Why Owners Who’d Like to Sell Their Homes Aren’t Putting Them on Market

In recent columns, I’ve pointed out the rapidly declining inventory and the need for more listings. There is no better time than right now to put a home on the market. Buyers, lured by record low interest rates, are snapping up the few homes on the market—when the price is right.

This is especially true in the lower price ranges. When I did my monthly analysis on Feb. 1st, I found that 40% of all front range listings under $200,000 are under contract. That figure drops to 37.4% for homes between $200K and $300K, and to 29.5% for homes from $300K to $400K. Between $400K and $500K, 22.4% of the listings are under contract, and between $500K and $600K the percentage is 20.9%. Above that price range, the percentage keeps dropping, so only 9.1% of homes priced over $1 million are under contract. But that’s still a pretty hot market.

That raises the question, “Why aren’t more people who want to sell putting their homes on the market? Let me speculate on some of the reasons, and perhaps some readers will want to suggest their own reasons. (My columns are posted on my blog specifically so that readers can add their own comments.)

**Reason #1:** Sellers are “under water,” owing more than they can sell their home for. This is especially true in the higher price ranges, as well in areas impacted by foreclosures and short sales.

**Reason #2:** Sellers are **not** under water, but they don’t have enough equity to produce the cash they’d need for a down payment on their next home. (Those who are wanting to buy under $420,000 may not know that with an FHA loan they can put down at little as 3.5%, or with a CHFA loan as little as $1,000.) **Observation:** If you’ve been wanting to refinance your current home and have good credit but not enough equity for the refi, you probably do have enough equity to buy a different home at low rates with an FHA loan!

**Reason #3:** Would-be sellers want to wait until the value of their home increases. However, if these sellers expect to buy another home after selling, they need to realize that if they wait until their home’s value increases, then they’ll probably end up paying more for the home they purchase, so they might as well “take a loss” on their current home. It evens out in the end.

**Reason #4:** Sellers are worried about their job security and loss of income to support a new loan. I’m sure there are many other reasons, and I’d love to read them on my blog, www.JimSmithBlog.com. Or call me, 303-525-1851.

**This Week’s Featured New Listing**

It’s hard to believe that this professionally decorated home in a professionally landscaped subdivision is listed for just $175,000. The address is 4220 Owens Street. Although it looks like a 1-story home in the picture, it has a 2nd-story master suite facing the backyard. There’s a guest bedroom and full bathroom on the main floor, in addition to a beautifully updated kitchen, dining room, living room and laundry. The total square footage is 1,069, including the great loft added by the current owner.

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