

Rapid City Real Estate Update

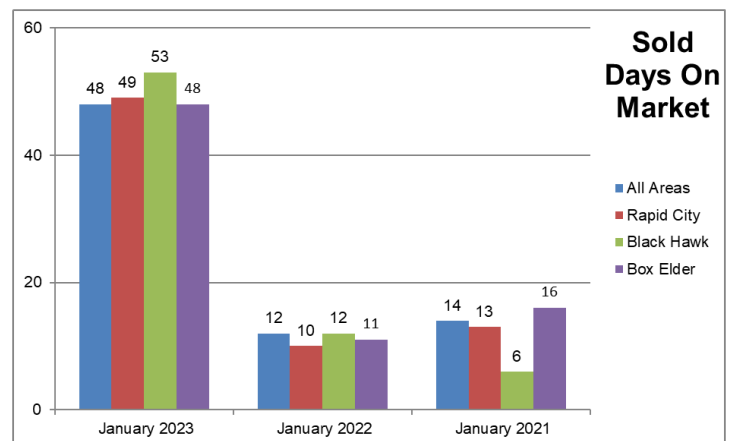
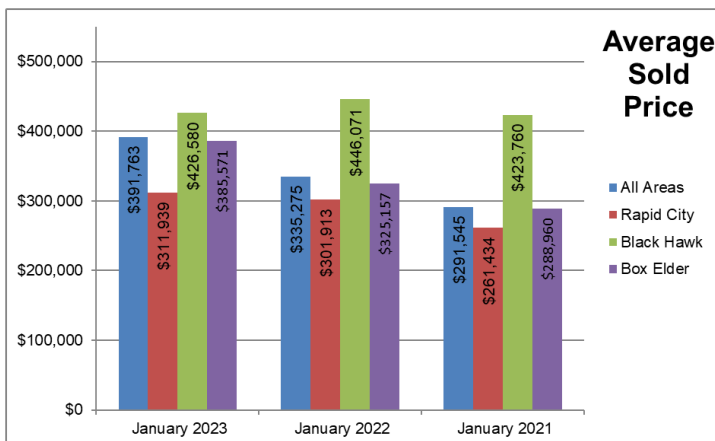
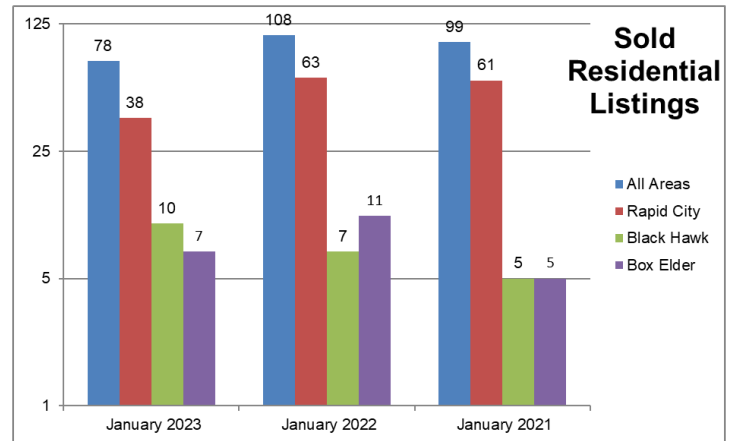
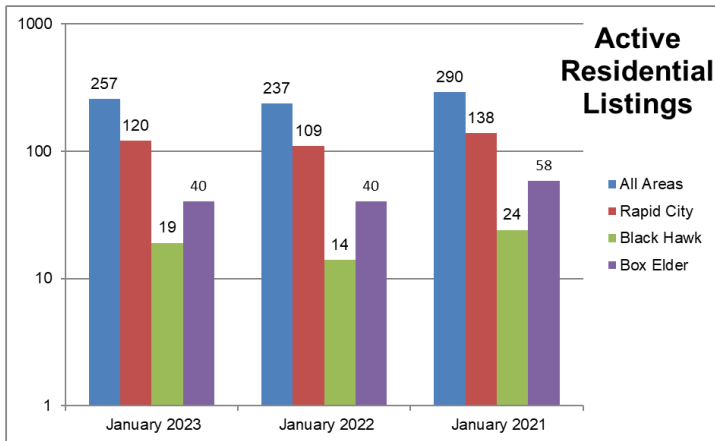
In This Issue

- P.1 Rapid City & Area Market Conditions P.2 When Is The Best Time To Sell A House?
 P.2 Are Home Improvements Tax Deductible? P.3 Don't Forget These
 P.3 January Real Estate Round-Up P.4 Black Hills Events



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Rapid City & Area Market Conditions For January 2023



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When Is The Best Time To Sell A House?

