

# Rapid City Real Estate Update

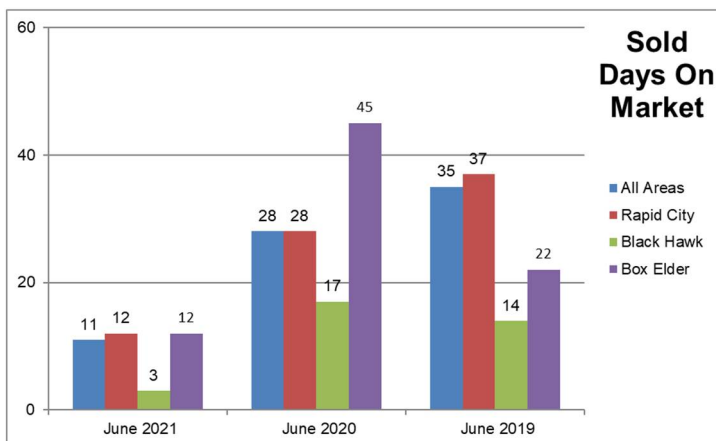
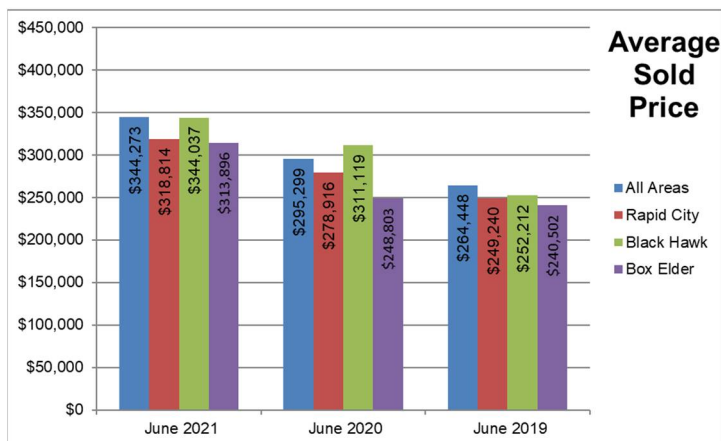
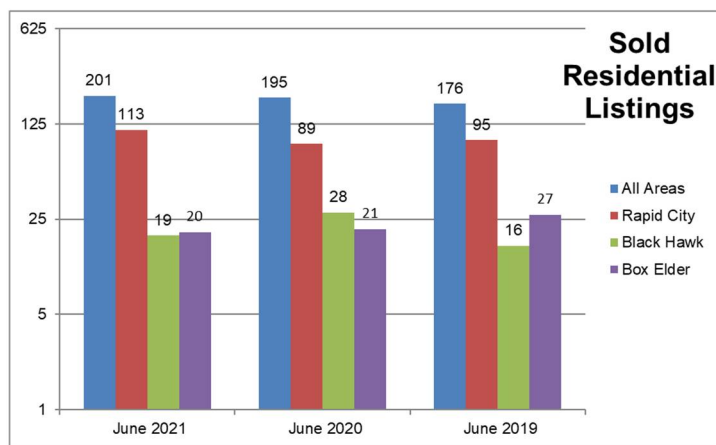
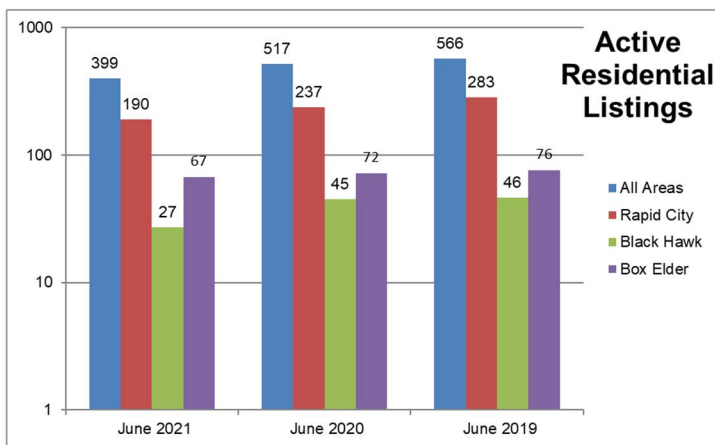


