



7 Answers on Low Inventory, the Best Family Neighborhoods, Trading Up, and More From an Eastish-Side Broker

BY [EVE BACHRACH](#) MAR 8, 2013, 12:19P

This here is Curbed University's first **open thread** of 2013, and we're doing things a little differently. Got a question about buying or selling a home in LA? Leave it in the comments or put it in an email. We'll collect them all and choose a handful of the best to send over to broker **Tracy Do** for her to think on over the weekend. On Monday we'll report back with her answers. Want an expert opinion on **up-and-coming neighborhoods**, or always wondered whether it's smarter to find a new house or sell your old one first? Now's your chance to get an answer.

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For the ***Curbed University 2013*** spring semester, broker **Tracy Do** has fielded a handful of reader questions about buying a house in this crazy, low-inventory market. Tracy is a residential realtor with the John Aaroe Group, working primarily in Silver Lake, Los Feliz, Echo Park, Northeast LA, and Pasadena. Questions and answers have been lightly edited for length. Now, take it away, Tracy!

Tracy: Thanks for having me. Curbed is part of my indispensable daily reading, so it's an honor and thrill to participate in this conversation.

Question: We all know how low inventory has been. Do you expect more houses to come on the market this spring? Or are we looking at a constant feeding frenzy--inevitable bidding wars over a severely limited supply of desirable properties--in the months ahead?

Tracy: I do predict a brightening picture in regard to inventory. Two reasons. First, the big developers who have been sitting on the sidelines (waiting out a crummy market) are now gearing up to build. Look how many in-the-works projects that Curbed has reported on lately -- condos, town homes, apartments. New construction isn't for everyone, but for people who are open to it, they'll have options in the coming months that they don't have today. The second thing I see coming is that this rise in prices -- due in no small part to low inventory and sustained low interest rates -- will eventually reach levels where some of the would-be sellers out there are spurred to action. So, while I do not predict that we'll have a glut of homes any time soon, I do think buyers will see some relief.

Question: What neighborhoods would you recommend for a young family who can't afford Ivanhoe, 3rd Street, or South Pas?

Tracy: Families are moving to **Eagle Rock** and cite the schools there as one of their primary reasons. I would also encourage you to look at **Alhambra**, which shares a border with South Pasadena and has similar charming, tree-lined streets

to go with some impressive school scores. **North San Gabriel** is also a lovely community with a well-regarded public school system.

Question: In an incredibly tight LA-area real estate market, where inventory is low and attractive properties are soliciting multiple bids from those looking to buy, how can a prospective home purchaser accurately evaluate the worth of a given property? Or, in other words, how do I maintain a competitive position with respect to an offer price without regretting overpaying for a home whose price may have been/is artificially inflated due to the current micro-environment?

Tracy: My favorite maxim of real estate: A house is worth what someone is willing to pay for it. And in a metropolitan area such as Los Angeles, there is always someone who's willing -- and able ... to pay what might seem like "too much." But how do we define "too much?" Historically, real estate appreciates over time. Very rarely does this not happen. Therefore, "**overpaying**," has to be considered a relative term. I had a neighbor who bought her house in the 1970's for around \$45,000. Back then, it probably seemed like a lot of money ... but today that house is worth over \$900,000. Also there are tax benefits to owning a home.

I would encourage you to consider some level of compromise. The neighborhood you covet just might not be realistic anymore, but there are others where you might find value. Look for "less desirable" houses, which granted gets tricky with so many companies out there looking to rehab and resale homes. However, in my experience, there are homes that occupy a kind of "mid range." They're not the clean, gorgeous, completely remodeled homes. Nor are they the homes that look like they're about to fall apart, which rehabbers snap up. I'm talking about the homes in the middle, **maybe lacking in curb appeal**, or with one bathroom instead of two which is a turnoff for most people and serves to drive the price down relative to the "more desirable" properties. Remember, you can always add a bathroom. In fact, you can do almost anything to a house. Try to think long

term, and to that end, compromise and a little patience can lead to some very good things.

Question: Is it worth trying to buy a house or condo in this market? What are rent prices supposed to do in the next year or so?

Tracy: It is not just my view, but the view of many in real estate and in the world of finance, that right now is a good time to buy a home. Of course there are so many variables, but with interest rates still quite low, the economy improving on many fronts, and banks being cautious with their lending practices, I see no reason not to buy a house or condo provided it is a good match for you personally and financially. As for rents, I would refer back to my earlier response about inventory, which is to say we should be seeing some relief there soon. An increase in available units should help **keep any dramatic rent increases in check.**

Question: So is it smarter to sell an existing home, in this case a condo by 3rd & Robertson, before finding a new home to buy?

Tracy: In this market, where many buyers are competing for few homes, we're seeing a lot of all-cash transactions. So one could argue that, yes, it's best to present an offer that's all cash. But here's the counterpoint: sometimes it's not the type of financing, but rather the overall amount -- or some other part of your offer -- that makes a seller choose your bid over the rest. You also have to consider the trouble you might have to put yourself through. Is selling your condo, which likely means having to find a temporary place to stay while you shop for and secure another home, something you're comfortable doing?

Question: Why do condo prices tend to depreciate when single family homes typically appreciate? Is buying a condo in the Arts District downtown a bad investment?

Tracy: No doubt, this downturn we experienced a few years back hit the condo market hard, particularly in certain areas where building--some would call it

overbuilding--was rampant. However, houses took a hit too. Now the housing market is improving, and the condo market is right there with it. In fact, many condo buildings, including some in the Arts District in Downtown LA, have seen significant price gains recently. It really comes down to that basic law of supply and demand, which is to say, check the inventory. If you don't find a lot of units for sale in a particular building or neighborhood, well, draw your own conclusions.

Question: How do I sell my current house and upgrade to my dream home? I bought a house on the edge of Arlington Heights, ten years ago. It hasn't appreciated much, if at all, but I'm not underwater. What would I have to do to sell this sucker, and move into another home, without selling one of my children?

Tracy: Here's something I think you should ask yourself: if your "dream home" is in a neighborhood where houses generally cost more per square foot than they do in Arlington Heights, would you consider buying a smaller house than the one you're in now? Because to me it's another case where a little compromise could lead to some good things. Not that compromising is easy or optimal. But it sounds like you have some equity right now and, the way this market's been going, you might be in a position to trade down in your bed-and-bath count and still "trade up."

I realize I wasn't able to respond to every question in this lively discussion, so please feel free to [contact me anytime](#) so I can be of service. Real estate is a subject that brings out a lot of passion in people, and my passion is connecting people to homes they absolutely love.

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