

Ep #23: There is No Better Time to Sell Your Home



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With Your Host

Harriet Libov

[Your Real Estate Connection in Westchester](#)

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Welcome to *Your Real Estate Connection in Westchester*. A show for people looking to buy or sell homes in the Northern Westchester County area. Join local real estate expert Harriet Libov as she shares her professional advice on the local real estate market, connects you with knowledgeable community residents, and gives you helpful insights behind the home buying and selling process. Now, let's dive into today's episode.

Today's topic is the state of the spring market in 2022, and it has been quite a ride. If you ask a realtor in Westchester, the spring market begins in late January or early February as buyers consider their move before the school year. Most sellers try to take advantage of that segment of the market here. Now we're in late April, early May, hoping for inventory that we have not yet seen because sellers are on the fence on where to go.

Just as we realtors thought the market could not get any hotter from 2021, 2022 and the lack of inventory or the speed at which it goes off the shelf has brought about multiple offer situations, the likes we have never seen. 75 showings a weekend, 15 offers on a nice house that is nothing spectacular, and this is just because the market is so imbalanced with more buyers than sellers. Is it going to end with interest rates rising? Rentals are scarce, and prices are rising for rentals too. Home affordability is shrinking, but demand is not.

This and more will be our discussion today with Barry Graziano, my office manager and a regional manager at Houlihan Lawrence Real Estate. Where do we go from here? Thanks for joining me today. Let's settle in and enjoy the conversation.

There's a growing chorus of housing economists rooting for soaring mortgage rates to pull some steam out of the housing market. In their eyes, the rate of home appreciation is simply unsustainable. If it continues beyond 2022, the housing market risks getting overheated. They'd rather we slow to a sustainable level of growth rather than risk of bursting bubble.

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The idea that soaring mortgage rates would pull some steam out of the market does make sense. Rising rates will not only price some buyers out. They also mean some buyers and borrowers will not be as eligible to reach in price as they once were.

Morgan Stanley researchers have written, "That while home price appreciation should decelerate, we believe it will remain supported by tight supply. In fact, rising rates themselves will contribute to keeping supply subdued as homeowners will be locked in and less likely to sell at their current lower rates." That makes sense too. They will have to be in a significantly better financial position to pay a lot more to upsize both in home price and monthly payments.

Many of my recent transactions have been local buyers upsizing to a new home. Post COVID working from home more, they simply need more space. These transactions will still happen because of the cost of adding onto a home still may not make sense. The desired end result of what the home will look like may not be achievable.

For example, a home with no basement, a larger master bedroom or better land even with a higher cost of financing on their new purchase. Some buyers will ultimately be happier with purchasing a larger home with the features that they want. If someone is just updating their home with the space they currently have, for example, kitchen, baths, they will likely stay put and do just that. It will make more sense than financing at a much higher rate in a new home. That will not help increase our inventory. So it's complicated.

When speaking to my buyer clients recently, they're talking to me about what the all in monthly payments will be, and then determining the price they're willing to offer on a property. That's been a new phenomenon for me as I rarely discuss monthly costs. That's a conversation for my clients and their mortgage professional. Also, we are searching and looking at homes with prices beneath their means, as they expect that the list price will get bid up.

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Buyers need to be comfortable with waiving a mortgage contingency and appraisal contingency because they'll never get the house otherwise. These scenarios are all indicative of the seller's market we are in in 2022.

As an agent who does a lot of listings, the inventory I will list will come on later in April and May, which is unusual for me. The sellers I'm working with have needed the time to prepare their home for sale, for their next move, and think about rental options if they do not find a home to buy. But they are feeling very confident about the sale price they will now get for their home, and they should be. There is no better time to list a home than right now.

Let me introduce my guest today, Barry Graziano, a regional manager at Houlihan Lawrence. I'm lucky to say he also manages the Armonk branch of Houlihan Lawrence where I work out of. Working with him is a pleasure both personally as a friend and professionally. I know Barry will agree with me about the fact that sellers should be listing now. Let's talk to Barry as he is up on the outlook from our corporate office and real estate projections.

Harriet: Hi, Barry.

Barry: Hi, good morning.

Harriet: Good morning. This episode, which we have both talked about in the office endlessly, is weighing in on the state of the market in the spring of 2022. We could not have imagined this lack of inventory propelling prices where they are and going into contract and where things are selling or going to be selling in 2022. There's just lots to consider when we're trying to understand this market, the rising interest rates, the incredible buyer demand, the addition of inflation, and then no inventory.

What I love about Houlihan Lawrence is always the depth of knowledge that our managers are always seeking to have and doing projections and data. I know you do projections for this year, for next year as a company. I'm wondering what the narrative looks like and how long you, the

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company, thinks that these prices appreciation will last and/or find balance between buyers and sellers.

Barry: That's interesting that you say find balance between buyers and sellers because a couple of things I want to go back on that introduction. The word "no inventory" is something I find interesting because I hear it all the time. I see it in the media and I hear it from the agents. But I think the fact that the high demand from the buyers is just constantly outpacing the inventory.

