



RPM GROUP
HOME ADVISORS

kw
KELLERWILLIAMS

Tips for Buying a Home In a Competitive Market

So as a buyer, what does that really mean to you and should you care?

RPM Home Advisors is going to break it down for you, explaining how this will impact you as a buyer and how you can better prepare yourself to stand out amongst the other buyers in this competitive market.

The Atlanta Real Estate Market

Last year, on average there were more than 22,000 homes on the market in the Intown Atlanta neighborhoods and surrounding communities. In 2020, inventory is hovering just over 14,000 homes listed for sale. That's a staggering 53% year-over-year decrease.*

Current Month Compared to Previous Year

Atlanta MSA	August 2020	August 2019	Change
Total Residential Units Sold	9,626	8,770	↑ 8.89%
Median Residential Sales Price	\$275,000	\$243,000	↑ 11.64%
Average Residential Sales Price	\$335,586	\$293,064	↑ 12.67%
Active Residential Listings	14,641	22,469	▼ -53.47%
Residential Inventory <small>Chart by Georgia MLS*</small>	1.91 Months	2.96 Months	▼ -54.90%

However, with interest rates at a record low, although there are not as many homes on the market, there are just as many buyers, if not more, out searching for their first or next home.

So with all of this additional competition, how do you make yourself more appealing to the seller?

Home is Where
Your Story Unfolds



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INCREASING YOUR APPEAL TO SELLERS

Know the Difference Between Your “Must Haves” and Your “Wants”

In real estate, the difference between a “must have” and a “want” will make the difference in walking away from a house you may truly love but one that doesn’t check all of your requirement boxes.

First:

Make a list of all of the items you are looking for in a house. Think big. Enjoy putting together all of your wishes. Include items that are important to you but also ones that allow you to dream big.

Second:

Put three columns next to your list. Mark those as “Must Haves”, “Wants”, and “In an Ideal World”

- Your “Must Haves” should be items you cannot live without. These are your deal breakers. If a house doesn’t have them, you walk away.
- Your “Wants” are items you’d like to have but are things you are willing to live without
- Your “In an Ideal World” column are items that are just that. These would be so much fun to have but don’t influence your home buying decision.

Third:

Go line item by line item and check off where each item falls.

Example:

ITEM	MUST HAVE	WANT	IN AN IDEAL WORLD
3 Bathrooms	x		
Best Elementary School		x	
Top 5 Elementary School	x		
Pool			x
Open Concept		x	
Full Renovated	x		

By listing out and understanding these very different categories up front, you will save yourself time by not looking at houses that don’t meet your needs. Additionally, you will save the sellers time by not making offers around houses that you truly aren’t serious about.

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Understand Price and How Location Plays into Your Home Buying Decision

Now that you've put together your list, make sure you are clear on these two items:

PRICE:

Knowing what you can spend and knowing what you should spend are both very important and are not always the same. Plan accordingly.

- Get pre-approved so you will know the maximum loan you can take out. This will ensure you aren't looking at houses above the loan you can qualify for.
- Determine how much you are able and willing to put down on your house based on your loan program. Factor in PMI (private mortgage insurance) into your monthly payment if you are putting down less than 20 percent.
- Decide what you feel comfortable paying monthly and understand how the cost of the house affects your monthly payment. A good rule of thumb is that for every \$10,000 you increase your loan, your monthly payment will go up by approximately \$40.
- Understand other upfront costs for items such as general inspection, appraisal, and closing costs.
- Put yourself in the seller's shoes and lean on your real estate professional when deciding an offer price. Low-balling is not always a smart negotiating strategy when the average list price to sales price is 95-98 percent.
- Work with a real estate professional that knows the correct value for the market.

LOCATION:

The one thing you can never change about a house is the location, so make sure you are happy with the area you are choosing. When determining location:

- Know your lifestyle – do you want walkability, quiet neighborhood, bars and restaurants within minutes, accessible hiking? List out what you do in your free time as part of the process.
- Learn the neighborhoods that fit into the lifestyle you have/want. Research the neighborhoods, drive through those areas during the day and at night, talk to people that live there.
- Understand what your commute time will look like. Drive from those neighborhoods to your office, during morning and evening rush hour.
- Observe the developments (or lack thereof) happening in the neighborhood.
- Always double check school zones and district lines – it's feasible that houses right next store to each are zoned for different schools.
- Hire a real estate agent that is versed in the different neighborhoods. This is incredibly important, as they understand what make each community unique and will provide you with unbiased information.

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Becoming a Cash Buyer on Paper Makes You More Attractive

It used to be that getting pre-approved with a lender was enough, but in a seller's market, the RPM Home Advisors team strategy on pre-approvals will catapult you ahead of the competition. By obtaining a TBD Approval Letter with a local lender, you are essentially going through the entire underwriting process, getting 100 percent approved, and all the bank is waiting on is an address for an appraisal. By doing this, there will be no questions from the seller of whether or not this loan will go through once it hits underwriting because you've already gone through this process and removed all of the hurdles. So if you are up against others and you are already approved through underwriting and others just have a letter of approval, by removing the finance contingencies from the contract and essentially becoming a cash buyer, your offer package will become much more attractive to the seller. Thirty percent of sales fall through and a large percentage of those are due to financing. RPM Home Advisors has local lenders available that are communicative with and prioritize our clients, giving us a huge advantage in this competitive market.

Make it Personal

Until you meet at the closing table, most sellers and buyers won't come face-to-face and during the time of COVID, that percentage gets even smaller. So when making an offer on a home, you need to separate yourself from being just another contract and just another number.

In a competitive marketing and especially in a multiple offer situation, a letter to the seller goes a long way. Include it with your offer – tell them who you are, what you love about their home, and why you would make a great owner. In doing so though, keep it high level, making it personal but not too personal.

Conclusion

In a today's competitive market, the Atlanta housing inventory is low, there are numerous multiple offer situations, and homes are flying off the market in 20-30 days, depending on the price point. By incorporating these four tips into your home buying process, you will make yourself more attractive to the seller, helping you win the home of your dreams.

*<https://www.gamls.com/statistics>

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