

To Move or Not to Move?

Weighing Your Options to Make the Right Choice BY CAROL SMITH

Rent or buy? Sell or stay?

Buy new or buy resale? Now or later?

What IS the housing market going to do?

Have prices bottomed out?

What's a better deal: new or resale?

Which will hold its value?

Are builders likely to make concessions and if so how much?

Fixed rate or adjustable? 15 year? 30 year?

Higher price with shorter commute or lower price and more time on the road?

And what's first, apply for a loan or find a house?

2

Amid these and dozens of other questions potential home buyers find their heads spinning. Daily reports by so-called experts evaluate and predict with the same accuracy the weather man enjoys. This is another area of life with forces are at work that often catch the best informed professionals by surprise.

If you find yourself baffled by what baffles the experts, do not despair. The circumstances are baffling. While we have seen (read and heard) some realistic descriptions of what got us into this situation, prognostications about the future are much less reliable.

Meanwhile, where are you living? Does your apartment, home, condo, or town home suit your needs? Set aside, just for a moment, the gyrations of the marketplace and analyze your housing needs. If you want more space, less space, different space, or space in a different location, decide to move forward and discover your options. Once you've done some research, you

can stay put or move forward with greater confidence and comfort.

Start with a candid examination of financial factors. Moving requires cash, even if you are simply switching to a new apartment within the same rental complex. Do you have the liquidity for a down payment, closing costs, and to address the myriad of details moving generates (a van, window coverings, perhaps some new pieces of furniture, and in some styles of housing, landscaping)? Take time to visit with a potential lender to gain some insight and measure your financial reach.

Next, jot down lifestyle details. Family activities (kids in school, hobbies, entertaining?) Work related considerations: commute times, home office? Are you just tired of yard work? In what ways does your current home fall short of satisfying your needs? What features do you want in a new home?

A major consideration in the current climate is how long you expect to be in your next home. It is looking as if the existing housing downturn will last a while. The longer you expect to be in the next home the safer you are making a move now. Pricing is generally relative within a given area. If you have a home to sell, its value is likely to drop if new home prices continue to drop. If the selling price you could get for your home goes up, so will the purchase price of the new home you want.

If you are renting, start shopping for a home—assuming you qualify financially. If not, your first plan is how to get to the point of qualifying. Start paying off credit card debt and installment loans. Stay at your job, or at least stay in the same line of work. Begin to accumulate savings. Even if you are only able to make small deposits at first, make them regularly.



When one of the credit card balances has been eliminated, put that amount toward the next one or into your savings.

Supposing you need or want to move cross country? Changing from one region to a completely different one requires more research. Some parts of the country are not seeing the dramatic problems in home value, so study the areas where you want to live. In a few regions, prices are still slowly increasing.

The Internet can be an invaluable tool in your preliminary studies, saving you considerable time. There is nothing wrong with selling in a lower priced region and buying in a higher priced region when you (1) want to move there, (2) have all the facts at the beginning, and (3) can swing it financially.

The point to keep in mind is the degree of risk regarding the future value of the new home. How long will it take for you to realize a gain through appreciation and do you expect to stay in that home long enough to accomplish this? If not, you will need to balance that against how much you want to live in the new location. Housing is not just an investment; it is a significant quality of life issue. Only you can determine the relative importance of each factor for yourself.

Still interested? Get a map. Where do you want to live – never mind for the moment the housing crisis factor. What is your second choice location? If possible, drive around both areas taking notes. Do they stand up to closer examination? If they are still in the running, gather details about what is available in these acceptable areas. Use your list as a guide to check out websites, browse local housing publications (often available near check

out stands of supermarkets, at airport terminals, and mall entrances). Take time to review the Sunday paper's real estate section.

No doubt this effort has turned up some new home communities or builders you find intriguing. Plan to visit each and gather details about plans and pricing. New home builders are offering some great deals in many areas. Be wary of steep price cuts in the absence of a reasonable explanation. One reasonable explanation is that the home in question was sold but the buyers were unable to qualify for a mortgage. Rather than continue to pay construction loan interest on a finished home, the builder will sell at a loss now, although long term he may come out better than if he had held to the original price. That home can be a real bargain, especially if other homes in the area are doing fairly well at holding their value. You move in with equity already in hand.

Moving can be about a new job, a new relationship, a new family member. It can be a fresh start. It brings an opportunity to clean closets and de-clutter (your belongings and your mind). No one should tell you the financial side does not matter – clearly it does. Keep it in perspective, however. Avoid letting whimsical fluctuations determine your lifestyle. Knowledge and accurate information is a potent antidote for worry and indecision: begin by knowing what you want and set about researching to find it. ■

As a best-selling author and award-winning columnist, Carol Smith has impacted countless homebuilders since 1986 with her practical insights on customer service. Her newsletter, **Home Address**, is devoted exclusively to home building service issues and is available to builders and buyers alike at www.cjsmithhomeaddress.com.

