

Rapid City Real Estate Update

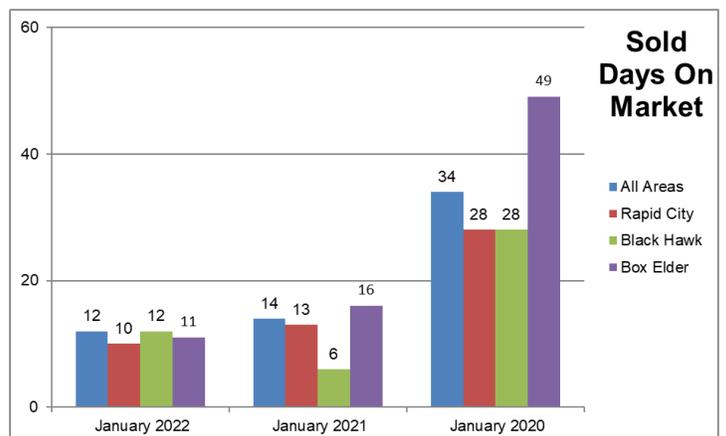
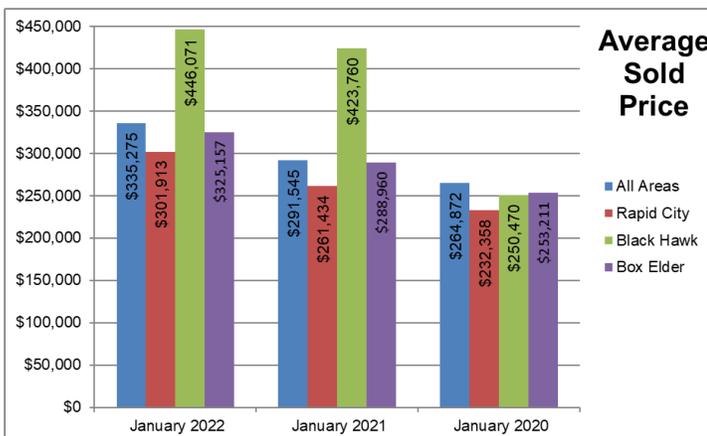
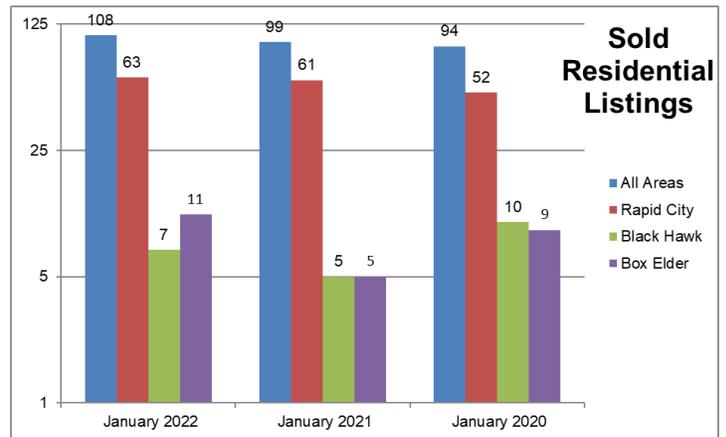
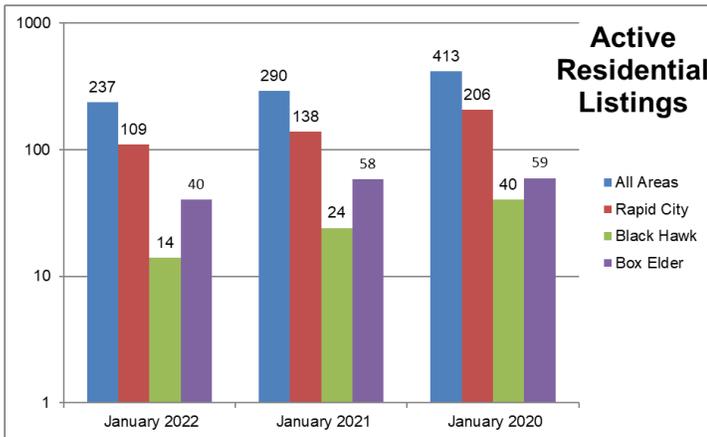


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Rapid City & Area Market Conditions For January 2022



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What Is A Mortgage Principal?

