

Rapid City Real Estate Update

Merry Christmas!



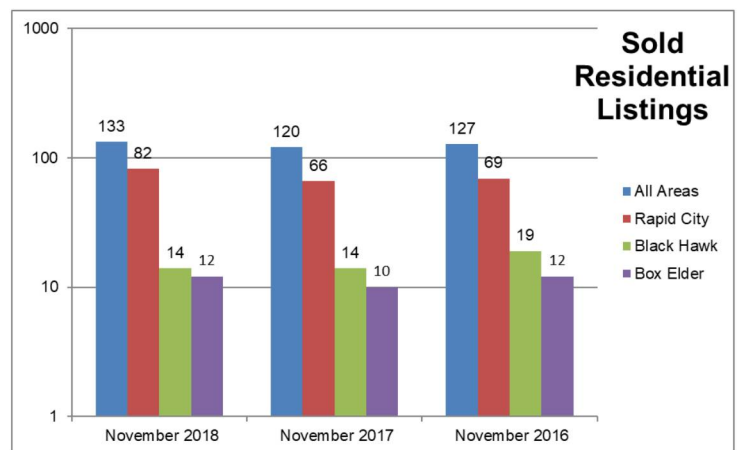
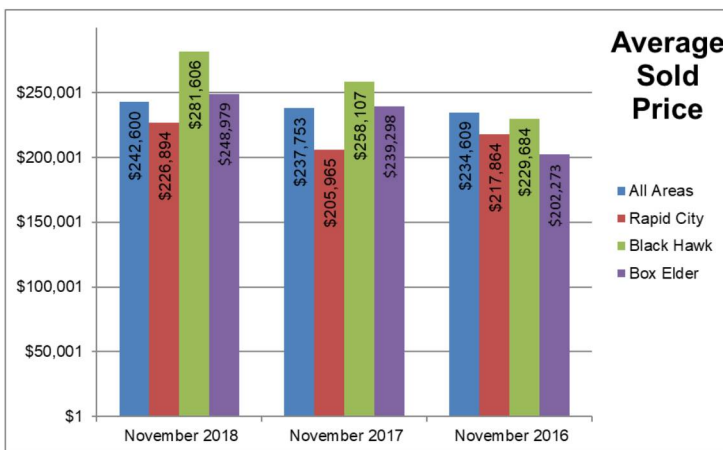
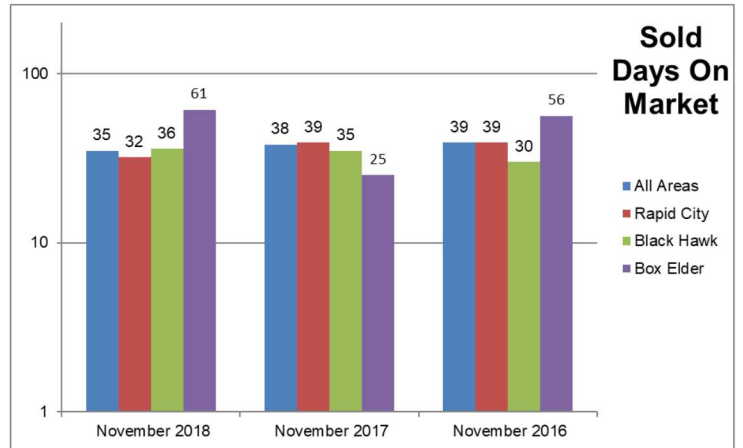
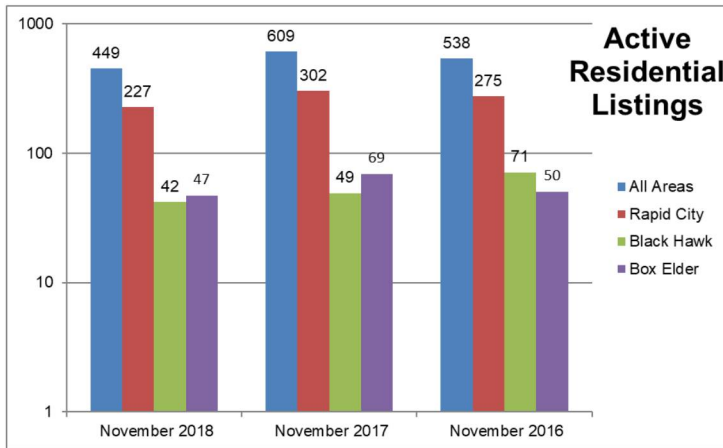
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LEWIS-KIRKEBY-HALL
REAL ESTATE, INC.

