

Rapid City Real Estate Update

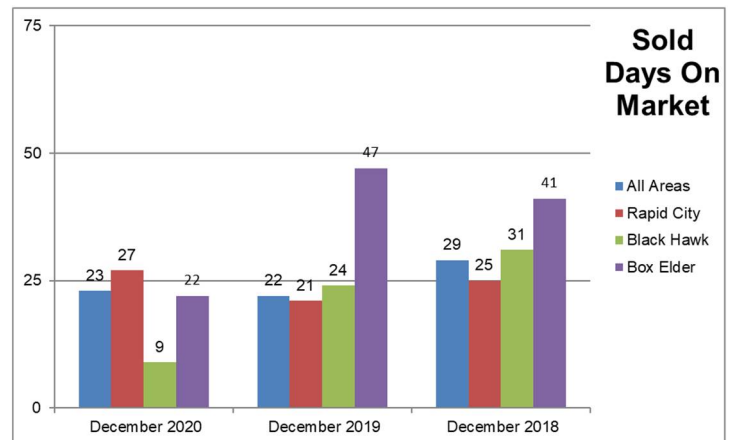
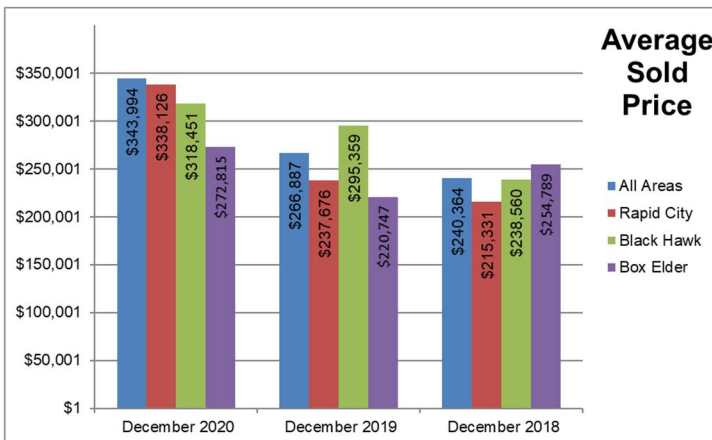
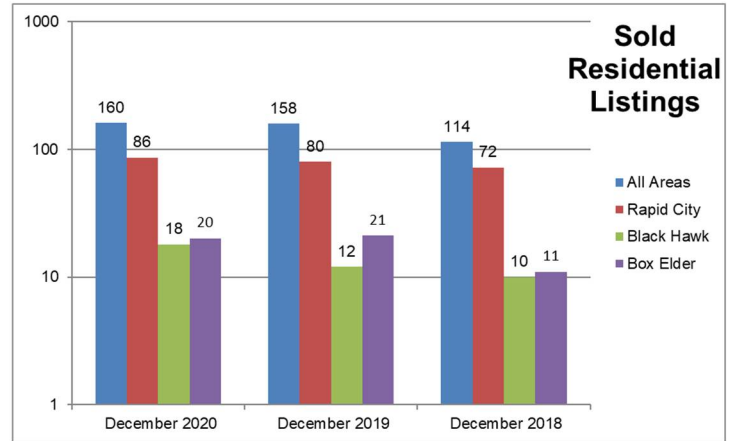
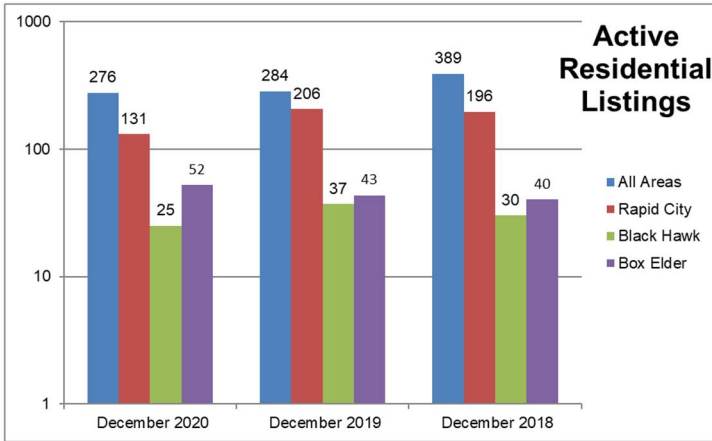


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Rapid City & Area Market Conditions For December 2020



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What To Know Before You Buy Land

Whether you're planning to build your dream home or you want to buy land as an investment, it's different from buying property with a structure already on it. For example, even though someone might be willing to sell you a piece of land, there's no guarantee you can use it how you want. There are issues related to zoning, water rights and septic systems to think about.

You have to do a lot of research to figure out what you can and can't do with land once you buy it.

The following are things to know before buying land.

Consider it a Long-Term Investment

If you're thinking of land as an investment, you need to look at it as something long-term. It's not a quick flip investment. You should plan only to buy land if you're going to hold on it for at least 10 or 20 years. It can protect you against inflation, but its value isn't going to go up quickly. Realize that if you find cheap land, there may be a good reason that's the case.

