

Rapid City Real Estate Update

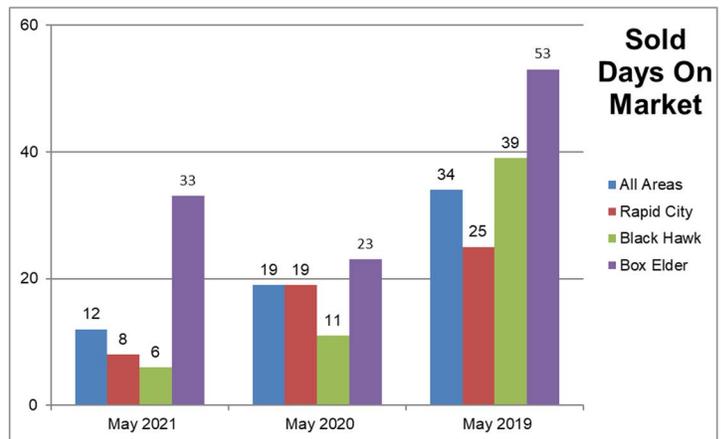
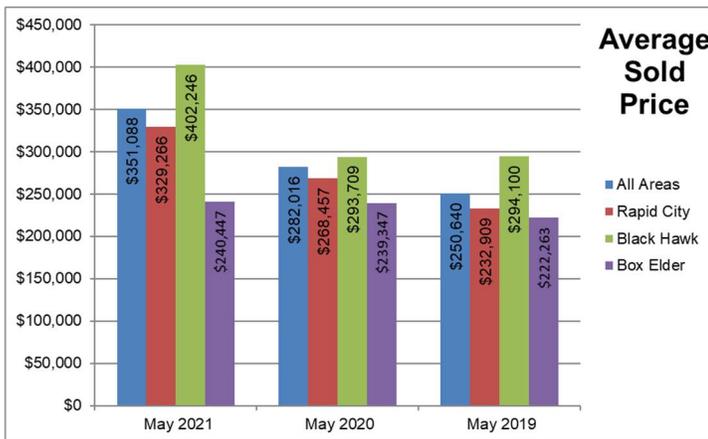
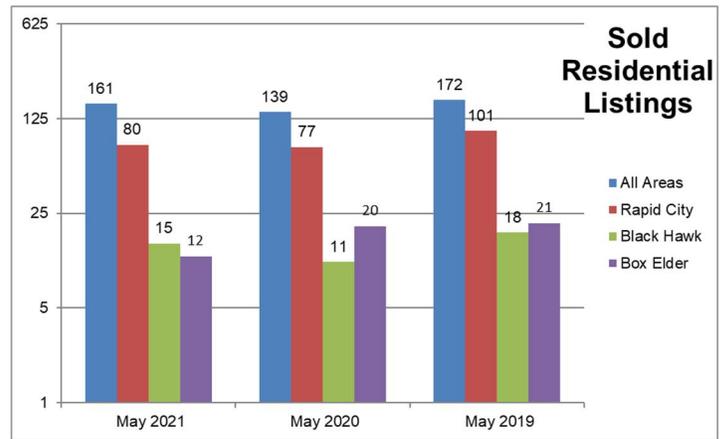
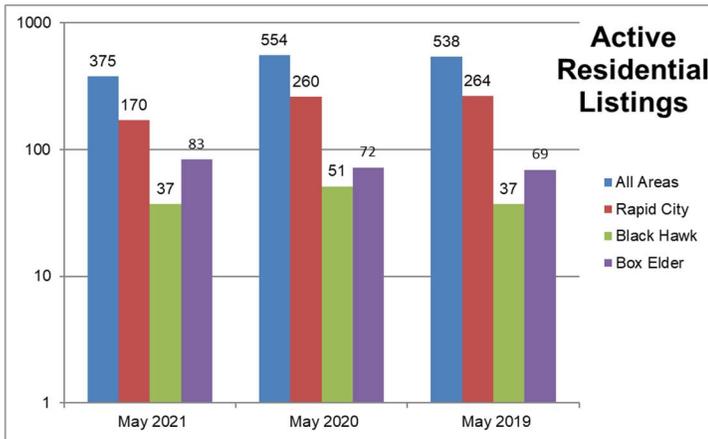


