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2007 SPRING BIG MOVE

## Buying a home

### Jason Weissman of Boston Realty Advisors

April 19, 2007

Bostondotcom: Jason Weissman, of Boston Realty Advisors, will give his advice to buyers for today's market at noon. Please submit your questions now.

Want2buy\_\_Guest: We've decided to start the process of buying a home. What are steps you suggest to make the process easier? I want to be a well-informed buyer once we finally get out into the market. Do you recommend first-time buyer classes?

Jason\_Weissman: Thanks for the question- there are formal first time home buyer classes that can be taken, but my strong suggestion is to give yourself lead time to 1) Speak to multiple lenders to get an idea of what you can afford, and prevailing interest rates based on your credit 2) I would write down your all of your needs, wants and "dream ideas" on paper. 3) I would then identify neighborhoods of interest 4) Once you have identified needs, wants and location parameters, I would then begin internet research on MLS. At least 85% of the homes on the market are listed on Multiple Listing Service. You can view all MLS listings on Boston. Com! You will then be able to gage value per neighborhood, prices price per square foot and other qualitative features. Those four steps will give you a great start.

urbanRecon\_\_Guest: how much does a deeded tandem spot add to a condo's value?

Jason\_Weissman: This really depends on the area in which you are purchasing. For example, in the Back Bay, a tandem spot can add \$100K ++ depending on the precise location. Also, the quality of the tandem--is it garage or outdoor. Is it a wide spot? How is the access? Outside of Back Bay, Beacon Hill, South End, South Boston, Fenway, etc, a tandem spot may not add significant dollar value, BUT it will help the homes marketability upon resale.

fresh\_\_Guest: Wouldn't it be wise to wait for a while to allow the markets time to correct

Jason\_Weissman: This really depends on "the market" AND the buyers preference. On a quick and dirty assumption, it generally always makes sense to purchase if you plan to occupy for 5-7 years. When buying as a "home and lifestyle" decision, its harder to time, then making an investment. Also, we are not to sure where we are in the cycle. This spring market has been extremely active. Interest rates are still relatively low. Depending on the market, corrections may have already occurred.

Bob\_\_Guest: Where will the market head in 2007 and are there any signs of price decreases leveling off

Jason\_Weissman: Yes. We are seeing that prices are leveling off. 2007 appreciation will probably be flat, or it may increase by 1 or 2%. In the first quarter, according to MLSPIN (the industries data services provider) prices from Q1 2006 to Q1 2007 across condos, single families and multifamily's are up 1%. The amount of units sold are up .5%. Look for the City of Boston and Cambridge's condo supply to outpace the entire MA market for appreciation. We predict that appreciation may be north of 5% from comps in Q1.

LR\_\_Guest: I thought the housing market was down but I recently put an offer in on a condo in brookline and realized I was one of 3 offers.

Jason\_Weissman: Yes--some of our buyers that we are representing have recently been involved in bidding wars. There are a lot of buyers out there. Of course, this is the busiest time of the year. The spring always has a pent up demand. If properties are price right, they will garner multiple offers. The fundamentals of the "Inside 128" market through the City are very strong. New supply has been limited, and there is great demand from buyers wanting to live here. Sorry for the simplified answers, but that's what we are seeing.

VinnyT\_\_Guest: How's the NYC residential market doing in comparison to the Boston market?

Jason\_Weissman: Thanks for the question. Unfortunately, no comparison. The Manhattan market is still ON FIRE. The City of Boston is strong, but not like New York. NYC outpaces our job growth, and Wall Street Bonuses have made a major impact in sales figures in NYC.

JW\_\_Guest: With most economists as well as the NAR projecting a prices to decline in 2007 from a purly monetary standpoing, why would a FTHB purchase this year. Again, purly monetary. Thanks.

Jason\_Weissman: Owning housing is the best hedge against inflation. Also, my simple litmus test, if one is making a purchase decision for 5 to 7 years, it generally makes sense to purchase.

Ready\_to\_get\_out\_\_Guest: Do you know whether or not lotteries or raffles are legal in Massachusetts

Jason\_Weissman: Through the States 40B program, (a great program that has created thousand of housing units in the State) has developers allocate certain percentages of their development to buyers who meet certain qualifications.

Jason\_Weissman: [http://www.chapa.org/40b\\_fact.html](http://www.chapa.org/40b_fact.html)

Jason\_Weissman: These units are sold through a "lottery approach." Please see the enclosed link for more info. Thanks for the question.

katia\_\_Guest: Is it better to buy a smaller home, closer to a village center, or something larger, further from the city and no place to walk to?

Jason\_Weissman: This is why Ice Cream comes in different flavors. It totally depends on buyer/personal preference. HOWEVER, condominiums and City properties have outpaced single families on both appreciation and shorter sales cycle (Days on Market)

Spike\_\_Guest: Is this a good time to buy?

Jason\_Weissman: I think it is! Interest rates are low, there is great product out there, and there are new and exciting developments all over the State.

Broder\_\_Guest\_: why do brokers get paid so much money?