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Rapid City & Area Market Conditions For November 2018



What To Do When Your Home Isn't Selling

When sellers start the home-selling process, no one wants to think "What would happen if my home doesn't sell?" But before you panic, recognize that there are many things that you can do so you don't wind up in that position.

Tip 1: Understanding the real estate market and the value of your home will help you avoid this dilemma. The first key point is to get educated about the market. Read your newspapers, online real estate sites, and consult with the best experts in real estate for your area to determine the sales price.

While all that may seem basic, you'd be surprised how many sellers rely on emotion to dream up a selling price for their home. Some have done little, if any, research on even their own neighborhood. Instead, their strong ties to their homes cause them to imagine that their home should sell for the price they want. Or they base the selling price on how much they owe which is, of course, of no significance to buyers.

Tip 2: Fix up your home. Most buyers don't want to purchase a big list of must-do fixes in order to live in the home they just bought. Yet, some sellers think that it's a waste to spend money on a home that they're moving out of soon. That's quite a predicament. Both sides have valid points but buyers might be in a stronger position. The seller wants out and if the home is a mess, many buyers will simply move on to the next best house.

Yet, if a buyer wants it badly enough, he/she might agree to purchase your home but it's guaranteed you'll take a financial hit as the buyer will want to discount the price for the problems that need fixing. In the end, you might have to fix the issues before the sale anyway. So, starting with a house that is in relatively good order is the best way to begin.

(continued on page 3)



Construction Nightmare?

How do you make sure that renovating or building your dream home does not turn into a construction nightmare?

If a massive renovation or a new-home build is in your immediate future, how will you guarantee there'll be no "if only we'd..." or "in hindsight, I wish we had..." recriminations once the project is well underway or ready for move-in?

When you're undertaking a revolutionary project based on brand-new technology and new techniques, there may be surprises ahead. However, most of us are working within the range of the practical experience and tested expertise of the professionals hired to construct a dream home. This knowledge foundation makes anticipation the essential construction strategy for heading off expensive surprises:

- Anticipation in renovation involves starting with a thorough inspection of the existing structure, including evaluation by a structural engineer. An expert who knows the work of the original home builder could anticipate possible challenges or expenses with renovation. An experienced local contractor will have seen the problems typical of area homes: aluminum wiring, knob-and-tube wiring, cut joists, asbestos insulation, water damage, unstable foundations.... The resulting contingency budget will cover appropriate possible "surprises" like these. • Anticipation in new builds includes learning about past projects undertaken by the construction team, which may include an architect, interior designer, and a project manager along with the contractor team. Their combined ability to anticipate problems and opportunities will be visible in deadlines met, budgets held, design flow achieved, durability ensured, and very short "if only we'd..." lists from homeowners. The construction team's track record will be reflected in your project, so choose wisely: what they did before, they'll do again, good or bad.

Five Key Construction Myths undermine anticipation. Learn how to avoid them. Then, you and your construction team will be on the way to anticipating and achieving success for your dream home:

Myth #1: The biggest decision for you is deciding to go ahead with a renovation or a new build—after that it's clear sailing. Homeowners are often overwhelmed by the range and number of decisions involved. Big decisions about foundation walls, window design, and type of heating/cooling system often pale beside the thousands of small and significant decisions that go into finishing every square inch of the interior. Which floor materials, which wall coverings, which light fixtures, which cabinetry, which kitchen hardware, which door hardware.... All of these elements and more must be integrated for overall functionality and that "look" you want. If these decisions are not made in advance or at least narrowed down, ordering and delivery dates may snarl up work schedules.