Pay Cash If Possible

If you aren't going to build a home right away on a piece of land, you're going to have to pay all cash, or somewhere from 30 to 50% cash upfront. If you're going to build right away, it's known as a construction to permanent deal, which is different. For raw land, if you don't have immediate building plans, lenders will see you as risky, making financing a challenge.

Even if you plan to build with a construction to permanent loan, you don't have collateral in the form of a pre-existing home, so you need to have nearly perfect credit.

With a construction loan, it's short-term financing, and there aren't fixed rates. Your bank releases funds as construction stages are completed. Then, the loan becomes a mortgage. To deal with the financial hurdles, paying all cash is the best option.

Perks

If your land isn't on a municipal sewer system, then any structure you build on it will probably need a septic tank. That means you'll need a percolation or perc test. A perc test looks at how

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Tips For Selling A Fixer-Upper

Selling a house that needs work as-is is a challenge, but certainly not impossible. What helps when you're selling a house that's perhaps less-than-perfect is to research and understand your target market.

Be Realistic About the Situation

If you're debating whether or not to sell your home as-is, you need to be realistic about your specific situation. A fixer-upper can be a house that's generally in great shape but needs cosmetic updates to modernize it. On the opposite end of that spectrum, a home may have serious issues. For example, it might have plumbing, electrical, or foundation issues.

You can start by pricing out the repairs to improve your home. You might do some but not all of them before putting your house on the market. By knowing how much needed repairs might cost, you're putting yourself in a better position to know the best way to move forward.

Is it worth your time to make some of the repairs? A real estate agent can help you here. They're going to be able to assess the needed repairs and give you a better idea of what changes might bring the most value.

Understand Your Potential Pool of Buyers

If you're selling a house that needs work, you can give yourself an advantage by managing your expectations. Part of that is understanding your pool of potential buyers. Investors or flippers are one option. A flipper or investor buys a home at a low price, and renovates the property and sells higher. An investor can see through problems and they're going to focus on potential.

Another pool of possible buyers are people who are looking for a deal. This can be an especially important pool if you're in a very desirable neighborhood. Someone who's a deal-hunter might be otherwise priced out of the neighborhood without buying the house that needs work.

Then, there's a group of buyers who wants a project. They want to buy an existing home and put money into it to make it perfect for them.

Choose the Right Agent

Whether you make some or none of the needed repairs, the best thing you can do for yourself is to work with a great agent.

You want a real estate agent who understands your neighborhood and understands how to market a house that needs work. Not every real estate agent will excel at selling a fixer-upper, but some will specialize in it.

Make Small, Impactful Changes

Maybe you don't want to spend the money to do a full remodel, but you can make a fixer-upper more marketable with small, less expensive changes.

For example, focus on curb appeal. Maybe you clean up your yard and get rid of clutter. Trim the bushes and limbs, and do some small projects that will give a better first impression. A home with good landscaping can be worth anywhere from 1% to 10% more than a poorly landscaped home.

Cleaning and decluttering inside is also important. Maybe your home isn't modern, but if it's clean and feels fresh, that goes a long way. Other inexpensive repairs or upgrades you could make include recalking, fixing pipes that leak, and patching holes.

Focus on Renovation Loans

Either you or your real estate agent should plant the seeds of renovation loans. Renovation loans mean that the projected costs of a renovation are included in the total loan amount. The advantage for the buyer is that they don't have to pay for upgrades separately. They can instead get approved for a higher upfront loan amount. Then, they receive that money in phases to cover the costs of renovations.

If you already have your home listed, ask your Realtor if they've included any renovation loan language in the listing. It starts buyers thinking in this direction.

Again, selling a fixer-upper is certainly challenging, but it's also doable.

Courtesy of Realty Times



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Top Reasons A House Isn't Selling

We're currently in what's described as a seller's market across much of the country. While demand has waned a bit in the fall of 2020, inventory is still limited, and the real estate market is strong.

While that may be what you see in the headlines, perhaps it's not what you see in reality if you're trying to sell a home.

There are some common reasons, many of which are avoidable, that may be why your home isn't selling.

It's Priced Too High

This sounds simple, but still, homes continue to be priced too high. One of the biggest challenges sellers face, according to real estate agents, is resisting the urge to overprice their home. Pricing a home is an art and a science, which is where agents are so valuable.

However, you have to listen to your agent.

When you have an emotional connection to a home, you're even more likely to price it too high. If you priced your home yourself, it's a good idea to consult an experienced agent sooner rather than later.

You can also gauge what people think about your price by looking at other local listings or listening to people's feedback at open houses and showings.

Your Home Is Unique

A unique home can be a great thing, but that can also make it more challenging to find a buyer. If your home is unique, that doesn't necessarily mean you need to change anything to sell it. You might just need to be patient and wait for the right person to come along.