Jason\_Weissman: Brokers only get paid if they deliver value to the seller. And only the best brokers (who are providing value to lots of homeowners/clients) make "a lot of money." Keep in mind, a statistic from NAR (National Association of Realtors) indicates that the average Realtor earns about \$60K +/- per year in Gross Commissions. The agent will generally receive about 50% of these proceeds. We feel that real estate agents provide huge value to their clients, and most work extremely hard to exceed their clients' expectations.

Wheretostart\_\_Guest: What advice to you give on how to find a real estate agent in our area? Are there any critical questions that I should ask to ensure that I found the right agent for me?

Jason\_Weissman: A great approach is to ask friends, family, etc. Also, by visiting openhouses, you can meet brokers and have an opportunity to briefly meet a broker with no obligation. With this first introduction, you can see if there may be a personal fit. When deciding to work with a broker you should see if they have 1) local market expertise 2) If they focus on buyers brokerage (most brokers seem to do one or the other well) 3) Check references 4) Ask to see a track record of recent sales

mike\_\_Guest: Hi, are banks still making loans to subprime borrowers?

Jason\_Weissman: Mike, thanks for the question. Lenders have definitely tightened the parameters of there loans. The 100% and 103% financing days for borrowers with weak credit seem to be over. As the sub prime lenders continue to have more difficulty, there are less borrowing options in the market. This is probably a good thing for certain buyers that did not have the income or the financial ability to be purchasing in the first place.

Stevie\_J\_\_Guest: Would you suggest paying down ones debt to \$0, except for school loans or paying slightly more than the min and adding the bulk to savings?

Jason\_Weissman: This really depends on your financial situation. If you have the ability to earn better returns that the existing rate of school loans, it does not make sense to pay off the loan. For getting a mortgage, the less debt leverage you have will make your credit score more appealing top lenders.

BAMDAD\_\_Guest: I own a two family home and will be looking to get a single. Obviously it is better to sell yours first so you know how much you have. But what advice about trying to get the lowest rpice for a single when even though the market has corrected, most sellers don't think so?

Jason\_Weissman: Seek out sellers with the most realistic pricing. Also, you may want to consider selling your two family on your existing debt, you may be able to increase your debt for a deposit on the new single family property

jon\_2\_\_Guest: Based on current inventories, how many months of supply is out there?

Jason\_Weissman: It really depends on the market, however, we just took a sample from MLSPIN. In the last 90 days, there have been 12,780 units sold (condos, single family). That is at a rate of 142 units per day. There are currently 43,792 units on the market. This calculates to 350 days or just under 12 months of inventory. The condominium picture is slightly better at just over 10 months of existing inventory supply.

barney\_\_Guest: what neighborhoods in boston do you feel you can find the best "value" if you are holding for 5 years?

Jason\_Weissman: Back Bay and Beacon Hill are holding very strong. We have seen a "flight to quality." Buyers are looking for the best product in the market. A Properties with A locations will probably hold very strong. This same market dynamic happened in the commercial office markets in 2002 and 2003.

jp\_seeker\_\_Guest: Hi -- I'm hoping to buy in Jamaica Plain soon. Is it still a buyer's market for 2 or 3 BR condos in that community?

Jason\_Weissman: We are tracking that Jamaica Plain has a pretty strong equilibrium between buyers and sellers, with a slight shift toward the buyer.

e\_\_Guest: i'm considering buying a home but have very little saved for a down payment. how much should i consider putting down on the purchase (%)?

Jason\_Weissman: This really depends on your yearly salary and your ability to cover a mortgage, taxes, maintenance, contingency. You should write all of these potential expenses out. If this number takes an uncomfortable percentage of your salary, then I would hesitate to purchase.

tim\_\_Guest: i am thinking of trying to find a distressed or foreclosed property to buy--how do I find out about those that are for sale?

Jason\_Weissman: The Bankers and Tradesman weekly publication, published by The Warren Group, lists all foreclosure sales.

Bostondotcom: Thank you for all your questions. For more advice in buying a home, visit <http://www.boston.com/realestate/bigmove>. Thanks Jason! ■

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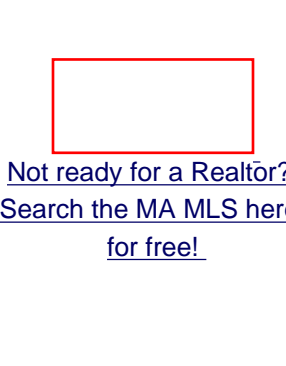
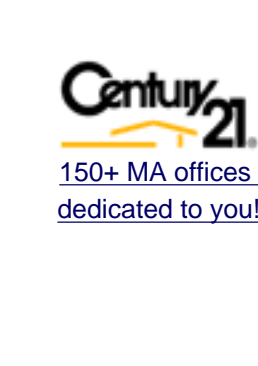

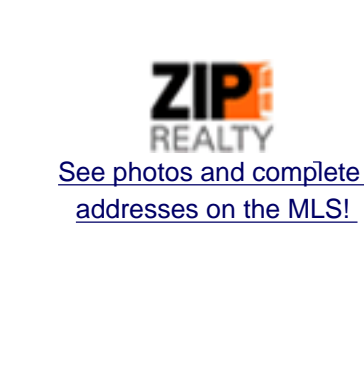
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