

# Rapid City Real Estate Update

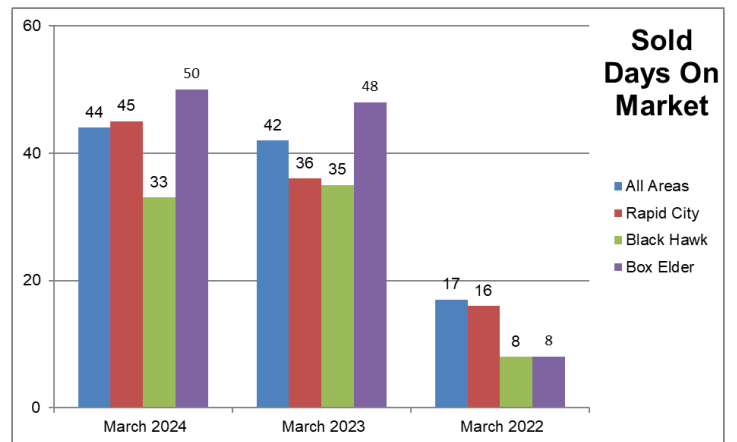
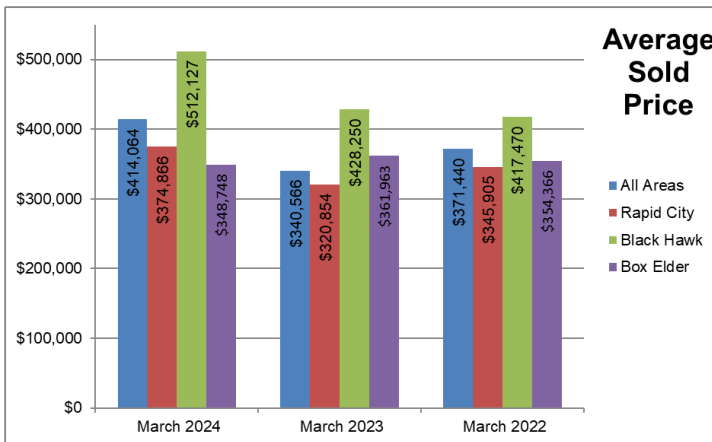
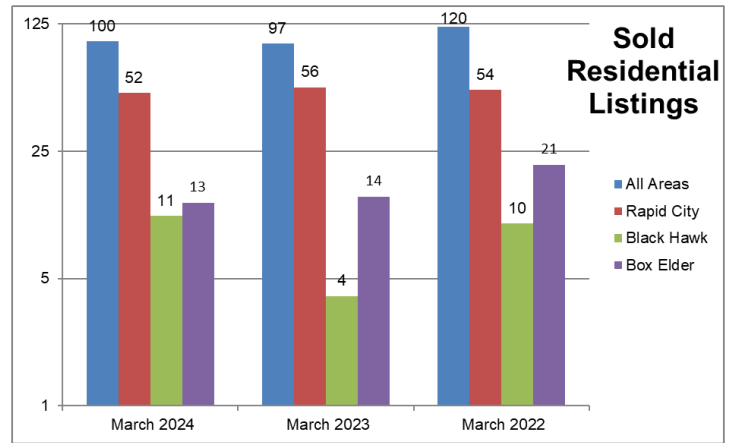
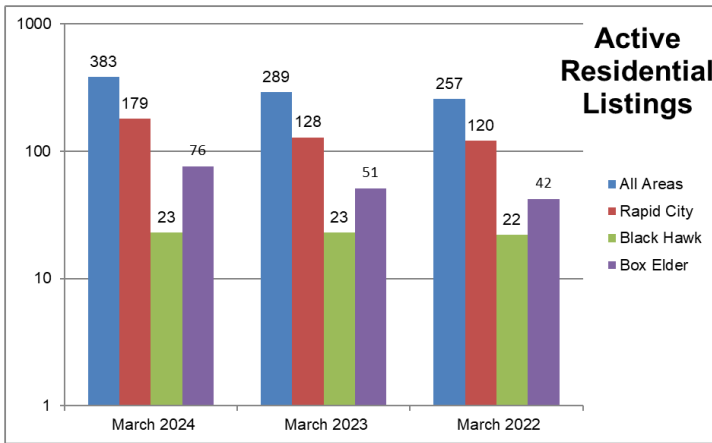


**COLDWELL BANKER**  
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# Rapid City & Area Market Conditions For March 2024



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## 5 Surprising Ways To Invest In Your House

For many people, a home is their largest and most important investment. The good news for people around the country is that housing markets continue to appreciate. After the housing crisis several years ago, home values have increased every year.

With additional equity in their homes, many people are starting to think about investing money back into their home. There are numerous ways that you can improve the value of your home.

### Expanded Driveway

One area that many people never think about changing is their driveway. Over the years, a lot of people have learned that they can expand their driveway to hold more cars. This is especially useful if you have multiple vehicles that members of your family drive.