You might need to shift your marketing strategy a bit as well. Reframe the unique elements of your home to be benefits. Your marketing needs to be carefully

tailored to that audience of people most likely to be interested in a unique home.

Lack of Accessibility for Viewing

As a seller, some things aren't in your control, but many things are. When buyers want to see your home, they need to be able to as soon as possible. You want your home to be available for anyone interested to see it in person. This means you keep your home clean and showing-ready at all times and that you're flexible with your schedule.

It's a pain at the time, but it can make a difference between selling your home and having it sit on the market.

Flat-Out Rejecting Low Offers

When you're selling a home, and you're emotionally attached to it, getting a lowball offer can feel like a personal insult.

Don't shut down low offers right away.

You may end up with a successful negotiation that started with an offer that was initially way too low.

Keep all of your options open as a seller. You never know what might happen.

Timing

Finally, not selling a home can sometimes be an issue of timing. For example, spring and summer tend to be better times to sell a home. Fall and winter are the worst times.

There are also larger economic issues that can impact whether or not you sell a home, and if you have an option, you may need to wait. If you can't wait, even if you sell your house, it could end up being for much less than you hoped, if timing is a factor.

Courtesy of Realty Times

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absorbable the soil is to the liquid that comes out of the septic tank.

If you can't support a septic tank with your land, you can't build, nor can you get a mortgage.

Deed Restrictions

Before getting your heart set on land, you have to look at deed restrictions to determine what you can and can't do with the property. You'll also have to figure out how binding these restrictions are. A realtor should be able to help you here.

You may find restrictions like limits on the building styles or the minimum or maximum dwelling square footage.

The more rural the property, the fewer the deed restrictions are likely to be, but that's not always the case.

Zoning

Land may be zoned for commercial use, residential or both. You have to figure out if the land is zoned for additional structures like detached garages and plan to have one. Zoning restrictions can determine the minimum structure size you can build.

Easements

If there's an easement on a property's title, you need to know what that stipulates before buying. An easement lets another person or entity have the legal right to someone else's property for specific reasons, no matter who owns it.

That might, for example, mean there's an easement that lets other people go over your property to get somewhere else, reducing your privacy.

Water

If you're looking at land not on a city sewer system, you may have to dig a well for water. That can be \$10,000 or more to drill the well, plus the costs of water filtration. Some people even have to add lakes and hydrants, so firefighters have access to a rural water supply.

Buying land can seem like a great opportunity, but a lot of research goes into it to make sure it's something feasible. It's not an easy process. You should do your due diligence and consult with experts and specialists when necessary to make sure you're following all applicable real estate laws and local zoning guidelines.

Courtesy of Realty Times

December Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "The housing market is poised to finish the year strong as low mortgage rates continue to fuel homebuyer demand and refinance activity. Moving into 2021, we expect rates to hold steady but the key driver in the near term will be the trajectory of the COVID-19 pandemic and the execution of the vaccine."

- 30-year fixed-rate mortgage (FRM) averaged 2.66 percent with an average 0.7 points for the week ending December 24, 2020, down from last month when it averaged 2.72 percent. A year ago, at this time, the 30-year FRM averaged 3.74 percent.
- 15-year FRM this week averaged 2.19 percent with an average 0.5 points, down from last month when it averaged 2.28 percent. A year ago, at this time, the 15-year FRM averaged 3.19 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 2.79 percent this week with an average 0.2 points, up from last month when it averaged 3.16 percent. A year ago, at this time, the 5-year ARM averaged 3.45 percent.

Courtesy of Realty Times



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Toasty Tips For Winter

Baby, it's cold outside! Keep your home warm and toasty this Winter by following these simple expert tips.

Every homeowner should start their Winter by tackling the "oh so fun" task of checking their home for leaks. Leaks can not only drain your pocket of money, but also drain your home of precious heat.

The U.S. Department of Energy (energy.gov) knows how important it is for homeowners to stay warm and to save money. This is why they offer up prime tips for what and where to inspect. Let's start on the outside of your home.

Visually inspect:

- All exterior corners
- Outdoor water faucets
- Where siding and chimneys meet
- Areas where the foundation and the bottom of exterior brick or siding meet.

Next, take the inspection inside. Look for drafts and gaps around:

- Electrical outlets
- Switch plates
- Door and window frames
- Electrical and gas service entrances
- Baseboards
- Weather stripping around doors
- Fireplace dampers
- Attic hatches
- Wall- or window-mounted air conditioners.
- Cable TV and phone lines
- Where dryer vents pass through walls
- Vents and fans.



After filling gaps and repairing cracks it's time to consider upgrading your insulation. Insulation is literally your defense against cold air and Winter elements. Old homes are notorious for their meager amounts of insulation. Many of today's products were simply not available at the time of the home's construction. If you have an old home, especially one that has not been updated or been subject to today's building codes, it's time to see where improvements can be made.

Be sure to research the best "R" value of insulation for your area. The "R" value is a measure of thermal resistance and there will be a recommended amount from the Department of Energy for your particular zone.

Courtesy of Realty Times