

Buyers should think about resale value

Rebecca Boreczky SPECIAL TO THE WASHINGTON TIMES

Mortgage qualification, lengthy contracts, home inspections, down payments — first-time home buyers have plenty to consider as they search for a home. Add to that list the eventual resale value of the house. With first-time buyers staying in their first home an average of 10 years, according to the National Association of Realtors, how much it may sell for down the road is something else that should be considered before a purchase is made.

"First-time home buyers should keep in mind that future home buyers will be buying their home for the same reasons they did," says Iona Harrison, spokeswoman for the Maryland Association of Realtors.

"The number one thing to look for when purchasing for resale value is location," says Steve Beall, sales agent for the Creig Northrop Team of Long & Foster Real Estate Inc. in Columbia, Md. "Location includes stunning views, large landscaped yards and quiet streets.

"The most sought-after locations possess a good mixture of residential and commercial districts, strong government, essential services and public transportation," he says. "An agent can provide buyers with these neighborhood demographics."

"When purchasing your first home, consider what can't be changed because that may result in a loss of value, such as utility easements, a view of the freeway and lower-level condos," says Elizabeth Blakeslee, a 2008 NAR regional vice president and a sales associate with Coldwell Banker Residential Brokerage in Georgetown.

It is a good idea to drive through potential neighborhoods to check for such things as nearby airports and their flight patterns. Also, take a deep breath or two to ensure there are no unpleasant odors blowing in from nearby industrial or chemical plants. Keep an eye out for how close schools and businesses are to your potential home.

Where you buy your first home can have an impact on its potential value. Homes in historic neighborhoods will hold value and character, but even new homes in historic neighborhoods can have character with reclaimed wood flooring, marble counters, carved fireplace mantels and wood molding.

With the purchase of an older home, first-time home buyers need to understand the cost of renovations.

"First-time home buyers need to consider several things if they are buying a place with plans to remodel — the age of the home, community building restrictions, how long they plan to live in this place," says Vicki L. Lepianka, sales manager for Commonwealth Home Remodelers Inc. in Vienna.

"First-time home buyers need to look behind the scenes of an older house before remodeling. There could be layer upon layer of flooring, outdated electricity and plumbing that would have to be brought up to code," Ms. Lepianka says.

She says that to get the most bang for the buck, kitchen remodels can bring an 98 percent return on investment and bathroom remodels can return 90 percent.

"Before we begin designing any remodeling job, we sit down with the homeowners to do a feasibility study. We help the owners create a priority list of needs and wants and assess all the costs," Ms. Lepianka says. "Because you are remodeling within an existing space, your costs will be lower than building an addition onto the house."

The bottom line of resale value starts with the purchase price.

"Don't overpay for your first home. Sit down with a Realtor and review [what similar homes have sold for in the neighborhood recently], view online photos of just-sold homes in the area and compare them to the level of renovations in the home you're considering," Ms. Blakeslee says.

It can be tough to know how to protect yourself as a first-time home buyer.

"I recommend a warranty on your first home," Mr. Beall says. "A warranty is absolutely a good investment."

How do you know what real estate investment provides the most bang for the buck?

"I recommend you buy small and work your way up. Town houses make a good first investment because they are a good steppingstone in real estate investing," Mr. Beall says.

"The [biggest pitfall] for first-time home buyers is to not get prequalified with a lender before they look at properties. They need to know what they can afford before they begin their search," says Dennis Melby, president of the Greater Capital Area Association of Realtors. "The second pitfall is waiting too long to make a decision and losing a property. The buyers should have a clear view of what they want before they begin their search."

First-time buyers may need help navigating the purchase process.

"First-time home buyers should never try to purchase their first home without an agent," Mr. Melby says. "Purchase agreements are 65 pages, including government-required disclosures and seller information. Agents can tell buyers what homes are selling for, not what they are listed for."

"We take you through your first-time home-buying process step by step, from the in-house lender to the settlement table," Mr. Beall says.

First-time buyers have a lot of decisions to make before they buy.

"First-time home buyers need to think about their lifestyle before they choose a neighborhood," Ms. Blakeslee says. "They need to assess if they want more house in the suburbs and a longer work commute or less house in the city and a shorter work commute."

She recommends that first-time home buyers listen to their Realtor's advice.

"First-time home buyers will receive advice from family, co-workers and friends that will leave their heads spinning. What they need is the advice of a good Realtor who knows the laws and the market," she says.

A Realtor can sit down with a first-time home buyer and pull home prices in a neighborhood. A Realtor also can assist buyers in calculating monthly mortgages and provide tax information, but when it comes to recommending a neighborhood, he or she can't help.

"Generally, the two most important issues with buyers are school districts and neighborhood safety," Ms. Blakeslee says. "Federal law prohibits agents from discussing the composition of neighborhoods with buyers. Buyers need to be their own detectives and search neighborhood Web sites for community information and police Web sites for crime statistics. I even recommend they talk to neighbors and check traffic patterns during rush hours."