

# How homebuyers can avoid the fear of failure

The barriers facing prospective first-time homebuyers are hardly insubstantial. Many have mounds of student debt and diminutive savings accounts. Others have flawed credit or work histories. What's more, nearly all wannabes confront home prices that are escalating faster than their income gains.

These multiple factors are combining to discourage more would-be buyers. Indeed, the extent of their despair is now documented in a new survey from Lending Tree, the online loan company based in North Carolina. The survey, which polled 2,050 U.S. renters in August, found that 48%

worry they'll never be able to afford a home during their lifetimes. Among the most pessimistic were renters from Generation X, born from 1965 to 1980, and millennials, born from 1981 to 1996.

"People in the midst of their careers, especially Gen Xers in their peak earning years, are thinking, 'If I haven't bought a house at this point, it's probably not going to happen,'" says Jacob Channel, a senior economic analyst at Lending Tree. Channel says renters' worries are understandable, particularly during the COVID-19 era. "What they've been seeing for a while now, especially during the pandemic, is home prices rising really, really fast and wages not necessarily keeping up," he says.

Richard Rosa, a Massachusetts real estate broker who works solely with buyers, says many prospective homeowners have been on an "emotional roller coaster" that's been particularly intense since April 2020, when the pandemic accelerated the buying surge. Noting the steep ascent in home prices and hearing chatter about bidding wars, a segment of the wannabe homebuyer population is simply refusing to participate in the competition. These include those in the Lending Tree survey who've concluded that ownership is out of their reach.

"They consider it just too emotionally draining to

proceed right now," says Rosa, president-elect of the National Association of Exclusive Buyer Agents (naeba.org). While some renters have reconciled themselves to the idea that they'll never be homeowners, others have simply exited the buying market temporarily – giving themselves a breather.

Rosa tells the true story of first-time buyers in their mid-30s. A therapist married to a software engineer, they began their home chase this past January. Their motivation? The birth of their baby daughter and the dream of a suburban Boston house in a neighborhood with solid schools. "They weren't asking a lot – just a basic place with about 2,000 square feet of living space, three bedrooms and an eat-in kitchen," he says. Until late summer, Rosa says these clients went "full throttle" in their attempt to compete with rival bidders.

To make their offers more appealing to sellers, they waived contingencies. They also routinely offered \$30,000 to \$70,000 over the asking price. Still, they were outdone by other buyers who bid even more. That's when they opted for a temporary break from their home-buying quest.

This fall, many would-be buyers who took a temporary break – including the Boston couple – are headed back on the trail, hoping a slight increase in available inventory will improve their odds. "I encourage our clients to get out there and keep trying for a house. Remember, you have to play to win," Rosa says.

## Here are a few pointers for buyers:

1. Focus on your primary motivations for buying a home. Anxiety is an influential factor that can stop people from actualizing their buying plans, even when logic tells them it's the right time to go forward, says Sid Davis, a real estate broker and author of "A Survival Guide for Buying a Home."

Of course, there could be legitimate reasons to wait. Perhaps you have a basis for worry that your employer could soon lay off workers due to the pandemic. Or maybe you fear your spouse could soon be subject to a

job loss.

"None of us has a crystal ball. But those who have secure jobs and truly want to own a home in order to build equity and enhance their family life might be kicking themselves later if they wait too long," Davis says.

2. Look for early guidance and support from a trustworthy mortgage lender. In this ongoing era of conservative lending, most mortgage lenders still go to great lengths to ensure that the loans they originate are solid. This means borrowers must be well prepared to respond to the lender's requests for documents.

"The right lender will help make sure you assemble every single document needed to get your loan approved," Davis says. As proof of income, many lenders insist on much more than the customary pay stubs and W-2s.

For example, they'll likely ask you for tax returns. In addition, they'll probably want assurances that the funds you've amassed for your down payment have been in your savings or checking account for some time and weren't borrowed from an uncle just a week ago.

The time you spend documenting your eligibility for a home loan is time well spent if the lender gives you a "pre-approval" letter. Especially in this market, where sellers are nervous that deals will fall through on financing, this letter is a vitally important bargaining tool.

3. Gather intelligence before making a home selection. Rosa recommends you walk the neighborhood around any house that interests you. Talk to local residents about real estate trends in the community and whether it's a good time to buy there now.

Buyers who've lost homes to other bidders should be especially cautious about home selection to avoid a major mistake.

"Even in a seller's market, smart buyers hold out for a house they could keep for as long as eight to 10 years or more," Rosa says.

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### Palm Beach County Home Sales Continue Upward Trend in August 2021

Palm Beach County total home sales continued rising in August 2021 as pent-up demand, more U.S. individuals and companies moving to South Florida, and record-low mortgage rates continue fueling transactions, according to the MIAMI Association of Realtors (MIAMI) and the Multiple Listing Service (MLS) system.

Palm Beach County total home sales rose 1.9% year-over-year in August 2021, from 3,014 sales to 3,072. Palm Beach single-family home transactions decreased 10.5%, from 1,814 to 1,624.

Palm Beach existing condo sales increased 20.7%, from 1,200 to 1,448.

Palm Beach County continues to attract homebuyers and companies. U.S. individuals and companies, particularly from tax-burdened Northeast and Western states, will continue moving to South Florida because the region is pro-business, low tax, home to sunny weather and a healthy lifestyle, and more.

Palm Beach County home sales are also significantly higher vs. August 2019. Palm Beach total home sales are up

13.5% in August 2021 vs. August 2019, from 2,707 to 3,072. Palm Beach single-family home sales (3.7% increase) and condo transactions (26.9% jump) are higher than August 2019.

Palm Beach Luxury Sales Jump as Northeast and West Coast Buyers Move to Mega Region

Palm Beach single-family luxury (\$1-million-and-up) transactions jumped 20.4% year-over-year to 224 sales in August 2021. Palm Beach existing condo luxury (\$1-million-and-up) sales increased 65% year-over-year to 66 transactions.

There are 3.3 months of supply in luxury single-family homes; 3.1 months of supply in luxury condos. Luxury months of supply continues to trend downward for all property types, month-over-month, and year-over-year.

With global vaccinations rising and unstable political situations around

the world, South Florida is seeing an increase in foreign homebuyers. Global buyers are also coming here for the vaccine and purchasing property. Global buyers purchase in South Florida because South Florida is a world-class global city with better real estate prices than other similar global cities. Foreign buyers feel at home with our incredible diversity and acceptance of all cultures.



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