

Six Signs It's Time For Home Buyers To Buy

If you're waiting for signs of a housing bottom, join the club. Nobody blows a whistle and say, "It's time to buy!"

That's why market timing is an art, not a science, but you can improve your odds of buying wisely.

First, stop paying attention to the national media. Fear has sidelined buyers even in good markets, and that's exactly when you need to take advantage -- before other buyers wise up.

Second, be ready to pounce when you see the home you want.

The time is right to buy when you see these signs in your marketplace:

- **Inventories start to decline.** That means that the best buys are leaving the market, and best doesn't necessarily mean cheap. It means the homes with the highest likelihood of profitable resale. Desirable homes will leave the market first.
- **Days on market reduce.** Days on market refers to the period when a Realtor enters a home in the MLS for marketing to other brokers, until the home sells. When DOMs are shorter, that signals a coming seller's market. A seller's market has more buyers than homes, so prices go up and selection goes down.
- **Mortgage applications increase.** Interest rates recently turned back the clock, causing many homeowners to jump in and refinance. Purchase applications were also up. Either way, that means homes are about to leave the market, so less inventory means firmer prices. Sellers will stop dropping their prices.
- **Sold homes go for closer to listing price.** In 2007, home prices dipped for the first time in four decades. With a 1.9 percent decline, homes still sold within 97 percent of listing price. When they get to 98 percent, you'd better be ready.
- **Prices remain firm or rise.** Prices are a product of demand. To attract buyers, sellers reduce their prices and offer more incentives. If homes are selling reasonably well, prices won't move downward -- they'll go up.
- **Incentives disappear.** When a market begins to favor sellers, they don't have to do as much to sell homes. Watch new homes and see if builders are still giving away swimming pools and granite kitchens. If they aren't, times have changed.

Any change in condition will change others, so again -- be ready. Now's the time to buy a better house while prices are low, interest rates are low and inventory is still high.

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