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Myth #2: No one can accurately project how much it will all cost because there'll be surprises along the way. Anticipating problems typical for the house type and construction plans will result in a realistic contingency budget to head off the unexpected need for additional financing. Commitment to a realistic overall budget and solid project management means that if expenses arise, savings will be found elsewhere to keep the project on track financially. Don't underestimate the value of an excellent, experienced project manager.

Myth #3: No need to worry; things can always be changed. Often the biggest expense is change. Making changes on the go can also undermine timelines, budgets, design functionality, and relationships—yours and those with the construction crew. Invest time deciding, in advance, what will work and sourcing the best price. Changing one thing often sets off a string of changes, so stick to these decisions and save money and headaches. The smart way to get ahead here is hiring an interior designer who understands your priorities, requirements, and taste. They'll develop an inspired, practical design that you can stick to with help from their stress-reducing professional troubleshooting. It's not finding ideas or inspiration that's the challenge—the internet and social media like Pinterest will swamp you with them. The key is deciding which ideas to adopt and then refining them to fit together—on budget, on time, in line with the skills of the construction team, and on-target for your goals. The architect, project manager, and/or interior designer (depending on the scope of your project) will help you anticipate and resolve these challenges. Where you're overwhelmed, they have been through the construction maze many times before.

Myth #4: You can trust contractors and workers to do their jobs without the need for you to get involved. Striking a balance between interfering and being vigilant, so things happen as expected and to agreed standards, is essential. Miscommunication is as disruptive during a renovation or a new build as it is in any other setting. If you don't keep an eye on what's going on, walls can end up in the wrong place, wrongly ordered materials will be installed, finishing standards may be ignored, deadlines will be missed, and many other annoying and costly slips and errors may occur. During a personal friend's renovation, he allowed the crew to install the kitchen according to detailed plans—without getting involved. Unfortunately, they managed to get everything in place except the pantry which disappeared—a source of continuing irritation for the family.

Myth #5: Big box stores are the only place to get things at good prices. It's not just about paying less. Functionality and durability matter a lot for long-term enjoyment and ease of maintenance. A few years in the future, will you easily find parts for taps, door hardware, or other items with moving parts? If you go to the expense of creating a unique dwelling, does it make sense to exclusively use mass-market fixtures and finishes? Online shopping and buying local will reveal a wide range of clever options.

*Written by PJ Wade
Courtesy of Realty Times*

November Roundup: Rates Slip

A volatile stock market combined with the continued decline in oil prices sent the 30-year fixed-rate mortgage down 13 basis points to 4.81 percent this week. This marks the lowest rate since early October, and could provide an opportunity for prospective buyers who have been waiting for a dip in rates.

- 30-year fixed-rate mortgage (FRM) averaged 4.81 percent with an average 0.4 point for the week, down from last week when it averaged 4.94 percent. A year ago, at this time, the 30-year FRM averaged 3.92 percent.

- 15-year FRM this week averaged 4.24 percent with an average 0.5 point, down from last week when it averaged 4.36 percent. A year ago, at this time, the 15-year FRM averaged 3.32 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 4.09 percent this week with an average 0.3 point, down from last week when it averaged 4.14 percent. A year ago, at this time, the 5-year ARM averaged 3.22 percent.

Courtesy of Realty Times



Are You Overspending On Rent?

How much is too much to spend on rent? That amount is different for everyone, but the percentage of income that should be relegated to rent is pretty standard.

"Chances are if you are renting you are spending too much of your income on your monthly housing expense," according to mortgage expert Kevin Pierce from Mid America Mortgage. "There is a long-standing 'rule' that a household should not pay more than 28% of their income on their rent or mortgage payment. This percentage allows the household to save money for the future while comfortably covering other expenses."

That rule, known as the 28/36 rule, also states that a household should spend "no more than 36% on total debt service, including housing and other debt such as car loans," said Investopedia. "This rule is used by mortgage lenders and other creditors to assess borrowing capacity, the premise being that debt loads in excess of the 28/36 parameters would be difficult for an individual or household to service and may eventually lead to default."