**COLDWELL BANKER
BLACK HILLS LEGACY
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Rapid City & Area Market Conditions For May 2021



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How To Get Ready For An Open House As A Seller

For the past year, open houses weren't really happening throughout most of the country because of the pandemic. Now that vaccines are available and slowly, the country is starting to return to a sense of normalcy, there may be an uptick in open houses. These events might look a little different. For example, there might be fewer people and more social distancing, but regardless, the concept is the same.

As a seller, you want your home to look beautiful and appealing to possible buyers. So what can you do to make your home stand out?

Talk to Your Real Estate Agent

Your best source of information as far as what you need to do to make your home picture-perfect will come from your real estate agent. Have them go through and suggest things you can do in the weeks leading up to your first open house.

They might have some low-cost tips that can make a big impact. Your real estate agent can also work with you on staging.

De-Clutter Everything

Real estate professionals will tell you that one of the most important things to do before you put your home on the market, or at least before any prospective buyers see it, is de-clutter. Clutter is distracting and overwhelming. It makes your home feel too personal to you, so buyers can't envision themselves there, and it covers up the features of the home that might be attractive to buyers. You should spend at least a weekend de-cluttering your entire home.

Don't just shove things in closets because these are places people are going to look. Instead, you should throw away, sell or donate items you don't need anymore. The upside of this, in addition to making your home look better, is that it'll be easier on you when you move.

When you're de-cluttering, go ahead and remove most of your personal items. You can store these elsewhere while your home is on the market. You might, for

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Saving For A Down Payment When You Are Living Paycheck to Paycheck



A down payment is an important component of taking a step toward homeownership. Saving for a down payment is also the biggest obstacle that you probably face when you want to buy a home.

A down payment is the cash you pay upfront when you're going to make a large purchase. If you were going to buy a \$350,000 home with a 10% down payment, you'd need to have \$35,000 in cash.

Then, your mortgage lender provides the rest of the money to buy the home, and you pay your lender back over time. There are a few exceptions to lenders requiring a down payment, such as VA loans, but generally, it is required. It's recommended that you put at least 20% down if you're going to buy a house, but that can be a lot of money.

How do you save if you're living paycheck-to-paycheck? It is possible, but you also might have to make some changes.

Take the First Step

Even though you might feel overwhelmed about the prospect of saving money when you're barely making ends meet, just take one first step toward your goal. That step may be small or almost symbolic, but it's the best way to get started.

One good first step is to open a savings account where you'll deposit money that's specifically meant to go toward your down payment. You might want a savings account that pays a bit of interest as well.

Create a Budget

You may be in a cycle of living paycheck-to-paycheck that you don't necessarily have to be in.

If you can drill down into what's going out versus what's coming in, you might find that there are some ways you can save money even on your current income.

Really taking an honest look at your income versus your spending can be challenging and overwhelming because you may not realize how much you're spending on things that you don't need to be. Doing it is rewarding and valuable, though.



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When you create a budget, include in it money that you're going to set aside every week or month that will go toward your down payment.

Even small contributions do add up over time if you're consistent and patient.

If you're not sure where to start with your budget, a lot of financial professionals recommend following what's called the 50/30/20 rule. This means that 50% of your income goes toward your essentials, such as your rent. Thirty percent goes toward lifestyle-related expenses, like eating at restaurants. The other 20% should either go toward savings or paying off debt.

Cut Out Subscriptions

One of the best things you can do for your finances is to regularly evaluate what subscription fees you're paying and cut them out. It sounds simple, but the reality is if you're like the average American, you might be spending \$237 a month on subscriptions. That's a lot of money that could go elsewhere.