When we look at the numbers, I think you have to ask yourself how do we have low inventory, but yet we're having record breaking years with sold properties? Maybe not in every market across the board because the markets are different in all different areas. But the listings that we see on the market now simply have no shelf life, and they are immediately gone because of this huge high buyer demand. It makes it look like there's no listing, but when you look at the listings active and the listings pending, those are the actual listings of creation in the past 30 to 60 days. That is outpacing where the listings were from a year ago.

Again, if you just simply look at the sold volume, you'll see that the sold volume is up. For example, homes sold in the Northern Westchester market, where our market is, I manage—

Harriet: Where I work. Right.

Barry: We're up 1% year over year on total sold properties. Yet, when you look at the listings compared to last year, we're down 26%. But again, that's because the shelf life is not there. The inventory that sits is not sitting anymore because of this huge buyer demand. I think it's just making people think about a market that is not really there.

Harriet: Right. No, no. To your point, the last couple listing appointments I've gone on I can confidently say this will take five days. You will go on the market on Tuesday as a coming soon, people can make appointments for Thursday, and on Monday we'll be talking about what your best offer is.

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You can temporarily go off the market because we'll have backup if you choose to do it that way. Never could I confidently say that.

So to your point, I think that's a really good thing for sellers to understand. That not only are they going to get a phenomenal price, but essentially it's going to be painless in terms of their efforts and time on the market. No more of going through the weekend and giving showing feedback that we had to do. Do we have anybody from the weekend? All of that is out the window. It's crazy.

Barry: May I say, I believe that when that buyer demand levels out is probably going to be the biggest barometer of when this market will start to change, if you will. I don't want to use the word bubble. I don't think there's a bubble out there. I just think that there are there are so many people who are just reevaluating their lives and thinking about what they want, as far as their personal housing goes. That big, huge buyer demand is there.

When you talk about the introductory that you just gave, the introduction, there's a lot of variables. There's the interest rates. There is supply and demand variables. There's that mental game that that the buyers and sellers all have to put on before they go into this market. Because right now it is a fast market, just as you said, when you're out there taking these listings.

Harriet: Right. It's finding balance. It's when's the balance going to happen. I don't think... Maybe prices will level off, but I think we're all in agreement at this point that we really don't feel there is a bubble. In terms of cycles because we've talked about that too, COVID was a cycle. Are we still in that cycle? Are we starting another cycle because we're up this year? What's the school of thought as you sit with the managers?

Barry: Well, let's look at COVID, right? I mean here we are two years into that process where if you look back at the real estate markets, you typically can see trends that may run between 18, 24, possibly just slightly more months of a cycle. So we're two years into a COVID cycle. Where if you look at the last six months, the market has changed already.

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So it went from a tad bit of a slower market into that COVID situation of let's just say 2020. 2021 started to blend itself out a little bit. But now as we go from the fourth quarter of '21 into the first quarter of '22, we see this explosive behavior. I think that's a change. That's a change in the market. That's a change in—

Harriet: In cycle, in cycle.

Barry: That is the cycle. So if you think about it, this COVID cycle, which may not be a real estate cycle as opposed to just a pandemic that has happened. The cycle is changing right now, and it's changing to a softer market, to an explosive market, and an explosive market for the sellers where they have seen some gains. We talked about the number of solds up 1%, but the median sale prices are up 9% in the first quarter in the Northern Westchester areas.

Harriet: We haven't seen the pendings that have closed yet. Then we're gonna be up even more.

Barry: That's a great point, Harriet. So like the first quarter year over year is 9%, and the year over year from 2021, which again was a different market than it is now, is up 10%. So I think we're going through a cycle now. Coming into 2022 with the interest rates changing so dramatically, so quickly, people are taking a step back. They're taking a step back, and they're looking at what it is they should be shopping for or what it is that they want to spend.

So all the markets are different. It's hard to tell or to actually pinpoint and say how are the markets going to change. Because as you well know from being in this market so long, even here in Westchester County, the northeast corridor could work in a different pace than the south shore towns.

Harriet: Right.

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Barry: The northwestern side of our county typically does a lot of high volume transactions at a lower average price per sale house might not be being as productive as we are.

Harriet: And buyers moving north because they can't afford the south anymore.

Barry: That's right. That's right.

Harriet: And taxes. I mean I'm hearing agents in the river towns really saying that the property taxes are killing them. Our taxes are pretty good. So all the way around, I mean—And a normal cycle is what 18 months? 12 to 18 months?

Barry: 18 to 24 months.

Harriet: 18 to 24 months.

Barry: Cycles move within 18 to 24 months.

Harriet: Okay. Okay. So we feel that we will be in this incredible seller's market with prices up through 2022. Then we'll see what 2023 brings. Does that sound right?

Barry: Yeah. Here's something I think that's interesting. Again, this kind of speaks to the northeast corridor, the shore towns, lower Westchester, just north of NYC or north of New York City. There's another boom out there now for second homes in the other parts of the country. Typically speaking, when you see the second home market moving or being aggressive is when people have plenty of money in their pockets and money that they can spend on trying to figure out where they can get those second homes. Perhaps to have something to get away with typically with their family.