Landlords may also use calculations similar to this to qualify renters—and some cap that amount even lower, at 25%, said Quicken. Although, if you look at nationwide data, it appears that renters are significantly "cost-burdened, meaning they spent more than 30% of their monthly incomes on rent" last year, said ApartmentList.com, according to Pierce. Their data from 2017 shows 49.5 million renters in this precarious financial position, accounting "for nearly half of all renter households in the country." For many renters, especially in popular cities and nice places, it's just not possible to live with-

in those means. Another survey, this one from Rent.com, focused on 1,000 millennial renters between the ages of 18 and 34, and found that more than half are overspending and "nearly 1 out of 5 of the renters surveyed said that over half of their income went to paying rent each month," said Forbes.

The immediate issue here is the fact that spending all that money on rent leaves many people feeling stressed and pressured just to make enough to pay the landlord every month. Staying in a rental situation and paying someone else's mortgage every month when they could be earning equity on their own home stifles personal economic growth, not to mention creating a glaring lack of savings, funds for emergencies and retirement, or any ability to change their circumstance.

This revelation is often the catalyst for renters to first look into buying a home, and that is often followed by the shock of finding out that buying may not be out of reach, like they may have thought. Yes, when it comes to renting vs. buying, what consumers don't know could hurt them. Finding out that buying a home in a particular area could actually cost around the same as renting, and that down payment and closing cost help may also be available, is a life-changer.

"Bottom line: you have nothing to lose by talking with a lender and seeing if you can qualify for a loan, how much home, if any, you can buy, and how the payments compare to what you are currently paying in rent," said Pierce. "It may inspire a home purchase right now, or one you can work toward in the future."

*By Jaymi Naciri
Courtesy of Realty Times*

Tip 3: If you need to sell your home, don't pull it off the market because you think the season isn't right. Buyers who need to buy a home will keep hunting through all the seasons. There may be some slow times but if people need a house, they'll keep looking even in the unlikely times.

Tip 4: Consider incentives. Yes, you can make your home more appealing by tossing in some incentives. It's best to speak with your REALTOR® about which incentives are best for you to offer. Even practical incentives can help get buyers to your home to view it. These incentives can help encourage the buyer to move forward, especially if other challenges arise.

Tip 5: Stage your home. This is not the same thing as fixing up your home. Fixing up your home includes daily maintenance and repairs. Staging your home involves using experts to make your home showroom-ready—like a model home. I know you might say that all your friends tell you that you have fantastic taste but, trust me, if you're serious about selling your home, then it's worth at least having a consultation with an expert in the industry.

Here's why: They are trained to stay on top of the trends that have mass appeal. They also offer a fresh set of eyes on your home. They might easily point out something that you never saw before because you've been living in your home for a long time. They will look at your home from an "outsider's" perspective and that's exactly what you need.

Taking the time to, at least consult with experts, allows you to gain knowledge and information about your home and the market place. What you do with that is up to you, but it may just be the difference between a For Sale sign and a Sold sign hanging outside your home.

Courtesy of Realty Times

Black Hills Events

1880 Train Holiday Express

November 23 - December 23
Hill City 1880 Train Depot

Rapid City Rush Games

December 21, 22, 28, 29 & 31
January 11, 12, 16, 18 & 19
Rushmore Plaza Civic Center

Downtown Countdown

December 31, 5:00 PM to 9:00
Main Street Square, Rapid City

Custer State Park Festival of Trees

November 23 - December 26
Custer State Park Visitor Center

Ugly Sweater Skate Party

December 21, 6:00 PM to 9:00
Main Street Square, Rapid City

New Year's Eve In Deadwood

December 31
Downtown Deadwood

Storybook Island Christmas Nights Of Lights

November 23 - December 31
5:30 PM to 8:30 PM
Storybook Island

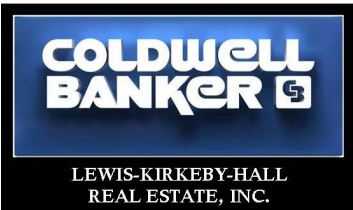
New Year's Eve At

Rushmore Plaza Holiday Inn

December 31 - 9:00 PM to 1:00 AM
Rushmore Plaza Holiday Inn

Information provided by:

www.visitrapidcity.com
& www.downtownrapidcity.com



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**CBLKH Team at the membership
breakfast on December 5
with President Pam!**