When you get a mortgage, it's a long-term loan. Mortgages are to help you buy a house. You repay the principal, and in addition, you make interest payments to your lender. The home and the land you purchase are your loan collateral.

Principal and interest are the two basic elements making up every mortgage. Below, we talk more about what they are and the implications for you as a borrower.

What is a Principal Payment?

When you get a loan, the principal is the amount of money you initially borrow. Your principal is simply a calculation of the final selling price of your home, minus your down payment. The principal is one of the main things you use to guide your budget and how much home you can afford.

The principal you borrow begins to accumulate interest right away. You pay off your mortgage in monthly installments for a period of time, which is usually either 15 or 30 years.

The term outstanding mortgage principal refers to how much you have left to pay on your home loan.

Interest on a Mortgage

Your principal isn't the only thing you're paying each month when you get a mortgage. You're also paying interest. Interest is like a fee the lender is charging you to let you borrow money.

Interest is charged as a percentage.

You pay money toward both your principal and interest each month, and the two are combined into a single monthly payment that goes to your lender.

Does Your Mortgage Principal Change?

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Real Estate Investing Trends to Watch in 2022



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The real estate market probably isn't going to see the massive price growth of 2021, but that doesn't mean there aren't opportunities and also markets that can be considered hidden gems. This is especially true for investors. In fact 2022 may bring more opportunities for savvy investments than last year.

The National Association of Realtors surveyed more than 20 economic and housing experts. The goal of the survey was to look at their expectations of home-price growth, changes in interest rates, and inflation. That group predicted median home prices will rise by 5.7% on average in 2022, compared to the 4% rate of overall inflation.

Experts also predicted the Federal Reserve might raise interest rates twice by 0.25%. The Fed has signaled it expects three rate hikes. What direction the Fed takes will play a role in home price growth and related real estate trends next year.

Regardless of the specific economic considerations, the following are some of the investing trends to look for in real estate in the upcoming year.

Undervalued Housing Markets

If you're an investor, it's a great time to look at undervalued housing markets rather than markets that are already highly saturated with huge demand.

The National Association of Realtors named some housing markets they believe are currently undervalued and should go up.

These include Dallas-Fort Worth, Texas, Huntsville, Alabama, Knoxville, Tennessee, and Spartanburg, South Carolina. Other names on the list are the Palm Bay-Melbourne-Titusville, Florida area and San Antonio-New Braunfels, Texas.

Preparing for Rising Mortgage Rates

In addition to the general understanding that mortgage rates will rise this year nearly inevitably, smart real estate investors are looking for opportunities in spite of this.

This could mean, for example, that if you're an investor or you're looking for opportunities, you think about the fact that rising interest rates could price some people out of buying. Therefore the rental market could create good opportunities from an investment standpoint.

Mortgage lenders tend to dread rate hikes because they cause a decline in business. Mortgage lending inevitably slows as rates go higher. Some industry organizations are expecting loan originations could drop 33% from 2021.

Single-Family Rentals Remain a Strong Investment Opportunity

As you might think from seeing the above analysis, single-family rentals are still a strong investment opportunity. Big names are competing to scoop up many of these single-family rental properties, and they did so throughout last year.

It's drawn anger from many, but at the same time, you could, in your own smaller way, follow what they seem to think is the future when it comes to investing.

Office Spaces Aren't Likely to See a Comeback This Year

In 2020 and throughout much of 2022, there was the idea that 2022 would be the year everyone returned to the office and working in person. We're already seeing that's very unlikely to be the case. For example, Apple recently announced they have no plans to bring office workers back. Most companies are likely to follow suit. The omicron variant surge is leaving a lot of uncertainty that will continue to put a damper on office spaces.

That doesn't mean all commercial spaces should be counted out on the investment side of things. Industrial real estate dedicated to logistics is experiencing a lot of growth within the commercial real estate market right now.

