

Open House: Some Internet users buy homes without visiting locations

by Jim_Woodard

An ominous trend is emerging in the home selling market. An increasing number of buyers are purchasing homes sight-unseen, which is a terrible idea.

One reason for the trend is the easy access of information about available properties via the Internet, including photographic "virtual tours" of outside and inside views, and even neighborhood tours. This convinces some buyers that they know enough about the home to make an offer without personally inspecting the property. In many cases, it's a false feeling of security.

About 84 percent of home buyers use the Internet to search for homes, according to a recent survey by the National Association of Realtors. And 29 percent of all buyers actually find their home through searching Web sites. However, many of those buyers enlisted the services of a professional to handle the negotiations and sales transaction.

The National Association of Realtors study also revealed that buyers of new homes were more likely to purchase a property sight-unseen than buyers of previously owned homes.

Searching for a home via the Internet is obviously a good idea and will be used by an increasing proportion of future buyers. But to make an offer on a property without seeing it is a bad idea whether a professional is used in the process or not.

The photos, tours and video clips show what the sellers want to be seen. It can provide a good overall view of the property, but does not show other aspects of the home that could affect its value and suitability as the buyer's future residence. It does not reveal creaky floors, electrical and plumbing problems, roof or foundation defects and other such potential problems.

Also, a realistic evaluation of the neighborhood is seldom achieved by a "virtual neighborhood photo tour." It will never tell the story of messy and noisy neighbors or objectionable features located just beyond the camera's reach. Only a personal inspection by the buyer can reveal such things.

Another reason for the increasing number of sight-unseen property sales is pegged to the practice of investors in high-priced markets seeking out and purchasing investment houses or other properties in faraway low-priced markets. They buy homes to quickly resell, or flip, them, or to use as rentals.

Brokers and real estate marketing firms often promote this type of investment strategy. Home sales are sluggish within their own marketing area, so they urge investor clients to buy a home in another market - properties they offer, sometimes in cooperation with brokers in the area where the property is located. They view it as a way to generate more commissions during a slow sales period in their own local market.

This is also a bad idea for buyers, in this writer's opinion. The same negatives as mentioned above for people seeking a new residence apply to investors. Those factors could substantially and adversely affect the potential of the property investment.

A realistic evaluation of the property's current and future value, and rent it can produce, can only be accurately assessed with a personal inspection - not by photos and projections provided by sellers and brokers.

Q: Do some homeowners donate their property to nonprofit groups?

A: With homes being hard to sell in today's market, an increasing number of owners are indeed donating their property to charitable organizations. Such gifts can be structured to provide substantial tax benefits for the owner as well as possible income.

Not too long ago, as values were rapidly climbing, donations of real estate to nonprofit groups were seldom considered. With the increasing number of property donations, many nonprofits have established foundations or planned-giving departments to accommodate interested donors. Groups often work with consultants to help with transactions.

Many philanthropic experts now consider real estate as a great untapped source for donations. An estimated \$40 trillion in property is privately held, yet only about 2 percent of all contributions each year are real properties, according to Chase Magnuson, president of Real Estate for Charities, a consulting firm.

"The baby boomers will be looking for stable income along with tax breaks," he said. "When they can convert a donation to an income stream, it's a home run for everyone."

If interested in such an arrangement, it's best to first consult with your own financial and tax advisers to be sure donating property works for you.

Q: Have winners been announced in the home design competition sponsored by AARP and the National

Association of Home Builders?

A: The annual awards have been presented to two home builders, two developers and one remodeler for being "the most forward thinking in the field of home and community design."

The winning projects include an affordable, co-housing complex, an "easy living" home featuring many special built-in and user-friendly elements, a state-of-the-art energy efficient home designed for all ages, and a house remodeled with function and fashion keyed to the theme "a home for a lifetime."

"The award winners have done outstanding work that recognizes the need for quality housing and community design to ensure people can enjoy their homes in comfort and safety and get maximum enjoyment and benefits from their neighborhood," said Elinor Ginzler, AARP's Director of Livable Communities.

The winning firms included builders John Wesley Miller Cos., Tucson, Ariz., and Wendt Builders Inc., Grayson, Ga. Also winning were developers Madison Area Community Land Trust, Madison, Wis., and the Integral Group, Atlanta. The winning remodeler was Quality Design & Construction Inc., Raleigh, N.C.

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