But in our market, just north of New York City, those deep pockets are what's driving I think some of these median sale prices up here. We're listing houses at \$1,300,00, and they're trading at \$1,800,000 because of those deep pockets.

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So I think when you see those gains across the nation for secondary home market being escalated by some 75% currently right now going into 2022 from 2021, which was a different market. I think those deep pockets are going to still push this market and motivate this market. Because maybe we're not a second home area, if you will. Although we have some. People are coming into the Westchester market with some deep pockets. That's what's driving the market.

Harriet: And luxury. I mean \$3 million houses, \$4 million houses selling in a week. I mean, again, things that we just haven't seen. What is Houlihan Lawrence seeing with builders and new construction?

Barry: You know, I think that the builders have now wrapped their heads around the reality of the rising prices that they've had to deal with for the past 12 to 18 months on supplies and materials and—

Harriet: Land.

Barry: And land. So that's where I was gonna go. I think the builders are adjusting their reality of what they can build for what they need to sell for. They're gonna always face that issue of saying where do I build these houses, and how do I get the land? So the land is hard to come by. Some builders look at knock downs, if you will, or homes that they can find that reasonable rates and build their new homes on that land.

Those prices now have elevated and making it a little complicated for that process to work. So I think builders are out there. They want to make a living. They want to figure out how to get that product into the market, especially when this market is so hot the way it is now. I just think there's limited opportunities for that.

Harriet: Right no. Do we have less current inventory of new construction?

Barry: Yes.

Harriet: Okay.

Barry: Absolutely.

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Harriet: Right. The scary part is, okay, so just after what you said. I mean new construction, let's say, sold at \$2,300,000, that same house is now going to be \$2,700,000, and how long will this luxury market last? Because they have a year lag time. So they have to hope when they build at these new costs that the deep pockets are still there, which is a big risk.

Barry: Absolutely.

Harriet: Okay, so we talked about second home market. I actually think that's a positive thing for movement because once somebody establishes a second home, eventually they may look to relocate to that second home. Then what about investors in our market here in Westchester? Is there an investor market for buying homes and renting them or flipping them? What are you guys seeing?

Barry: The investment opportunities, I think, are the same as the building opportunities. They're not as robust because of the escalating prices and performance of the market. But there are definitely opportunities out there for them to do so. You know I think that you've seen the investment properties slowdown from the investors who are buying properties for a portfolio. Because, again, the prices are so high, they have to figure out how to carry those prices. But then again, the rental market now—

Harriet: Is phenomenal.

Barry: Is down. So I just don't see that.

Harriet: For owners not for renters.

Barry: Yeah, I just don't see that much activity out there. Because, again, things are just—The opportunity for them, just like everyone else in a buyer mentality, is moving so fast that they're just gobbling up everything.

Harriet: Right. So basically the message that we keep talking about is amazing time to sell, very difficult time to buy, but no signs of it changing drastically. So jump in when you find it and find your home. Any other thoughts or trends that we haven't talked about?

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Barry: I just think that good advice to give buyers today is patience, but still be very diligent in trying to accomplish your goals. You just have to understand the market and be patient. Again, rather than walk around with that mentality that there is no inventory, you just have to be prepared more to come into today's market. Get the basic fundamentals. Get your pre-qual letters in place, get your service providers in place. Consult with your broker and agents to be prepared to come into the market. Get your attorney ready, your home inspector ready. Get ready to move with the market the way the market is moving.

Again, just be patient. You'll hopefully ultimately end up being successful in some manner. Maybe sacrifice a little bit. If you are hypothetically looking for that million dollar house or that \$800,000 house, maybe look a little lower knowing that the market's gonna elevate it up.

Harriet: Right.

Barry: But you might see some more opportunity. I just think the best way to come into this market is clearly just consulting with your local real estate expert, like Harriet Libov.

Harriet: I was just going to say that. I'm not talking about myself only, but I think the value of your agent who is in this market, doing business in this market, and understanding the pulse of this market and what it takes to get the house is more crucial than it is has ever been. There are top producing agents that are sharing with each other and helping each other understand where the pendings are so that we can help our buyers and our sellers and appraisers understand what this phenomenon is. So great. This is great.

Barry: That's a good point Harriet. Cooperation has been amazing. People are working together again. If I could just give people advice to be patient, consult with your professionals, and make the best out of every situation.

Harriet: Right, right. Right. Okay. Thank you.

Barry: Thank you.

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Harriet: Always a pleasure, Barry.

Barry: Thank you for having me.

Harriet: Okay thanks for joining. I'm sure everybody will be very interested to hear what this market is at this point. I think people are just starting to get the memo how crazy this year has been. So thanks so much, and we'll talk soon.

Thanks for joining me today. It's hard to put all my thoughts into one episode and answer any questions you may have as a listener. Please reach out for any questions on just advice on the investment you may want to put in your home for the future or any real estate questions that you have. I'm always around to take your call. Enjoy this beautiful spring and stay tuned for me from *Your Real Estate Connection in Westchester*.

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