When you're planning to sell your house, timing is important. You want the most people to see it and be interested, and you, of course, want it to go for the highest possible price. So when is the right timing? When is the worst time to sell a house, alternatively?

The Local Housing Market

We often think about seasonal trends when determining the best time to sell a house, and those are relevant but you have to think about the local housing market as well. Is it a buyer's or seller's market where you live?

While there are national trends, real estate is often much more localized. For example, following the coronavirus pandemic, many big urban markets are dealing with stagnant or declining real estate sales. New York and San Francisco are examples. However, suburban markets are thriving.

You do need to think about the local condition where your home is, and also even more specific factors, such as what the appreciation for homes in your neighborhood looks like and how this compares to where you'll buy.

Seasonal Trends

June tends to be the best time to sell a house. The summer months in general are often more favorable for sellers, from May to August. These months make up 40% of annual home sales volume according to the National Association of Realtors. With that being said, then that makes summer the worst time to buy. In the summer, there's a seller's premium, so you have to think about how that will balance out if you're planning to both buy and sell.

Summer is a popular time in real estate because of the good weather and daylight savings time and the longer days. It's somewhat simple when you think about it—there are more daylight hours, meaning more potential exposure for your home. A lot of families with children look in the summer months so they can get their kids enrolled in school by the fall.

December tends to be the worst month to sell a home. There's not

(continued on page 3)



Are Home Improvements Tax Deductible?



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There are tax implications of making home improvements, but only in specific situations. When it comes to your taxes, a home improvement might include any work done that increases the value of your home substantially, improve the useful life of the property, or creates new uses.

We'll get more into what that means specifically below.

Home Improvements vs. Repairs

First, the money you spend on your home in terms of taxes can be divided into improvements and repairs.

The cost of capital improvements can be added to your tax basis in your house. Tax basis is what's subtracted from the sales price to figure out how much your profit is. With that in mind, you can only take advantage of this if you're selling your home. A capital improvement in this context is what was mentioned above—anything that adds value, adapts a home to new uses, or prolongs its life. Something that you could include as a capital improvement might be a new roof or central air-conditioning.

Capital improvements don't have to be big purchases either—something like storm windows counts or a home security system.

Repairs can't be added to your basis. Repairs might include painting your home or fixing your gutters.

If you make improvements to your home, make sure you keep records of everything so you'll have them if you do sell.

Tax Deductions for a Home Office

One way you could save on your taxes and improve your home at the same time is to build a home office. You get a small deduction on improvements you make to your home if you're using one of the rooms

exclusively as your work area, which many people are doing now.

Any repairs benefiting your home can also be deducted, based on the percentage amount of your home used as an office.

Similarly, if you rent out a part of your home, you might be able to deduct what you make in improvements to that area. If you were to, just to give you an example, add a bathroom to the area of your home you rent, you might be able to write that off in its entirety.

Medical Modifications

If a health care provider suggests modifications to your home to help you or to allow you to provide care for your family member, such as an aging parent, the expenses of these updates may be deductible. Examples include adding a wheelchair ramp or modifying your doorways. If the improvement adds value to your home, on the other hand, it's not deductible.

Upgraded Energy Systems

The IRS has residential energy-efficient property credits. Qualifying properties according to their guidelines updated in April 2021 include solar electric, solar water heaters, fuel cell property and small wind turbines. Also included are geothermal heat pumps.

Improvements qualifying for a residential energy property credit include adding energy-efficient exterior windows and doors and skylights and roofs that are metal or asphalt. Insulation updates are included, and so are upgrades to heating and air systems to make them energy-efficient.

There are some ways to save on your taxes by upgrading your home, but limitations also exist. If you're unsure of anything, it's best to talk to a tax professional because guidelines can change from year to year.

Courtesy of Realty Times



Don't Forget These

When getting your ducks in a row in order to buy a home in the near future, there's quite a bit of information you'll need to gather.

First, and probably foremost, is what interest rate you choose for the mortgage program you selected. Most every single mortgage program offers an array of interest rate choices, many times there are five, six or even seven listed rate choices. Further, there are also even more rates available that aren't even listed.

Most 'no closing cost' loan programs can offer a higher rate with the tradeoff being the lender contributing some funds to help offset these costs. Many times these rates aren't posted, you have to ask. You'll also need to select a loan term ranging from 10 to 30 years, even some loan programs offer an extended loan term up to 40 years.

