

Home Shoppers Seeking Leverage in a Tight Market

Home buyers have faced tight supply issues this year and obtaining leverage in this market has been challenging.

Ellen Chang Aug 31, 2016 10:30 AM EDT

determine how much you can carve out of your savings for a down payment, but still maintain six months of emergency funds, especially if you are buying an older home which may have unexpected repairs.

The average down payment in 2016 is 11% across the U.S., but it depends vastly on the market and loan you are seeking.

If you are struggling to come up with a down payment necessary for your market or type of mortgage, research down payment assistance programs," he said. "Get all of your financial records organized, including recent bank and financial statements, the last two years of income tax filings and pay statements."

There are many opportunities available since mortgage rates remain near historic lows and it is unlikely to see substantial moves soon.

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he buying opportunity is still substantial and now the annual cycle means you will face less competition on homes that are on the market," Smoke said.

Sellers want to see serious buyers, so getting pre-approved from a lender is important.

A pre-approval letter as part of an offer will communicate to the seller that you have the ability to close," he said.

Sellers still have an advantage and even though there are fewer potential buyers with fall right around the corner, the existing inventory remains low, so getting a house under contract can still be problematic, Smoke said.

Don't expect sellers to feel desperate," he said. "Sellers may still act like it is the spring. Listen to the advice of your realtor on the composition of the initial offer so that you are more likely to keep the conversation going rather than face complete rejection."

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