



All the Stuff You Need to Know About 1st Time Homebuyers Who Live in Apartment Complexes!

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Things have changed!

Forget about what you've known about working with first time homebuyers. There is a new reality – not only on how they view homeownership, but getting them approved and how to market them.

In 2008, first time homebuyers made 41% of all home purchases. In 2009, that number was 53% (according to the NAR).

First the good news: It's a First-Timer Nirvana!

- First Time Homebuyer tax credits
- Lower housing prices
- Even lower interest rates
- Increased number of FHA lenders

If you are still using the “rent-versus-own” comparison models – throw them away – they just don't work anymore. FTHB now consider their home a “primary place to live” as opposed to an “investment”.

The Bad News?

- Underwriting rules have tightened up
- Minimum credit scores have increased
- Lack of money for down payment
- Fear of loss of job
- Home values may still be decreasing in your area

Because of the job loss and housing pricing (still going down?) fears, it is now taking an average of 10 months (up from 8 months) for FTHB to buy a home.

In regard to “job loss” stats, over 25% of laid off workers were between the ages of 20-34, or your FTHB age group.

Marketing to Apartment Complexes Just Got Trickier

According to the National Association of Realtors, 78% of first time homebuyers have rented prior to buying a home. Marketing to apartment complexes is where you will find them. But, there are changes in apartment marketing, too.

In some areas of the country, rents are decreasing because of increased vacancy. In other areas, rents have increased. Apartment managers are facing more competition – depending upon the amount of foreclosures! With Fannie and Freddie allowing foreclosed homes to be rented (instead of sitting vacant) and home sellers (who cannot sell their current residence) offering rent-to-purchase options, it's now competing with apartment complexes.

On the other side of the coin, the building of new apartment complexes is at a standstill. Almost 1/3 of all complexes have been built prior to 1970. They are old, out of date and have no money available for updating the units.

Apartment owners have also tightened their “credit standards” and are rejecting almost 20% of rental applications (used to be 8%).

Now Back to the GOOD NEWS

Choose apartment complexes that are older. To check for vacancy, you may want to drive around the complex during the evening hours. Check to see how many lights are on – how many cars in the parking lots – how much “stuff” is out on the balconies. (The apartment managers are not going to tell you either.)

You are missing ½ the market if you don't market to first time buyers.

For more tips on how to market to apartment complexes, check out www.ApartmentToolkit.com.

A Database is Mandatory

You know that not every first time homebuyer, who walks thru your door, is going to qualify. One of my niches was marketing to apartment complexes and at any given time, I had an average of 800 contacts in my database, which either needed guidance in getting qualified or were in some “stage” of the home buying process.

This is where a living-and-breathing database is critical. You will need a system to follow up with potential first-timers whose only cure to buying a home is “time”...time to increase their credit scores, save for a down payment or find another job.

Each of your contacts has a unique set of “qualifying” circumstances. Creating a “game plan” with your FTHB is your annuity (for future business). The mistakes most loan officer's make is creating a game plan without the buy-in from the client.

Let's say you have pre-qualified a client and they need to increase their credit score by 40 points AND save money for a down payment. "Hoping and praying" that they will work on their credit score and systematically save money is *not a plan*. Send a letter or an email where you and the client jointly create a game plan, with specific dates, and then tag each date (in your database) to follow up.

One last thought...

If you are not marketing to apartment complexes on a consistent basis, you're missing half of the market. After you've done your research, [order mailing addresses](#) that you can use forever.