Go Over Every Bill Carefully

When you're working with a relatively small amount of income compared to your expenses, you should go over every single bill and transaction carefully. There are a few reasons for this.

First, you want to make sure there aren't mistakes you're paying for. You might also find ways to pay less. For example, you could ask for a lower rate on your credit cards if you have a history of on-time payments, or you might be able to talk to your car insurance company about good driver discounts. There are a lot of opportunities to save money on your bills, if you know where to look at you're willing to ask.

Add Income

Finally, once your budget is in order, it's a good idea to add extra income to your life. There are so many ways to do this. When you're not working your full-time job, maybe you deliver groceries or work for a rideshare service.

It doesn't matter what it is, but when you add another stream of income, it puts you that much closer to your down payment.

Everything you earn from your secondary income source should go directly into your down payment savings account, so you aren't tempted to use it on anything else.

Courtesy of Realty Times

How Are Soaring Material Costs Affecting Real Estate?

There are some factors converging in the real estate market right now that are putting home prices at an all-time high. In fact, home prices are so high and bidding wars so common that a lot of buyers are waiting for things to settle down a bit, although we don't know when that's going to happen.

So what's behind the increasing home prices around the country?

There's limited supply and increased demand, coupled with extremely high costs for building materials. That's putting a limit on what new home builders can do right now, and a lot of current homeowners aren't willing to sell.

Home Price Inflation

Home price inflation peaked last year at 11.4%, and the estimates for anticipated average price growth were recently revised upward to 8.1% in 2021 and 5% in 2022. By 2023, price growth is expected to reach 4%. That's below the 20-year average but still is moving faster than other measures of inflation. That does mean there will be a slowdown at some level as far as home price inflation based on analyst expectations, but not all that much.

The Price of Lumber

One of the big issues affecting the availability of new homes and the real estate market is how expensive products like lumber are, as well as being hard to find. There was a lumber shortage triggered by the pandemic. According to the National Association of Home Builders, lumber prices have gone up more than 200% since April 2020.

The price per thousand board feet went up past \$1,100 in April, while it was less than \$500 in June 2020.

Experts in the lumber industry don't know when the prices might come. For example, representatives from Capital Economics recently said they think lumber prices will fall over the next 18 months. The

demand for lumber should hold for a while, but the supply should, according to their analysis, go up, and prices should go down by the end of 2022.

The reasons they believe this could be the trend include increased domestic production of lumber and fewer quarantine measures. There could also be more truck drivers because of increased hiring and wages, which would help take care of some of the logistical issues affecting lumber.

How Lumber is Adding to Home Prices

The rise in lumber prices has now added almost \$36,000 to the price of the average single-family home. It's added nearly \$13,000 to the market value of a new construction multi-family home.

Lumber isn't just used in the framing of a home. It's also used to make doors, flooring, windows, and cabinets, meaning that the shortage and high prices affect almost every aspect of home construction and, by extension, the real estate market.

Some home builders have to slow production because of the high costs of materials, but at the same time, they also want to keep up with demand.

Along with lumber, the price of gypsum is up almost 7% from last year, which is drywall.

Steel prices are up 18% year-over-year, which is used for beams and wiring. Copper is up 27%, which is used for wiring.

Then, there's the price of land. To buy a single lot is 11% higher this year compared to last. New lot supply has gone down 20% from last year. There's a huge land grab as builders are trying to keep up with demand.

What all of this means is that buyers are going to continue to see extraordinarily high prices for at least the foreseeable future unless there's a major shift.

Courtesy of Realty Times

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example, get rid of your family photos. You want potential buyers to experience a clean slate when they walk into your house.

Organize

Once you've de-cluttered, you can start the process of organizing. You want every nook and cranny of your home to be organized before an open house because people are going to be looking everywhere.

You want your home to be a relaxing oasis where buyers can easily envision themselves, and if things aren't organized, they're going to feel stressed out and distracted.

