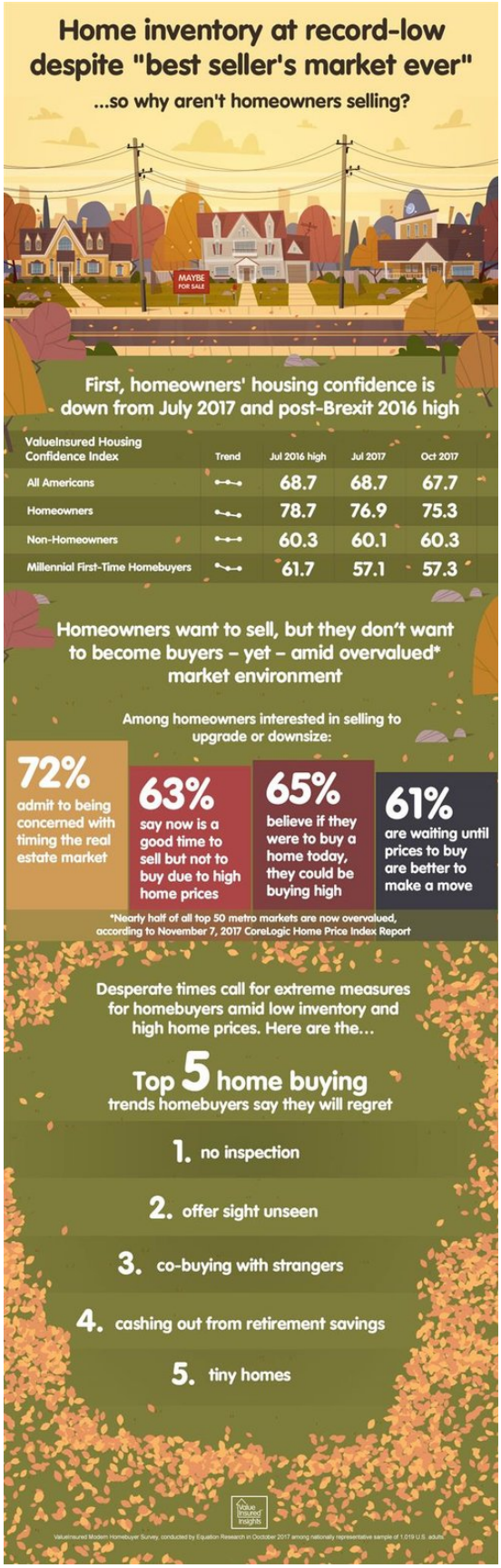
Furthermore, they're not ready to pony up additional costs associated with buying a home, such as brokers fees, new mortgage closing costs and capital gains taxes.

Homeowners also said they don't want to contend with current, self-identified housing market trends such as the making "offer sight unseen" (57 percent), the "cashing out from retirement savings" trend (37 percent) and the "no inspection" trend (58 percent), all in the hopes they could snag a home from competing buyers.


Home inventory at record-low despite "best seller's market ever"
...so why aren't homeowners selling?
MAYBE FOR SALE
First, homeowners' housing confidence is down from July 2017 and post-Brexit 2016 high
ValueInsured Housing Confidence Index | Trend | Jul 2016 high | Jul 2017 | Oct 2017
All Americans | 68.7 | 68.7 | 67.7
Homeowners | 78.7 | 76.9 | 75.3
Non-Homeowners | 60.3 | 60.1 | 60.3
Millennial First-Time Homebuyers | 61.7 | 57.1 | 57.3
Homeowners want to sell, but they don't want to become buyers – yet – amid overvalued* market environment
Among homeowners interested in selling to upgrade or downsize:
72% admit to being concerned with timing the real estate market
63% say now is a good time to sell but not to buy due to high home prices
65% believe if they were to buy a home today, they could be buying high
61% are waiting until prices to buy are better to make a move
*Nearly half of all top 50 metro markets are now overvalued, according to November 7, 2017 CoreLogic Home Price Index Report
Desperate times call for extreme measures for homebuyers amid low inventory and high home prices. Here are the...
Top 5 home buying trends homebuyers say they will regret
1. no inspection
2. offer sight unseen
3. co-buying with strangers
4. cashing out from retirement savings
5. tiny homes
ValueInsured Modern Homebuyer Survey, conducted by Equation Research in October 2017 among nationally representative sample of 1,019 U.S. adults

(Source: ValueInsured)

Despite these factors, 79 percent of homeowners reported feeling that it's a great time to sell their home, with nearly two-thirds saying that they'll do it within the next three years.

ValueInsured's results mirrored The National Association of Realtors' Housing Opportunities and Market Experience Survey (NAR HOME) findings, where 71 percent of homeowners reported feeling "good" about the current housing market, but had some apprehensions about following through.

NAR Chief Economist Lawrence Yun said having more homeowners put their homes on the market would be great for lowering home prices and opening up inventory, but the only real solution would be to exponentially increase residential housing starts.

"I believe there is one answer to both of your questions: more inventory," said Yun of the HOME Survey results.

"More new homes for sale would increase the pool of listings homeowners would have to choose from if they decided to sell their home," he added. "Many right now are staying put because they will likely sell their home a lot quicker than it will take to find another home to buy because of tight supply."

"More new construction at entry-level prices and homeowners listing their home for sale would also increase the number of listings and alleviate the supply shortages and weakening affordability that is hurting renters," he said.

Read the full survey here.

About the survey

The ValueInsured Modern Homebuyer Survey was conducted online by Equation Research on behalf of ValueInsured in October 2017 among a nationally representative sample of 1,019 American adults ages 18 and older. The ValueInsured Housing Confidence Index is the aggregate mean of seven multidimensional confidence measures collected through the Modern Homebuyer Survey, which is conducted once per quarter.

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Source: click here