

# **Consumers Are Returning to the Real Estate Market with an Age-old Question: Buy or Sell First?**

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Residential real estate is gaining stability in concert with the recovering U.S. economy. Consumers, drawn by one of the most attractive buyers' markets on record marked by historically low interest rates and lower home prices in many areas, are returning to the market to move up, trade down, improve location and otherwise enhance their share of the American Dream.

When it comes to home buying, the ideal situation would be to find a new home, just as you receive an offer on your existing home. You would then be able to close concurrently and move into your new home a few days prior to closing on your previous home. This does happen more often than not, but anyone looking to buy a new home needs to consider all the possible scenarios.

Should you buy or sell first? There are many schools of thought on this subject. Ultimately, it depends on you and your situation. For instance, can you afford to pay two mortgages in the event your previous home does not sell by the time you move? Would you consider a bridge loan (a short-term, high-interest loan that lets you borrow against the value of your old home to covers the bills until you secure the new, larger loan)? Are you willing to move twice to find the home of your dreams if you sell first and can't find the dream home fast enough?


This is where the advice of a real estate sales professional is invaluable. Real estate sales professionals know the current market conditions. They are trained and experienced in working with home buyers and sellers to determine an ideal time to buy and sell.

It is generally less stressful to sell your home first, because you won't have to worry about owning two homes at one time. The market will dictate how long it will take for your home to sell, as will the property's location and the time of year. As a rule of thumb, it is a good idea to put your home on the market as far in advance as possible when purchasing a new one. But, since interest rates are low and confidence is returning to the market, there's a good chance your home will sell faster if priced properly. (Again, your real estate professional's advice is critically important here.) In that case, you may want to purchase a new home first.

What if your present home sells before you find a new one, putting pressure on you to find the right house more quickly? You may then decide to make an interim move or request to rent back your home for a specified amount of time as you continue to look for your new home. Those may be worthwhile options if you have your heart set on a specific location or type of home or if you are purchasing a home that is under construction.

If you buy a home before selling your present home, you may end up with two mortgages. Under those circumstances, you may be able to apply for a bridge loan to assist you in making two mortgage payments until you sell your first home. Your real estate sales professional can assist you in finding a lender.

So should you buy or sell first? This is a challenging question regardless of real estate cycles, yet your own circumstances and a knowledgeable real estate professional will help you make the right decision.

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