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## In This Issue

- P.1 Rapid City & Area Market Conditions
- P.2 What Are The Pros And Cons Of Buying A House In Cash?
- P.2 How Long Should A House Stay On The Market?
- P.3 Tips For Redecorating While On A Budget
- P.3 June Real Estate Round-Up
- P.4 Must-Know Tips For Finding & Decorating with Architectural Salvage

## Rapid City & Area Market Conditions For June 2021



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## What Are The Pros and Cons of Buying A House In Cash?

If you ever watch real estate shows, you've probably heard the term "all-cash buyer." It's usually thrown out as a way to sweeten a deal, but what's the reality about buying a house in cash? The world isn't a TV show, and there are pros and cons to buying a house with cash as opposed to getting a mortgage.

### Buying a House with Cash Is Increasingly Uncommon

If you're in a position where you could buy a house with cash, you're in the minority. With the median home sales price in the mid-300,000s, it's not realistic for most people. Around 87% of home buyers finance according to the National Association of Realtors' 2020 Profile of Home Buyers and Sellers.

If you do have enough saved to buy a home outright, that doesn't mean you're necessarily showing up with a suitcase full of cash.

What it does mean is that you're not getting a loan. You might have savings, you may sell another property, or you could have investments you're going to use.

### The Upsides of Paying Cash

If you can pay cash for a home, there are undoubtedly some benefits, including:

- You're a more attractive buyer to sellers. This is a big one right now. There is a huge amount of demand for homes in many parts of the country and a limited inventory. This means bidding wars. One way to be more competitive when you make an offer is to pay cash. That's preferable to sellers because then they don't have to worry about what happens if your mortgage financing falls through. A cash-only transaction is also usually faster, so you can get to the closing quicker, which sellers tend to like.
- When you buy a house in cash, you don't have to worry about a mortgage payment of

(continued on page 3)

## How Long Should A House Stay On The Market?



When you put your house on the market, you obviously want it to sell as fast as possible. That's not always what happens, though. In 2020,

homes spent an average of 25 days on the market, which was down from 30 days. Compare that to 2010, when the average number of days to sell a home was a whopping 140.

It's a seller's market right now, especially since inventory is low and building materials are incredibly expensive.

While the time on the market has, on average, gone down, there are a lot of individual factors that play a role in how long it takes to sell a house.

For example, demand, seasonality, and local market factors all play a role. So how long is too long, and why does it matter?

### The DOM Metric

DOM stands for "days on the market," and it's a relevant metric. The National Association of Realtors says days on the market or DOM is the number of days from the date when a property is listed on the MLS to the date when there's a signed contract for the property's sale.

The more those days tick upward, the staler your listing gets.

### The Effects of a Home Being On the Market for Too Long

If your home stays on the market too long without being sold, there can be serious consequences. First, a buyer will know that, and they're undoubtedly going to use it as a negotiating tool. That means you may have to sell your house for significantly lower than you intended.

When your home seems like it's a good property, but it stays on the market for too long, especially in a hot market, buyers are

also going to start to worry there's something wrong with it.

Inevitably a home generates the most interest when it's fresh on the market. That's when you're going to see a buzz and sense of activity that will include more showings and phone calls. Then, over time interest will decline.

Once all the buyers who are currently looking have seen your home, you're going to have to wait for new buyers to enter the market.

### How Long Is Too Long?

You have to look at local conditions in your market to figure how long is too long, but right now, if you're in a pretty popular area, if your home has been on the market for more than a couple of months, it might be time to rethink things.

If you aren't sure, talk to your agent about the average time other homes in your neighborhood are staying on the market. You don't want to reduce your price too soon, which is why it's key to have a good idea of what's happening with houses around yours.

