

Good Happenings

News & Insights from the Ron Sitrin Team

The Upward Spiral of Prices (and how buyers can get off the not-so-merry-go-round)

BY RON SITRIN

There's no question that today's market is crazy – too many shoppers and not enough inventory. It's a classic supply and demand problem. That is how markets work.

The dizzying price increases we're seeing are due to ever-escalating expectations of what buyers need to do to get a house. This does not always correlate with what a house may be worth, it's more about what buyers are willing to pay.

Multiple offers come in on a listing, escalation causes run up the price and the seller gets top dollar. The next seller sees that number and is encouraged to price at that new higher level. Buyers – themselves a reason for the rising prices – then learn they need to reach higher on the next home.

It's not easy for a buyer to crack this cycle. It takes being aggressive and bold. Some buyers need to lose a few rounds before they're ready to play their best hand.

In today's market, doing what it takes seems to pay off for buyers. We've seen home values increase from the time that a buyer puts it under contract until closing. These lucky buyers not only got the house, but already have some appreciation.



The opportunity where good things happen – your offer is accepted.

The Triple Whammy of Moving Up

BY RON SITRIN

“Ron, we need help! Our family is growing faster than our house.” We get calls like this all the time.

Eight years ago we helped Stephen and Anne purchase their first home. At the time it was the perfect starter home and in line with their budget. Fast forward a few years, add in kids and a work from home revolution, and a home that was more than big enough eight years ago is no longer. The first whammy of moving up is that a bigger house costs more.

In addition to wanting more space, Stephen and Anne also wanted a location that happened to be in a more expensive school district. This is the second whammy of moving up. Better school districts cost more.

Typically, if you stay in the same

school district and just want more space, you can expect to spend about 50% more than the house you are selling.

If you just want a more expensive school district and are content with a house of the same size, that change also costs about 50% more.

But if you are increasing your space and moving into a more expensive school district, expect the house you are buying to be about double the price of the home you are selling. Satisfying both factors is a double whammy.

Anne and Stephen, as predicted, paid about double what their home sold for. However, they were lucky, as they made the move while interest rates were below 3.5%.

Fast forward two weeks when Brooke, another client, called us with similar wants – more space, and a better school district.

Brooke, like many homeowners over the past two years, had refinanced to a sub 3.5% interest rate. When Brooke called, the rates had just jumped to 4.5%.

So for Brooke to move up she bears an additional expense. She will need to finance her new loan at a higher rate than her existing mortgage.

This is Brooke’s triple whammy of moving up:

- **50% more for space**
- **50% more for school district**
- **13% more for the cost of money**

What would you do? It comes down to affordability. If your income, cash reserves, or home equity increased then perhaps you can still comfortably make the move.

For Brooke and her cohorts of buyers, this is a new phenomenon. The double whammy has been around for decades. The triple whammy – buyers having to factor in the increased cost of money – is new. Interest rates are expected to get even higher. How this will impact the market is yet to be determined. Perhaps Brooke will keep us posted.



Stephen and Anne had perfect timing. They purchased before interest rates began rising.

Real Estate Competition is Brewing – and when the competition gets tough, the tough get coffee.

It's pretty obvious that helping buyers in this market is tough work. As buyer agents, it can take writing five offers just to get one accepted. That's a lot more caffeine than normal to get a house under contract.

On the flip side, one might think listing agents are having all the fun. After all, homes are selling quickly, with no contingencies, and often for more than list price.

However, most people don't realize how hard it is to actually get a listing. **Did you know there are five times more agents than homes for sale?**

So when the competition gets tough, the tough get coffee, and I've become pretty particular about making coffee. Selecting beans,

grinding them and choosing the appropriate method for the perfect brew is a zen-like ritual. It requires precise measurements and timing to get everything just right. It's this same mindset that keeps our clients happy and helps us stay competitive in a crowded market.

So when my friend Peter asked, "what's the best way to make coffee?" I couldn't wait to have him over. We sampled all my favorite brew methods. He loved the Moka Pot and AeroPress.

This hobby started when I began working from home. For me, the issue was where to get my coffee, if not from the office? That's how my new hobby began. Are you looking for new ways to enjoy *your* morning brew? Let



Peter and Ron sampling the Robot, Chemex, French Press, Moka Pot and AeroPress.

me know, I would be delighted to have you over, too.

Awards are nice, but... We prefer happy customers over trophies

Real estate is a business built on relationships. We enter into a partnership with our clients that goes beyond the buying and selling of houses. Our goal is to provide an outstanding level of service that will earn your referrals and repeat business. Awards are nice, but they are never our focus. What matters most to us is the satisfaction of our clients.

We know HGTV makes real estate look fun and easy but in reality it's a very challenging business – the real estate market is constantly changing. What works today may not work tomorrow. **However, one thing that has always been**



The Ron Sitrin Team won four impressive Long & Foster Awards for 2021, including Top Agent for Buyers (by units and by volume) and Top Listing Agent for Sellers (by units and by volume).

consistent: we find success when we put our clients' needs first.

Thank you for helping us reach this new milestone. We are grateful for your business and could not have received this recognition without your continued support.



THE **RON SITRIN** TEAM

at **LONG & FOSTER**
REAL ESTATE

A Top 1% Producer Nationwide

Long & Foster Real Estate, Inc.
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Real estate that's **more real than reality TV**



Over
450
vs. **15**

Homes toured
by the Ron Sitrin
Team each year

Episodes in a
season of HGTV's
Flip or Flop

*There's a lot less drama involved
with a Ron Sitrin Team transaction!*

Good Happenings

Good Happenings is a look at market trends, Ron Sitrin Team insights, great stories and good things we want to share with you. All content and information shared is approved by the clients. We talk about a lot of numbers in this issue, but the bottom line is that our service is always #1. Can we help you buy or sell? Give us a call today!

The Ron Sitrin Team

Long & Foster Real Estate, Inc.

Have a question, story idea or comment? Give us a shout!

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This is not intended to solicit the listing of other brokers.