This is due to an increase in on-demand services and shipping, as well as supply chain issues, so retailers are moving toward a just-in-case instead of a just-in-time model.

Some analysts are looking ahead to the term adaptive reuse. In this model, there's conversion and redeveloping of otherwise unwanted or unused real estate to better serve the community and needs. For example, office buildings and retail were severely affected by the pandemic, and industrial real estate and affordable housing are in high demand.

The Metaverse May Become More of a Reality

It seems far-fetched to say the metaverse might become part of your real estate investment portfolio, but it seems that's exactly what's happening. Within the metaverse, investors are buying and renting virtual real estate. There's also the new MetaSpace Real Investment Trust (MREIT), which is now available on a crypto trading platform.

Landlords Being Forced to Sell

Finally, unfortunately, throughout the pandemic, landlords have faced significant challenges. Eviction moratoriums leave them with renters who haven't paid in months or maybe years. They're still carrying the financial burdens of the property. They may in the not-to-distant future be forced to sell, and patient investors could be waiting on the opportunities that present themselves from that.

Courtesy of Realty Times



Tips For Designing Your Dream Kitchen Island

With coronavirus continuing to be an issue this winter, the only island you might see is in your kitchen, so why not make it great?

A spacious, functional kitchen island is the centerpiece of any space, and it's something you might be dreaming of. So, if you're in the process of designing or just playing around with the idea in your head, the following are tips for island design.

Which Appliances Should Go in Your Island?

You probably want to put at least a few of the more functional things in your kitchen in your island. It will save space, and it just makes things easier as you're designing the rest of the kitchen.

Adding your sink to your island is probably where you should start. It's not exactly an appliance, but it's certainly something you use, probably every time you're in your kitchen. If you're using your island for a lot of food prep, you want your sink right there.

With that in mind, it's always a good idea to have your sink next to your dishwasher, so you might also include that in your island.

Two optional but nice-to-have items in your island are a wine or beverage cooler and a microwave. Some islands even have pull-out refrigerator drawers.

You can add your cooktop to your island, but you might need to think about venting, which is why some people don't prefer that.

How Much Storage Do You Want?

When you have an idea of the appliances that will go in your island, then you can move on to start thinking about storage. At a minimum, if you're using the island for food prep, you want to have at least a few pullout drawers and a place to put things like cutting boards.

Counter Height

To determine your counter height, you want to think about who will be sitting there and how they'll sit. If you're going to have barstools, you'll either likely have them be 36 or 42 inches. You can also design an island so that it's two levels. One level might be higher for barstools, and the other might be lower so you can do prep.

If you have a 36-inch bar, it's seating that's somewhere between a typical barstool and a table.

Island Size

When you're deciding on a size for the island, you have to think about not only what you want it to achieve but also the open area around it. You need at least three feet of floor space on the ends of the island. For your working and seating sides, you need at least 42 inches.

If you have enough room, the ideal width for an island is usually three feet.

Proportion is really important when you design an island.

You want to make sure that it works well with the rest of your kitchen and maintains a good sense of flow.

Finally, once you have all the basics above taken care of, you can start deciding on the more fun elements. For example, what countertop material will you use? One of the most beautiful island design options is a waterfall countertop, with stone or another solid surface cascading seamlessly to each side.

You can also start thinking about lighting. Pendant lights are always a good way to make a statement above your island.

If you have an open-concept layout, your island design is even more important because it's likely the focal point of your entire living space. Focus on function, but then have fun with your design as well.

Courtesy of Realty Times

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You're paying down your principal over the years each time you make a payment on your mortgage, but with the vast majority of home loans, your monthly payments aren't changing. You will end up paying less interest over time, however.

You're paying less interest because if your rate is 3%, as an example, 3% of a smaller remaining principal is going to be less than 3% of your entire principal at the time you get your loan. You're putting more toward your principal as time goes on, even though your payments stay the same.

There are a few rare times when your payments could change. One example is if you get an adjustable-rate mortgage. There are two main types of home loans. One is adjustable-rate, and the other is fixed-rate. With a fixed-rate loan which is more common, your interest rate is the same throughout your loan's life. With an adjustable-rate mortgage, there are periodic changes in the rate you pay. If the rate goes up, so do your monthly payments.