### Should You Relist?

A common way to drum up interest in a home that's been listed for a while is to lower the price.

Another option is to take it off the market and then relist it all together, although that's usually also going to mean a price reduction.

Relisting a home can create the perception that your home is just hitting the market for the first time, but some consider it to be unethical.

Better than trying to work against the market is getting your pricing right before you list your home the first time, which is why you need an experienced realtor. You also need to listen to their advice on things like staging and preparing your home to go on the market, because otherwise, a couple of months out you may find your home isn't seeing much action, and you'll have to do these things anyway.

Courtesy of Realty Times



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# Tips For Redecorating While On A Budget

Most homeowners have a desire to decorate in a manner that suits personal tastes while also being visually appealing. All those home magazines make it look so easy, but can also come with steep prices. When you are limited to a budget that's somewhat smaller, you can still achieve the look you desire without breaking the bank.

## Reuse

Before you start buying new furniture, bedding, and fixtures that will quickly eat through your budget, start by taking an inventory of what you already have. Think about ways that things can be reused. Simple furniture pieces can be painted or even just have the hardware changed out that will change the way a piece looks.

Many types of furniture can serve a different purpose. An unused dining table can become a desk. That old sofa table can be used as a mobile bar if wheels are added. Even a broken dresser can be salvaged and transformed.

## Simple Appearances

Bigger is not always better. Sometimes a few simple changes can make a big impact, with minimal expense. Updating paint colors or just adding an accent wall is one way. You can also change out throw rugs and light fixtures. A small thing, like changing lamp shades or the glass covers on your ceiling fans or overhead lighting, can have a big visual impact as well.

Add covers to pillows and duvets to bedspreads. But what is a duvet? Think of the duvet like a pillow case for bedspreads. You can put an existing bedspread inside the duvet and create an entirely different look. Duvets and pillow covers can be purchased in a variety of patterns and colors, but you could also make your own if you want something more custom.

## Thrifty Shopping

If you still plan to make some purchases, consider used pieces. Second-hand or thrift stores are often great places to buy décor items without spending a fortune. Wholesale, liquidation, and salvage places can also help save some money. Remember to consider possible alternate uses for items as well.

Keep your eyes open for things that people are trying to sell, too. Visit yard sales and flea markets. You can find a wide variety of items that people are selling for low prices. Swap meets are also good places to locate what you might need, while giving you the opportunity to get rid of something that no longer suits your tastes or needs.

## Artwork

An alternative to pricey reprints, or even more expensive originals, is to create your own artwork to display. Try your skill at painting or decoupage. Frame your child's latest art piece. You can even find free artwork to print and use at home. Spruce up some old wooden frames. Things like foiling and sponging can help you turn drab frames into decorative displays.

## One at a Time

The most important thing to remember is to take it one step at a time. Try not to redecorate every room at the same time. You may need to divide your budget into chunks for each room that you want to redecorate. If you go room by room, you may find that you have some money left over that can be used for other rooms. By going one room at a time, you can avoid getting overwhelmed because you have taken on too much at once.

There are numerous options for redecorating on a budget, regardless of how small that budget might be. In your redecorating efforts, you can make huge changes just as easily as you can make small ones, both impacting the final result of a room. In the end, your home can be a display of the things you enjoy in an atmosphere that best suits you.

*Courtesy of Realty Times*

## June Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "Mortgage rates have risen above three percent for the first time in ten weeks. As the economy progresses and inflation remains elevated, we expect that rates will continue to gradually rise in the second half of the year. For those homeowners who have not yet refinanced – and there remain many borrowers who could benefit from doing so – now is the time."

- 30-year fixed-rate mortgage (FRM) averaged 3.02 percent with an average 0.7 points for the week ending June 24, 2021, up from last month when it averaged 2.97 percent. A year ago, at this time, the 30-year FRM averaged 3.13 percent.
- 15-year FRM this week averaged 2.34 percent with an average 0.7 points, up from last month when it averaged 2.27 percent. A year ago, at this time, the 15-year FRM averaged 2.59 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 2.53 percent this week with an average 0.3 points, down from last month when it averaged 2.59 percent. A year ago, at this time, the 5-year ARM averaged 3.08 percent.

