



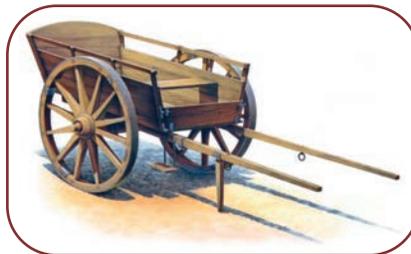
# SCHWARTZ *Report*

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June, 2017

## YOU CAN'T SELL FRUIT FROM AN EMPTY WAGON

I have always been curious about how different businesses function. What management consultants today call a business model is actually the explanation of how a business is supposed to work. What, for example, are the things, or perhaps the one thing that they must do effectively to succeed? It's called sticking to the knitting. Simply put, what a business looks like from the outside often is quite different from how it operates on the inside. This is quite true of real estate brokerage.



One such outside impression was brought home to me some years ago via a late night discussion with a client who was in the tire business. His home wasn't selling. We had tried everything else and so for the nth time I was trying to get him to reduce the asking price. He said something to the effect that real estate brokers have a fine business set up because their inventory doesn't cost them anything. They don't have to buy it or house it. Their sellers do that for them. They only have to advertise it which all businesses do anyway. He said that in his tire business he had several million dollars tied up in stocking his stores. I remember thinking at the time that at least his tires didn't call him in the middle of the night and ask why they weren't selling.

Many people new to the real estate business and those on the outside focus on the sales that are made. They think the way to be successful in real estate is to sell a lot of it. That thinking, of course, is true. However, to quote one of my dad's favorite statements: "You can't sell fruit from an empty wagon." That's a homespun way of pointing out that you can't sell what you don't have. Put

another way and to bring back an honored name from the past, you wouldn't go to Happy Harry's if Happy Harry didn't have anything on his shelves. Potential buyers think the same way. They go where the listing inventory is located. I'll digress a moment here and explain that in real estate speak a listing is a property under contract with a broker who is charged with getting it sold or rented as the case might be. So when you hear listing, think of a list of properties.

The National Association of Realtors (NAR) considers a market with five or six month's supply of listing inventory to be a balanced market.\* Anything above or below that level is an indication of future price movement. Less available inventory favors sellers and more inventory favors buyers. Too little inventory in certain price ranges and or locals causes prices to rise; too much pushes prices down.

Now let's look and see where we are. According to the NAR's chief economist, Lawrence Yun, "Home shoppers are coming out in droves this spring and competing with each other for the meager amount of listings in the affordable price range. In most areas, the lower the price of a home for sale, the more competition there is for it... Sellers are in the driver's seat this spring as the intense competition for the few homes for sale is forcing buyers to be aggressive in their offers." He goes on to say however that "buyers are showing resiliency given the challenging conditions..." They appear to believe that the market still has room to move upward.

As has been stated many times here all real estate is local.

\*One of the closest watched statistics published by NAR is the months of available inventory in a particular local. It is a ratio which is used to explain the pace of sales activity. To calculate this ratio take the number of sold properties and divide that number by the number of months tracked then take the resulting number and divide it into the number of active listings. This will give the number of months of supply currently available.

While we have not yet seen the wild price appreciation that is reflective of the kind of market that Mr. Yun is talking about, there are nonetheless unmistakable signs that tight supply and an increasing pace of sales is shifting the market. The Multiple Listing Services which cover our markets (Delaware, Cecil County, Maryland and Chester and Delaware Counties in Pennsylvania) are showing a drop in inventory for 2017 versus 2016 levels.

In examining the activity in the core market of New Castle County for example, the supply of inventory stands at four and a half months as of the end of the first quarter of 2017. New listings-taken are flat year over year and existing inventory is down 18 percent this spring versus the spring of 2016. Moreover, in the price range

of \$200,000 to \$400,000, the prime first time home buying market, it may be as low as two months. Similar pressure is being felt to a somewhat lesser degree outside the core. It should also be pointed out parenthetically that nearly everywhere at least 1 month of that inventory is shopworn. It is not really for sale due to price, condition or location issues and has already been thoroughly scrutinized and picked over by active buyers/renters. Unlike my tire man we can't just call up the factory and order more radials. So, to be successful, the charge is to bring more fruit to the market, restock the shelves and fill the wagon. How do we do that? Go out and find those sellers with a need to sell or those landlords who need to lease and bring them to the would-be buyers and tenants.

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**Visit my website**  
**[www.charlieschwartz.com](http://www.charlieschwartz.com)**  
for a detailed overview of the current real estate markets in New Castle & Kent County, DE, S. Chester County, PA and Cecil County, MD.

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If your home is currently listed for sale, this is not intended to be a solicitation.

## 11 Critical Home Inspection Traps to be Aware of Weeks Before Listing Your Home for Sale

DE, MD, PA – According to industry experts, there are over 33 physical problems that will come under scrutiny during a home inspection when your home is for sale. A new report has been prepared which identifies the eleven most common of these problems, and what you should know about them before you list your home for sale.

Whether you own an old home or a brand new one, there are a number of things that can fall short of requirements during a home inspection. If not identified and dealt with, any of these 11 items could cost you dearly in terms of repair. That's why it's critical that you read this report before you list your home. If you wait until

the building inspector flags these issues for you, you will almost certainly experience costly delays in the close of your home sale or, worse, turn prospective buyers away altogether. In most cases, you can make a reasonable pre-inspection yourself if you know what you're looking for, and knowing what you're looking for can help you prevent little problems from growing into costly and unmanageable ones.

To help homesellers deal with this issue before their homes are listed, a free report entitled "11 Things You Need to Know to Pass Your Home Inspection" has been compiled which explains the issues involved.

To order a **FREE Special Report**, visit [www.charlieschwartz.com](http://www.charlieschwartz.com) and select **Seller Tips** from the side bar menu, or to hear a brief recorded message about how to order your **FREE copy of this report** call toll-free 1-888-322-5252 and enter 1003. You can call any time, 24 hours a day, 7 days a week.

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