

# What is the Best Time of Year to Sell Your Home?



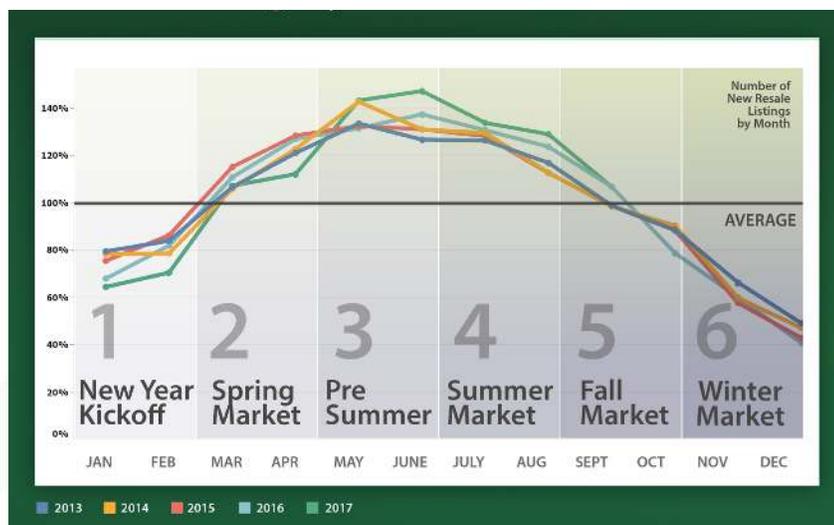
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Chairman and CEO

In real estate, people often ask “When is the best time of the year to sell my home?” The answer to this question is actually quite simple: **“When the timing is right for you!”**

Like every home, every person’s motivation to sell is unique. Many factors can make the timing right to move forward with buying and selling in the current market. Whether it be a new job, finding your dream home for sale, or determining your current home no longer fits your needs, everyone has a different motivation that drives them to make a move.

## SIX PHASES IN THE YEARLY HOUSING CYCLE

While every year won’t be exactly the same for residential real estate, year after year, our market follows a consistent, six-phase cycle when you examine the number of new resale listings by month. Each cycle phase encompasses two months, and with each phase comes different market nuances.



## CHARACTERISTICS OF EACH PHASE INCLUDE

### 1 **New Year Kickoff (January/February):**

The extra backlog of holiday buyers come into the market after Jan. 1, but the number of new listings coming onto the market is about 50% of summer monthly levels until March. Because of this, in this period we see the start of the highest sales activity intensity of the year through April (for new listings selling in the first 30 days). It can be advantageous to buy and list after Jan. 1, the week after the big game in February or in the spring. The biggest price appreciation boost for the year happens after Jan. 1, through the spring.

### 2 **Spring Market (March/April):**

Prime-time selling season begins in this phase as the number of new monthly pending sales is heightened from March-October. This is due to both buyer demand and more listings coming on the market compared to the winter months.

### 3 **Pre-Summer (May/June) and Summer (July/August):**

Monthly new listings peak during this timeframe. Simultaneously, there's the highest number of new pending transactions during this time. But with more listings than new pending transactions, the sales activity intensity for new listings going under contract in the first 30 days is about 20% lower than spring. Many people choose to list in this phase to time a move around the school year. Beginning the selling and buying process in this market can help you potentially avoid seller gridlock – not being able to find or get an accepted offer on your next home. From June onward, home price appreciation starts to ease.

### 4 **Fall Market (September/October):**

This is the last best chance for buyers until March for availability and selection. As summer fades, so do the number of new listings before winter's big drop.

### 5 **Winter Market (November/December):**

The number of new pending transactions to new listings ratio is the best during this phase, as new listings drop further than new pending transactions. This is when we see more new monthly pending transactions compared to new monthly listings. The number of new listings is at 30-40% of a typical summer month.

It's true that there are fewer sales over the winter months versus the spring, summer and fall. The winter months have fewer new resale listings by month than other times of the year. Additionally, these months have multiple holiday weekends when people are out of town. The backlog of holiday buyers come out of the woodwork in droves after Jan. 1.

In the summer through winter markets, sellers who are also home buyers have more opportunities in the more affordable and mid-price ranges to set up inspection, finance or home-to-sell contingencies. With these conditions, it can be a great time to buy and sell with the protection that you have a contractual contingency, with the opportunity to sell your current home.

There is a higher sales activity intensity of new listings selling in the first 30 days in the first half of the year, with upward pricing pressures. This is especially the case in the more affordable and mid-price ranges everywhere. Additionally, in the beginning of the high-end ranges close to the job centers, the market is strong. Starting in summer, in the more affordable and mid-price ranges, our market isn't stagnant, but is still up-tempo – there's often a shortage or low inventory levels of unsold homes.

If you're considering listing in the current market, it's a great idea to register for John L. Scott's Property Tracker® to see what your direct area is doing. Users can save custom searches and receive instant notifications for new listings of interest and updates made to favorite listings. Searching by school district boundaries is a new John L. Scott option, which makes it easy to track homes that feed into schools of interest.

## BUYING AND SELLING WITHIN SAME-MARKET TIMING

Regardless of the market, it's okay to buy and sell within same-market timing, as you will usually end up with approximately the same net asset equity. In practice, in the spring, you'll buy and sell in a market with higher sales activity intensity. However, in the rest of the year, you'll buy and sell in a market with slightly lower sales activity intensity. Both scenarios will affect the pricing for both the buy and sell sides of a transaction.

While this is typically the case, there are certain scenarios that could have a notable difference in net asset equity. One such example would be someone who moves from one price range that has been appreciating higher than another price range they are considering. However, when the timing is right for you, it's usually the right time to move, especially if you're buying and selling within same-market timing. We recommend looking at both the percentage and actual dollar appreciation differential of your home and your next home when considering buying and selling within same-market timing.

## CONSIDERATION OF INTEREST RATES

Currently, mortgage rates are the highest they've been in seven years. Rising interest rates will affect affordability due to higher monthly payments and will impact the buyer of your home. Outlined below is principal and interest on a 30-year fixed loan (the most common home loan) for \$100,000 at 5% versus a rate of 5.5%, which is the forecasted rate by the end of 2019.

### **For every \$100,000 loan balance:**

- » 5%: \$536 per month
- » 5.5%: \$567 per month

The numbers above illustrate what happens to monthly payments with an interest rate increase of 0.5% - simply multiply each monthly payment to find what it would be for higher loan amounts. Interest rates are projected to go higher in 2019, so that could be something to take into consideration when determining the right time to sell and purchase a home.

Though rates are higher than they've been in recent years, it's important to understand that our current rates are still historically low. Past 30-year fixed loan rates have been six, seven, eight percent or higher depending on the year.

## FIVE RIGHTS MAKE A SALE™

Regardless of the right individual timing to sell your home, it's crucial to work with a skilled broker to maximize benefit. John L. Scott brokers will ensure that you and your home follow the five rights: house right, yard right, price right, marketing right and the right broker associate. These steps will help sell your house at the best price, no matter the season.