Closing costs are the next research project. There are two primary types of costs, recurring and non-recurring. Recurring closing costs include hazard insurance and property taxes. Non-recurring costs are those experienced one time, at the settlement table. An appraisal or a lender document fee comes to mind. When lenders quote estimated settlement costs, they've got a pretty good idea of potential third party charges but are also spot on as it relates to their own fees.

Sometimes lenders can negotiate their fees but it's the lender who can make that choice and rarely the individual loan officer. Loan officers who negotiate independently regarding their charges often times have to pay for it themselves, that is to the point lenders allow that practice.

But there are some expenses that will come up outside the realm of lender fees and borrowers need to take these into consideration when counting up how much money will be needed. Lenders will have zero control over these charges and are completely at the discretion of the borrowers. What are some of these expenses?

Furniture and home decorating fall into this new category. Do the buyers think the house needs a new coat of paint or two? Interior and/or exterior? That's certainly an expense. What about a new sofa and loveseat? Bedroom furnishings? Kitchen appliances?

These are all expenses buyers might expect and lenders recognize this. Lenders want to see some money left over at the settlement table. Certainly buyers don't want to be 100% tapped out after and lenders don't want that either. Lenders can require a certain amount of leftover funds, commonly referred to as 'cash reserves.'

If you're going to buy soon, take into account these potential expenses. Most every transaction will have these expenses. Plan for them in advance.

Courtesy of Realty Times

(continued from page 2)

a lot of inventory, and buying activity is limited. Again, this is logical. People are thinking about the holidays and they're traveling. Plus, the days are shorter and the weather isn't great.

Some general pros of selling a home in spring include:

- Many people get their tax refunds in the early spring so they can make renovations or repairs as-needed during this time.
- There's more curb appeal when your lawn is in full bloom.
- If you plan ahead during the spring, you're more likely to be well-timed for the summer rush.

The big con is that there will be more competition in spring and heading into summer, and buyers will have more choices.

Pros of selling in summer include:

- There's more flexibility for both you and potential buyers if school is out.
- Buyers tend to feel an urgency to get their kids settled before school.
- If buyers feel urgency, they may make a more competitive offer.

The cons are similar to selling in spring. Namely, there's more competition.

If you have to sell your home in the fall, there's typically less competition and inventory. Also, buyers may be more serious if they're looking in fall because they may be up against a certain deadline, such as needing to relocate for work.

If you need to make repairs, professionals are less likely to be busier and may be cheaper than they would be during the busy spring and summer.

Regional Seasonality

In the West and the South, temperatures stay milder in the winter, so there may be less of a dip in home buying and selling activity in the winter. In the Midwest and the northeast, where there are extreme winters, there's a more pronounced seasonal difference in the real estate market.

There's no perfect time to sell a home, but there are considerations to keep in mind.

Courtesy of Realty Times

January Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "Mortgage rates continue to tick down and, as a result, home purchase demand is thawing from the months-long freeze that gripped the housing market. Potential homebuyers remain sensitive to changes in mortgage rates, but ample demand remains, fueled by first-time homebuyers."

- 30-year fixed-rate mortgage (FRM) averaged 6.13 percent for the week ending January 26, 2023, down from last month when it averaged 6.47 percent. A year ago, at this time, the 30-year FRM averaged 3.55 percent.
- 15-year FRM this week averaged 5.17 percent, down from last month when it averaged 5.83 percent. A year ago, at this time, the 15-year FRM averaged 2.80 percent.

Courtesy Of Realty Times



Courtesy of:

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Black Hills Events

Rapid City Rush Games

March 9, 10, 11, 17, 18, 19, 30 & 31
April 1
The Monument, Rapid City

Mountain West Whiskey Festival

March 4
The Rushmore Hotel

Road 2 Destruction Tour 2023

March 4 - 7:30 PM
The Monument

Festival of Bands

March 11 - 2:00 PM & 4:00 PM
The Monument

4GMX Indoor Motocross

March 11
Central States Fairgrounds

The Harlem Globetrotters

March 13 - 7:00 PM
The Monument

State AA Boys Basketball Tournament

March 16, 17 & 18
The Monument

St. Patrick's Day Weekend

March 17 & 18
Deadwood

2023 Black Hills Home Builders Home Show

March 24, 25 & 26
The Monument

Kountry Junkin' Spring Market

March 25 - 10:00 AM to 4:00 PM
Central State Fairgrounds Event Center