



Purchasing Tips in a Buyer's Market

After years of outrageous home price inflation and widespread seller glee, the recent housing cool-down has turned the tables. Unsold home inventory is mounting and interest rates are falling. The housing market is now definitely a buyer's market. If you're looking to get into a new home soon, learning a few key buying tips could help you make the most of the current market conditions.

First, even though prices are falling (the median home price fell to \$225,000 this year from \$230,000 in 2005), be prepared to do some serious negotiations. If you've got the time to wait and watch market prices for further price drops, great. But if you don't, you will need to do some research to make the most of your bargaining power.

Find out the market value of homes in your area and use that as a bartering point. It is now easier and cheaper than ever to get these types of estimates. Rather than paying \$300+ for each home appraisal, you can now find several online resources that provide this information for free. Once you've found a good home and have a good idea of what it should cost, you are ready to sit down to the negotiation table. Make sure you can produce price comparisons and other real estate data as proof to your seller that he should lower his price. Don't bother throwing out ridiculously low offers; sellers probably won't take you seriously if you don't make a reasonable starting offer.

Second, and fortunately for you, you have plenty of negotiating leverage as the average time on the market for homes has increased and many sellers are overly anxious to shed those extra mortgage payments. You should certainly use this to your advantage to get the best price.

An added buying advantage for you in today's market is the recent decreasing trend in mortgage rates. While still higher than this time last year, rates are now significantly lower than they have been for a few months. The average rate on a 30-year fixed mortgage is now 6.31%, down from 6.45% a month ago. These rates will significantly increase your buying power and the amount of home you'll be able to afford. Make sure you shop around among lenders to find those offering the best rates.

Finally, be wary of flashy incentives offered by sellers. Be sure that the incentive actually relates to the home sale. You'll find offers for flat screen TVs or exotic vacations, among others. You'd be much better off with bonuses that either increase the home's value or reduce your buying costs. Many builders are so desperate to get rid of excess inventory they are offering things like kitchen upgrades or landscaping for free. You'll also find deals from both new and existing home sellers, offering to pay your closing costs for you. Incentives are great, but they should be a pertinent part of the home sale.

The current market is ripe for buyers. Do your homework and you'll be richly rewarded in today's slowing housing market.