



*Thomas Ervin*

## **Let's Talk About Real Estate**

### **“IS YOUR NEXT HOME GETTING OUT OF REACH?”**

If you are presently a homeowner and planning to buy a nicer home in the future, you may be falling behind in your quest to buy that next home. Or, you may be gaining on it without realizing that the time to buy is fast approaching. It all depends upon the constantly changing status of the value of your present home and of the home you want to purchase.

As you know, market knowledge is extremely important when buying stocks, bonds, or other commodities. It is also a necessity when making real estate buying and selling decisions.

**PRESENT HOME:** What is happening to the market value of your existing home? Will it increase or decrease in value? How much of a change will occur in its value this year? If you bought one of the first homes in a new subdivision, as an example, your home's value may not move up substantially until the builder has finished selling all the other homes in your subdivision. Typically, it is difficult for an existing homeowner to compete for buyers against the builder who can offer custom features and decorating to each customer. Perhaps your home has risen in value steadily over the past few years, but the rate of appreciation may be slowing down. Its value may have been growing at the rate of 7% or 8% a year and has slowed to 3% each of the last two years.

**NEXT:** The home you want to acquire also has its own market dynamics that effect its present and future value. You must be able to determine if the gap is widening, narrowing, or remaining stable between the sale price of your present home and the expected purchase price of the next one. You might have been pleased that your home has increased in value 10% each of the last three years, but discover that the next home has moved up 15% in price during that same period of time.

**ADVICE:** If you are seriously considering upgrading your housing in the next few years, you must keep abreast of the trends in your local real estate market. Ask your Realtor® to give you a current market appraisal of your present home and the price and availability of the home you want to buy.