keeping cool in a hot market:

how to help your home sale program stay the course

Much like a thermometer, real estate markets speak in terms of temperature. Markets are often defined as "hot" or "cold" — is there a lot of buyer interest and activity, or not as much?

A number of factors determine if a market is hot or cold, including interest rates as well as the available inventory of homes. When interest rates are favorable, those who are interested in buying may be spurred into action. And if inventory is low, buyer demand may exceed supply. That's when a market heats up, and sellers end up in a strong position, because competition increases among interested buyers and prices tend to rise.

In these hot markets, it's common to see multiple offers come in on a property, and potential buyers often go above the list price. Buyers may also waive their inspection contingency or even be willing to pay cash to secure a sale.

For mobility teams that manage corporate home sale programs, there are some important things to keep in mind in this environment. While you of course always want to help your relocating employees sell quickly and for a good price, you also don't want to cut any corners just to keep up with the buying frenzy.

Here are two hallmarks of a sound home sale program that are especially important to focus on in hot real estate markets:

use relocation-trained agents

First and foremost, it's critical to remember that corporate home sales look a little different than conventional sales. When a seller goes through a corporate home sale program, he or she can take advantage of an IRS tax shelter and save some money in the process. However, to stay compliant with IRS rules, the sale needs to be split into two distinct parts. The seller first sells the home to their company or the company's relocation management company (RMC). From there, a second transaction is made with the interested outside buyer.

From an active real estate market to a focus on securing talent, [here are the key mobility trends to watch in 2022.]

Because this process can be complex, RMCs like Plus typically work with real estate brokerages that employ a relocation director and a team of relocation-trained real estate agents. These partners understand the ins and outs of corporate relocations and tax-sheltered home sale programs — and can help you and your relocating employees avoid any potential pitfalls.

It's completely understandable if a relocating employee wants to hit the ground running with their own favorite agent as soon as they can, especially in a hot market with lots of eager buyers. But to ensure that your program is meeting IRS guidelines, your best bet is to stick with relocation-trained agents for all sales.

For more on how home sale programs work as well as some key questions to address within your own program, click here.

require inspections

We recommend that all home sale programs require inspections. Why? Inspections give all parties the necessary information about the property and lower the potential risk involved in a sale.

Typically, general home assessments, pest inspections and other regular inspections are all standard in the corporate home sale process. They ensure that a home is operable, structurally sound and safe before deals are completed.

Even if a buyer is willing to waive inspections to win a sale, it's a good idea to keep inspections in place. Remember, a corporate home sale involves two separate transactions, and it's important to keep them truly separate. A buyer's willingness to skip inspections or take other shortcuts to hurry up the process shouldn't impact the guidelines you follow within your home sale program. Sticking with tried and true standards — such as using relocation-trained agents and requiring inspections — will help ensure you stay compliant with IRS regulations, no matter the temperature of the market.

Looking for support with your home sale program? Plus is here to help!