*Courtesy of Realty Times*

(continued from page 2)

course, but you're also not going to be paying the interest and fees that come with a home loan.

- Cash buyers have lower closing costs because you're not paying the fees associated with a mortgage like lender fees and loan origination fees.
- A faster closing isn't just a benefit for the seller. It's advantageous for the buyer as well. You might be able to close on a home within a week of your offer being accepted. If you buy with a mortgage, it can take a month or more.
- Once you close, the home really is yours. You don't have the fear of not being able to make the payments and subsequently losing your home.

## The Downsides of Paying Cash

There are a few cons of paying cash for a home that you do have to think about as well.

- Your money isn't liquid. If you're using all of your cash to pay for a house, it's not going to be easy to access it when you need it.
- You could make better returns by putting your money into another type of investment as opposed to putting it all into a house.
- You won't be able to take advantage of mortgage tax deductions. With itemized deductions, you can deduct the interest paid on the first \$750,000 of your mortgage, so your taxable income goes down.

If you're weighing whether or not to buy a house in cash, it can be a good idea to talk to a financial professional first. They can go over all the different scenarios and how that choice could affect you for better or worse.

Of course, if you'd still have money in savings or investments after buying a house with cash, then it might make the decision easier.

*Courtesy of Realty Times*



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## Must-Know Tips For Finding & Decorating with Architectural Salvage

Architectural salvage brings a piece of history into your home. Reclaimed wood, chippy-painted doors, antique signs, and other salvaged pieces add old-world character to homes both old and new. And since you're reusing an existing piece instead of purchasing new, decorating with architectural salvage can be a sustainable way to furnish your home.

Before you set out on the hunt for salvaged treasures, there are a few things you should know, including what to look for when shopping and how to tell if the material is safe to use in your home. Use these tips on shopping for and reusing architectural salvage to make the most of your reclaimed finds.

- 1. Know where to shop for architectural salvage.** To find antique treasures and reclaimed wood, hunt architectural salvage or building supply stores, Habitat for Humanity ReStores, and reclaimed-lumber dealers. Even some big-box stores carry reclaimed wood, and you can often find smaller pieces at flea markets and vintage and antiques shops. Websites like Etsy and eBay are also helpful resources for one-of-a-kind finds. On Craigslist and Facebook Marketplace, you can both search and post requests for items.
- 2. Ensure a good fit.** Measuring is critical to ensure an antique piece fits and functions properly in your home. For example, doors are popular salvage items, but their dimensions can be an odd fit in modern openings. You might have to reframe the opening to make it work. Measure the item and your space carefully before you buy.
- 3. Check return policies.** Even with good measurements, it's hard to know whether a salvaged piece will work in your home. Know a store's policies in case you need to put something on hold before you buy it or return a less-than-perfect find.
- 4. Clean salvaged wood before decorating.** Before bringing salvage such as reclaimed wood into your home, clean it carefully using a stiff nylon brush (\$7, Target). If the wood is in good condition, you can run it under a faucet, hose, or pressure washer. Especially for old barnwood, you should also inspect it for bugs. Wood that has been kiln-dried won't likely harbor lingering creepy-crawlies.
- 5. Test for lead paint.** The chippy patina of previously painted wood is part of architectural salvage's charm, but there could be danger lurking within. An instant test kit (\$10, The Home Depot) can quickly confirm the presence of lead in paint, but it's always prudent to take precautions. Work outside away from your home's doors and windows, and wear proper protection when dealing with chippy-painted wood. Even taking precautions, you might want to avoid bringing anything that's actively chipping or flaking into your home, especially if you have young children or pets. In some cases, spray-painting the piece with a clear sealant can keep it from dropping dangerous paint chips.

*Courtesy of Houzz.com*