

What is the Best Month to Buy a House?

[Editor's Note: The following was submitted by [author](#), [podcaster](#), [mortgage lender](#), and long-time WCI advertiser, Josh Mettle. Josh specializes in financing physicians, dentists, CRNAs, and other professionals with highly specialized professional loan programs. Josh is also a fourth generation real estate investor and owns a number of rental homes, apartment units, and mortgages. This would have been a great post to run a couple of months ago, but better late than never. We bought our current home in October of 2010, and I was amazed at how much less competition there was compared to Summer 2006 when we bought our previous one. While there may be fewer homes on the market in the Winter, there are dramatically fewer buyers, so you will typically get more attention from your realtor, more time to make your decisions, less competition and probably a better price. In this piece, Josh gives you some tips on taking advantage of the fact that you're buying in the Winter.]

The holidays are upon us, and more often than naught, prospective home buyers are putting their decision to [purchase a new home](#) on pause until Spring.



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Who can deal with all that stress during the holidays?

I get it, buying a home during the winter can be a little more challenging, even uncomfortable to pack up and move during the holidays when our tendency is to slow down the pace and relax a little.

If that resonates with you, then you can see why December and January are the absolute best months of the year to negotiate and purchase a home. The competition is enjoying the holidays and not out hitting the streets house hunting. The lack of buyers leads to longer listing times for sellers and more listings expiring without being sold.

The lack of holiday showings and offers make sellers more willing to negotiate the sales price of the home and/or give a concession towards your closing costs (which you can use permanently buy-down your interest rate).

For most of the country, we are still seeing solid [real estate appreciation](#), but the winter months in many markets are the exception. I've copied the FHFA Home Price Index through September 2018 below, you can see most of the country (especially the Mountain region) is still in an uptrend of housing prices. Meaning that in most situations the seller is in control because there are still plenty of willing buyers.

FHFA House Price Index

■ 8/18 - 9/18 Change

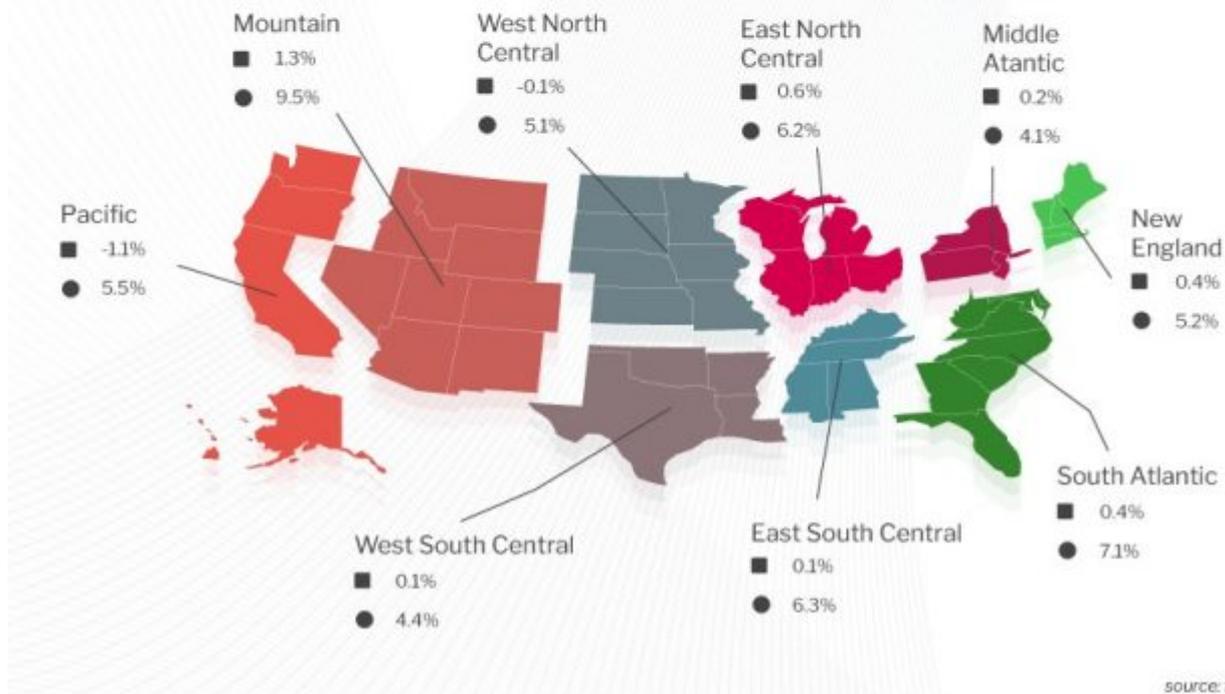
● 12 Month Change (9/17 - 9/18)

Nationally

■ 0.2%

● 6.0%

By Region



However, in most states, buyer activity slows in the winter and sellers no longer have the advantage. In Utah for example, we have a pretty predictable season of appreciation from March through September, followed by flat or even negative appreciation throughout the winter months.

The soft winter season is precisely when you can get the best price and lowest overall cost for your home and [mortgage](#). Let me show you how!

Three Ways You Can Save Money as a Winter Home Buyer

1) Offer Below The Asking Price

Yes, this is elementary, but take a moment to think about the seller's psychology at this point. They likely don't want to sell in the winter, something urgent is likely driving the sale. Who knows what that could be, a divorce, job relocation, children not doing well at school, etc. Whatever the situation, know that no seller wants to have their home listed for sale over the holidays, so something is driving them to need to sell before spring.

Now to further add to the anxiety of the seller, keep in mind that home listing times can double or even triple in the winter. So that seller likely has an urgent reason to sell and is seeing low activity and very little happening, further adding to their motivation to be flexible to you the holiday buyer.



