

Surprise! Central Indiana real estate market continues to amaze

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“The central Indiana real estate market is at record levels,” said David Caveness, president and CEO of Carpenter Realtors, a major local firm with 32 locations across the middle and southern parts of the state. “May was the 19th month in a row where we’ve had record levels of net pending home sales.”

Carpenter Realtors tracks all manner of data to remain aware of market changes and trends, and the sustained sales levels continue to surprise. A “pending” transaction occurs when a homebuyer and seller reach an agreement and are moving toward closing. The total number of net pending units in a particular period is a good indication of market activity among buyers and sellers.

Industry experts have expressed concerns that the ongoing inventory shortage – too few homes have been available to meet buyer demand – could bring the market to a halt. Yet sales continue at a record pace ... for now.

“The inventory of homes is tighter and tighter,” Caveness said. “Fewer homes are being listed, and sales have remained at record levels. Something’s got to give.”

The law of supply and demand dictates that a low supply and high demand leads to increasing prices. That law is bearing out locally, where the median sales price jumped 6.7 percent over the last year and 8.1 percent over the last two years, according to current data from the Metropolitan Indianapolis Board of Realtors. In the same period, closed sales (demand) increased 9.2 percent while new listings (supply) declined .4 percent.

“The high demand and low supply are putting pressure on affordability,” Caveness said. “Interest rates are good, the economy is better, and demand is pushing up prices fast. At some point, buyers are going to be pushing it to afford housing.”

Have a question for a real estate professional? [Submit your question \(https://indystar.formstack.com/forms/ask_a_realtor\)](https://indystar.formstack.com/forms/ask_a_realtor) and the answer could be featured in the next article!

Vote of confidence

Caveness said the best news to emerge from the market is the U.S. consumer confidence index, which has been measured monthly since 1981. The index indicates how consumers feel about where they are and what they expect from the future. When consumer confidence is high, people are more likely to spend money.

“It has been in the 100 range for almost two years and is creeping higher and higher,” he said. “Despite the craziness everywhere in the world, the American consumer seems coated in Teflon. They seem to feel good about where they are and are positive about what the future holds, that things are going to be fine.”

Move it, move it

Facts and numbers are interesting, but how do they translate to real-life buyers and sellers? If you are preparing to list your home in this market, and your property is priced right in good shape, you have one thing a good number of buyers are clamoring for.

“Sellers have to be ready to be move,” Caveness advised. “If you put your home on the market today, you may be living someplace else by the Fourth of July. It’s rocking and rolling out there.”

Follow the Boy Scout motto

If you’re among the buyers competing with others for a limited number of properties, follow Caveness’ advice.

“Be prepared,” he said. “You can’t wait until you find the home of your dreams. You have to be ready to act.”

For buyers, being fully prepared means having your earnest money deposit ready and making application for a mortgage before you begin your home search. When you find a house that checks off most of the right boxes, go see it as quickly as you can and make an offer. If you need someone else’s opinion – a parent or friend – take that person with you for the first showing.

“When you find a creampuff property in great shape and priced right, you need to sit down at the kitchen table, write that offer and get it the hands of the seller as soon as possible,” Caveness said.

Woo the dream killer

Homeowners want their property to sparkle and shine for potential buyers, but they also need to impress the appraiser. He or she is the one who will establish whether the home is worth the agreed-upon sale price.

“The appraiser is the one we call the ‘dream killer’ in the real estate business,” Caveness said. “They have to justify the sales price to protect the bank and the buyer.”

To ensure your home appraises appropriately, clean it, prep it and stage it just as you would for a showing or even a visiting dignitary. You’ll help attract the price you need to move toward a sure closing.

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