Deep Clean

After you've de-cluttered, de-personalized, and organized, it's time to start cleaning. Try to go through your home with a fresh set of eyes, and think about what you would want to see as a buyer.

You might even want to hire professionals to come in and do a thorough cleaning of your house from top to bottom when you first put it on the market, and then you can maintain it from there.

Clean the baseboards and trim, door handles, walls, floors, and every surface. You want your home to feel spotless as soon as people walk in. When you deep clean, make sure you identify any sources of odors and eliminate them.

Your goal should be a light and bright home, so while you're deep cleaning, you might want to take any heavy window coverings off and wash your windows on the inside and outside as well.

Don't Forget the Exterior

At this point, you're almost ready for an open house, but you can't forget about curb appeal. Outside of your home, take many of the steps you did inside. De-clutter, organize, and clean. Make sure that your shrubs are well-trimmed and your lawn looks tidy. Wash your porch and add a new welcome mat, along with some greenery. If it needs it, give your front door a fresh coat of paint.

You want buyers to feel like your home is the place for them and move-in ready as soon as they arrive at your open house.

Courtesy of Realty Times

May Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "Mortgage rates are down below three percent, continuing to offer many homeowners the potential to refinance and increase their monthly cash flow. In fact, homeowners who refinanced their 30-year fixed-rate mortgage in 2020 saved more than \$2,800 dollars annually. Substantial opportunity continues to exist today, as nearly \$2 trillion in conforming mortgages have the ability to refinance and reduce their interest rate by at least half a percentage point"

- 30-year fixed-rate mortgage (FRM) averaged 2.97 percent with an average 0.7 points for the week ending May 27, 2021, down from last month when it averaged 2.97 percent. A year ago, at this time, the 30-year FRM averaged 3.15 percent.
- 15-year FRM this week averaged 2.27 percent with an average 0.6 points, down from last month when it averaged 2.29 percent. A year ago, at this time, the 15-year FRM averaged 2.62 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 2.59 percent this week with an average 0.2 points, down from last month when it averaged 2.83 percent. A year ago, at this time, the 5-year ARM averaged 3.13 percent.

Courtesy of Realty Times



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The Perfect Plant For People Who Kill Houseplants

If you can fill a jar with water, you can keep golden pothos vine happy — and it will pay you back with cleaner air and a greener home. The bright-green-leaved golden pothos vine is known to be the perfect houseplant for even the blackest of thumbs, as it has a high tolerance for neglect. Lack of water and sunshine? No problem. With the recent emphasis on the benefits of owning houseplants for air purification purposes, pothos receives rave reviews for its special ability to efficiently remove airborne toxins such as carbon monoxide and formaldehyde.

How to care for your golden pothos vine:

- **Light:** Most houseplants prefer bright indirect light, though pothos can also live in low-light conditions as well as artificial light, making it the perfect office cubicle plant. Pothos with variegated leaves as opposed to solid green leaves are less tolerant of low light.
- **Water:** Water thoroughly and allow the soil to dry out between waterings. Do not allow the soil to become swampy, as these vines are susceptible to root rot, an interesting quality for a plant that can grow in water.
- **Soil:** Use a well-draining all-purpose houseplant mix.
- **Feeding:** Fertilization is not necessary unless you'd like to get pothos growing in high gear, in which case you may fertilize once a month with a general houseplant fertilizer.
- **General:** Pothos is popular for its ability to grow in either soil or water, although once the plant begins to mature, it will adapt to the medium of your choice and may not tolerate a switch. You can even just fill a large jug with pothos cuttings, put it in a high place and enjoy a cascading vine that is care free with the exception of refilling the water once in a while.
- **Propagation:** You can easily make new plants from pothos cuttings. Root in water or dip the end in rooting hormone and root in moist soil. Rooting hormone is not mandatory but will increase your success rate.

Other considerations:

Air purification: It's efficient at removing airborne toxins such as formaldehyde and carbon monoxide.

Cautions: Pothos can be toxic to pets and children if ingested. More about plant cautions

Courtesy of Houzz.com