When your low offer comes in, most selling agents are going to advise their sellers to consider the low offer because it might cost them less than continuing to hold the property until the summer buying season heats up. Needless to say, sellers are going to be much more likely to consider a below

listing price offer in winter.

2) Ask The Seller To Cover Your Closing Costs

As interest rates have continued their ascent throughout 2018, mortgage rate increases are adding more to the total cost of homeownership than the home price increases most of the country has seen through the year. Most buyers don't understand they can reverse the higher interest rate effect by employing a seller paid permanent interest rate buy-down strategy.

Let me show you an example, this is a Total Cost Analysis I created for a client who was considering making a low offer on a home. The client's ultimate goal was to have the lowest overall payment and the Total Cost Analysis illustrated that using the seller's funds to permanently buy-down the interest rate on the loan was three hundred percent more effective at reducing the payment than was a price reduction.

The first column below shows the market rate (based on their credit profile) and the full asking price of the home, which was four hundred thousand. This scenario resulted in a payment of \$1,939.94 per month, which was above this client's top qualifying amount.

The second column shows the same sales price with the seller paying nine thousand towards the buyer's closing costs, which we used to buy-down the interest rate and decrease the payment to \$1,801.60.

The third column shows a price reduction of thirty thousand dollars, which at the market rate (based on their credit profile), equated to the same payment as the nine thousand dollar interest rate buy-down.

In this scenario, the client needed a payment closer to \$1,800

a month to qualify and the seller was flexible but not thirty thousand dollars flexible.

	30 YR. MARKET RATE	30YR (\$9K BUY-DOWN)	REDUCTION (\$30K)
Purchase Price:	\$400,000	\$400,000	\$370,000
Loan Amount:	\$300,000	\$300,000	\$277,500
Interest Rate:	5.250%	4.490%	5.250%
APR:	*5.250%	*4.752%	*5.250%
Term (mos):	360	360	360
Payment:	**\$1,939.94	**\$1,801.60	**\$1,794.45

Using the seller paid buy-down strategy, not only made the transaction work for the client and seller, but it also ended up saving the buyer \$27,568 in interest over the life of the loan (below). It ended up saving both the buyer and the seller a substantial amount of money. The seller paid buy-down strategy is a true win-win that few understand and even fewer are utilizing to its potential.

3)

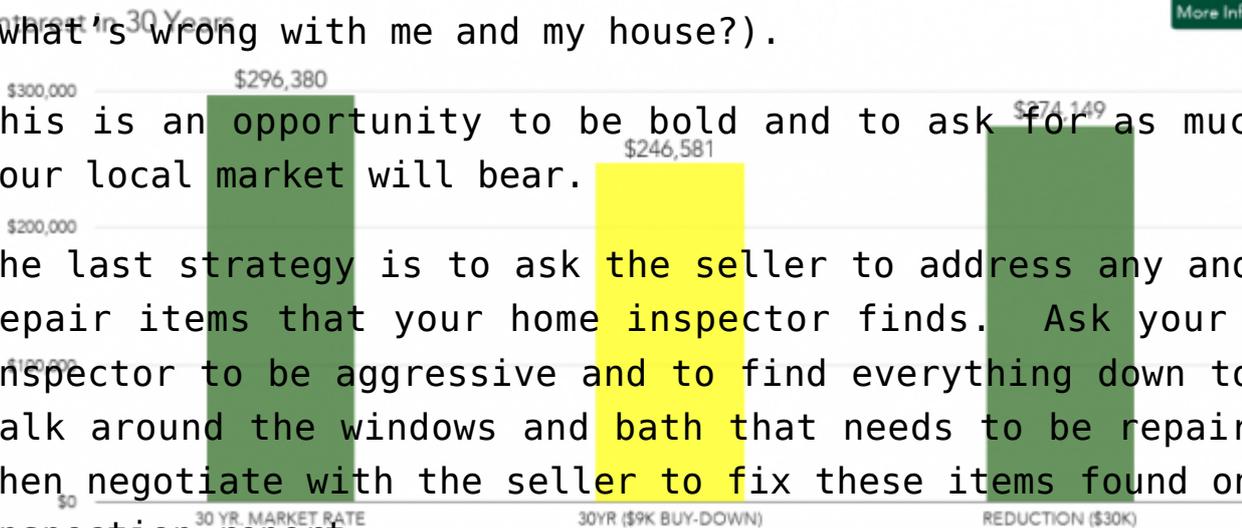
Negotiate Repairs To The Property Or An Escrow Holdback

Keep in mind the psychology of the seller this winter, there is a little desperation in many markets. They need to sell or they would not be listing over the winter, they are seeing fewer buyers and even fewer offers. They are feeling a little like the guy on the dating app who keeps getting swiped left (what's wrong with me and my house?).

[More Info](#)

This is an opportunity to be bold and to ask for as much as your local market will bear.

The last strategy is to ask the seller to address any and all repair items that your home inspector finds. Ask your home inspector to be aggressive and to find everything down to the calk around the windows and bath that needs to be repaired. Then negotiate with the seller to fix these items found on the inspection report.





Josh Mettle

Most lending institutions will require the seller to complete these items prior to close but there are several whom will allow an escrow hold back, where the seller contributes money from the sales price into an escrow account and the work can be completed post close of escrow. If your lender does not offer this, look around, they are out there.

House hunting in the snow and during the holiday rush might not be as fun as house hunting in May with the spring sun on your face, but that's exactly why you should be doing it. Running against the herd is never easy, but that is exactly why you should be considering house hunting and making offers in December and January, which are hands down the two best months to negotiate and receive the best terms from the seller.

*When do you think is the best time to buy or sell a house?
Comment below!*

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