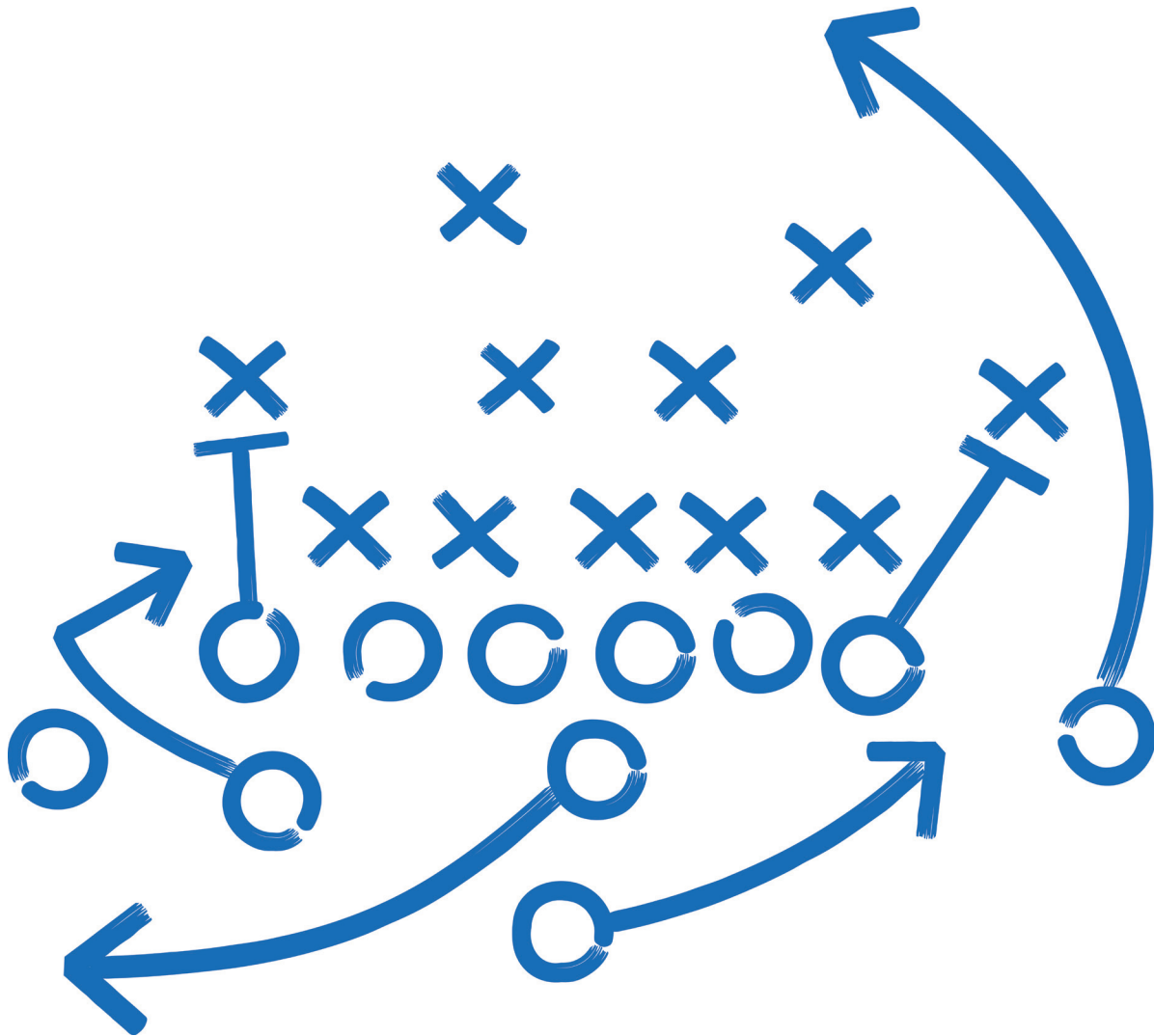


# What's Your Move-Up Strategy?



Coldwell Banker Bain

## Tips for Buying and Selling Without Going Insane

As a move-up buyer with a home to sell, you're no doubt facing a variation of the chicken-or-egg dilemma, asking which comes first: Should I buy then sell, or sell then buy? If you sell first, you may rush too quickly to buy a new house and end up with one you're not that crazy about or perhaps paid too much for. Or you could become home-less, having to bunk with relatives or rent temporary digs while you continue to house hunt. If you buy first, you'll be itching to sell your old house quickly, and for top dollar, to cover the costs of your new place. Or, worst-case scenario, you could end up paying for two houses at the same time. Yikes!

To make trading up to a bigger, better house easier, consider these simple strategies before you take the plunge.

### Know the Market

Before you put your house on the market or start shopping for a new one, get a feel for your local market. Find out how much houses in your area are selling for and how much they cost to buy. As a move-up buyer you'll want to sell high and buy low, so you'll need a true assessment of the local real estate scene. Also, determine if your market is "hot" (i.e., favors the seller) or "cold" (i.e., favors the buyer). As both a buyer and a seller, you'll want to make the most of the market conditions in either position.

### Sell First, Then Buy

This is perhaps the safest strategy, and in a hot market selling your house will likely be easier than buying a new one. But going this route involves multiple moves. First, you list your home and complete its sale before you buy another home. Then you put the bulk of your belongings into storage and move in with family, friends or a temporary rental while you continue to house hunt. If your buyers are amenable, you might arrange a rent-back deal that allows you to stay in the house for a month two, paying rent to the new owners, while you scout for a new house.

The advantage of this scenario is that you'll know exactly how much you can spend on a new house and you won't have to worry about getting temporary financing. Plus, without another house waiting in the wings, you'll be less tempted to drop your price or accept any offer that comes in, even lowball offers. The downside, of course, is the

disruption in your routine and the prospect of being displaced for a while if your house search takes a long time.

## **Buy First, Then Sell**

This strategy eliminates the threat of being home-less and minimizes disruption. In this scenario, you buy a new house, move in, and then sell your old house. In a buyer's market, finding a new house will be relatively easy, with lots of houses to choose from at reasonable prices. But, depending on how long it takes your old home to sell, you could end up paying two mortgages for a period of time. And, while your empty home is on the market, you're still responsible for its maintenance and security. This plan typically works best if your first house is already paid off.

Another option is to make the purchase of your new house contingent on selling your old house. A seller who's having a hard time finding a buyer may be willing to accept a contingent offer, even though it means waiting for you to find a buyer. Limiting your search to houses that have been on the market for 30 days or more may be your best bet here, as their owners might be more receptive to a contingency. In hot markets, however, sellers rarely accept contingent offers, so be prepared to give your seller good reasons why you believe your home will sell quickly. If contingency is not an option, talk to a mortgage broker about arranging financing.

## **Build Your Own**

One more strategy for the move-up buyer to consider is to build your own house. New-home building is hot again, surging to levels not seen since the housing boom ended. In addition to getting more space, you won't have to renovate or remodel to get exactly what you want in your new home. Of course, you'll still have to decide whether to buy or sell first, but for some buyers, starting from scratch just may be the way to go.