If you have private mortgage insurance or PMI, your lender cancels it after you get enough equity in your home, so that may change your payment.

If you refinance, you're replacing your old mortgage with a new one. The terms of the new one will be different, so that will mean you're getting a new interest rate, monthly payments, and term length. Your principal could potentially change when you refinance, but it doesn't automatically have to.

Finally, you can pay more than the minimum toward your mortgage. You can pay more monthly or in a lump sum. When you make extra payments, you reduce your principal, so you can pay less in interest every month. When you reduce how much you pay in interest, you get lower monthly payments.

Courtesy of Realty Times

January Real Estate Roundup

Freddie Mac's results of its [Primary Mortgage Market Survey](#)® shows that "Following a month-long rise, mortgage rates effectively stayed flat this week. Recent rate increases have yet to significantly impact purchase demand, as history demonstrates that potential homebuyers who are on the fence will often enter the market at the start of rate increase cycles. We do expect rates to continue to increase but at a more gradual pace. Therefore, a fair number of current homeowners could continue to benefit from refinancing to lower their mortgage payment."

- 30-year fixed-rate mortgage (FRM) averaged 3.55 percent with an average 0.7 points for the week ending January 27, 2022, up from last month when it averaged 3.05 percent. A year ago, at this time, the 30-year FRM averaged 2.73 percent.
- 15-year FRM this week averaged 2.8 percent with an average 0.6 points, up from last month when it averaged 2.3 percent. A year ago, at this time, the 15-year FRM averaged 2.2 percent
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 2.7 percent this week with an average 0.2 points, up from last month when it averaged 2.37 percent. A year ago, at this time, the 5-year ARM averaged 2.8 percent.

Courtesy of Realty Times



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Creative Ways To Carve Out A Home Office In Your Place



People have had to get creative about how—and where—to work since the Coronavirus sent so many of us home. For those who already had a home office, the transition may have been relatively easy. But what if you don't have a dedicated space? These trending home office ideas might help give you focus, especially if your remote work situation may not be as temporary as you first thought.

Closet conversion

Have a closet that's filled with off-season clothes, giveaway stuff, and rarely-used items? Relocate it to the garage or attic and turn that space into a tidy home office. You'd be surprised how much usable space you can gain and how many ingenious ideas there are for converting a closet into a functional workspace. "In a closet office, well, there's not a plethora of space even for your must-have items," said FlexJobs. "You'll have to be creative about storage. Running shelves up the back of the closet is an easy and obvious solution. While you're at it, though, consider adding a rail for hooks so you can hang pencil holders, pictures, or other items up and off your desk. Pegboards are another fun and creative way to create more space. You can add these boards on walls and doors to create flexible storage space for whatever you need."

Backyard bonanza

"Homeowners who want to stay put are turning to their backyard to make space," said REALTOR Magazine. "Several companies are touting backyard solutions, like Kanga Room Systems (units start at about \$5,000 for an 80-square-foot kit the buyer can assemble) and Modern Shed. These companies can ship standalone structures that can be assembled by homeowners to keep their home offices separated from their living spaces. Studio Shed officials say they've doubled their sales over the last year. In April alone, their sales were four times it was a year prior. The company's units start at \$10,000."

Double duty

You don't need to lose your guest room to incorporate a home office. You just need to be creative. We love these Murphy beds that give you both a decked-out desk and a comfortable overnight space for visitors, without the typically cluttered look of a double-duty room.

Hideaway

You don't even have to have an entire room to dedicate to a home office. In fact, it's not even necessary to have enough room for a desk. If you're tight on space, consider a wall-mounted desk that folds down when you need it and disappears when you don't.

A new zip code

If your current space just can't accommodate your work-from-home needs, maybe it's time to move. "Space-constrained homeowners are looking for solutions for a workspace," said Realtor. "For some, it's even been motivation to move. A recent survey of real estate agents conducted by HomeLight says that a designated home office will likely be the most desirable or important feature to home buyers in a post-pandemic era."

Courtesy of Realty Times