In the average neighborhood, there is simply not enough space for more than a few cars. It is a small investment to expand the driveway of your home, and the potential future buyers will love this feature.

### New Cabinets

The kitchen is one of the most important areas of the home when it comes to selling. Cabinets are a central point of any kitchen. If you want to improve or replace your cabinets, it is vital to work with a company that has experience in the field. Look for cabinet refinishing companies near you through online sources.

The cabinets in your kitchen should flow with the rest of your home. With such a large investment of both time and money, make sure that you have conducted research on the best cabinets for your current home.

### Tile in Bathroom

Another vital room in your home is the master bathroom. You will spend a lot of your time in this room, so it is important to make it as inviting as possible.

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## Are There Tax Advantages of Buying a Home?



If you're thinking about becoming a homeowner any time soon, there are tax benefits to buying. In particular, tax deductions are one way to reduce your tax bill and income. Tax deductions are different from credits. Credits are money that gets taken off a tax bill. You can think of them somewhat like a coupon. A tax deduction reduces your adjusted gross income or AGI, reducing your tax liability.

The following are key tax benefits and things to know for homebuyers or possible homebuyers.

### Mortgage Interest Deduction

Homeowners can deduct interest on their home mortgage for the first \$750,000 of mortgage debt. That limit is \$375,000 if you're married and filing separately. If you bought your home prior to December 16, 2017, an old limit of \$1 million applies, and \$500,000 if you're married but filing separately.

In January, at the tax year's end, a lender sends you Form 1098. This details the interest you paid over the previous year. You should include the interest you paid as part of the closing too.

Your lender includes interest for the partial initial month of your mortgage as part of your closing. You can locate this on your settlement sheet. If it's not included on the 1098, add it to your total mortgage interest.

### Mortgage Points Deduction

If you paid mortgage points to a lender as part of your loan or refinancing, then each point you buy will generally cost 1% of the total loan. They lower your interest rate by 0.25% each. If you paid, let's say, \$300,000 for your home, every point equals \$3,000. If your interest rate is 4% in this example, the one point will lower your rate to 3.75% for the rest of your loan. You would get a deduction if you gave your lender money for your discount points.

If you refinanced your loan or took out a home equity line of credit, you are eligible for a deduction for points for your loan's life.

Every time you're making a payment on your mortgage, a smaller percentage of the points is built into your loan, and you can deduct that amount for every month you make payments. Again, your lender sends Form 1098, which details what you paid in interest on your mortgage and mortgage points. You can claim the deduction based on that information on Schedule A of your Form 1040 or 1040-SR.

### Private Mortgage Insurance (PMI)

If you have private mortgage insurance, which lenders usually charge to borrowers who put down less than 20% on a conventional loan, you may be able to deduct your payments. PMI usually costs anywhere from \$30 to \$70 monthly for every \$100,000 borrowed. As with other types of mortgage insurance, PMI protects a lender if you don't make your mortgage payments.

Whether or not you can deduct PMI payments can depend on when you bought your home and your income. The IRS says that homeowners can treat what you pay for PMI as interest on a home mortgage. If your adjusted gross income is under \$100,000 or \$50,000 if married, filing separately, you're eligible for the full deduction here.

If you're above that threshold, the deduction is phased out. If your AGI is above \$109,000 or \$54,500 to file separately as a married person, you aren't eligible to take the deduction.

### State and Local Tax Deduction

The state and local tax deduction, also known as SALT, lets you deduct some taxes you pay to the state or local government, but you have to itemize on your federal return. Under the Tax Cuts and Jobs Act, there was a cap on previously unlimited deductions. The cap is \$10,000 per year in combined property taxes and either state income or sales taxes. The cap applies whether you're single or married filing jointly. It goes down to \$5,000 if you're married and filing separately.

### Home Sale Exclusion

If you profit after selling your home, you may not have to pay taxes. If you've owned and then lived in the home for at least two of the five years before the sale, you won't pay taxes on the initial \$250,000 of your profit. This profit is your capital gain. If you're married, filing jointly, that number goes up to \$500,000.

However, at least one of the spouses has to meet an ownership requirement. Both spouses must meet a residency requirement, meaning they have lived in the home for two of the past five years.

### Tax Credits

Finally, you could qualify for a mortgage credit if you received a mortgage credit certificate or MCC from a state or local government agency under a qualified mortgage credit certification program. You can also see if your state offers rebates, tax credits, or incentives for making improvements to your home to make it more energy efficient.

*Courtesy of Realty Times*



## The Sweet Spot of Pricing Your Home

When you and your REALTOR® sit down to price your home, you'll be looking at competitive homes that are the most similar in size, location and amenities as your home. You may find that prices can be thousands of dollars higher or lower. It's tempting to pick the highest price and say, "Let's list it here." But what if your home doesn't sell at that price?

High prices are a strategy that can work in an accelerating market, but it's risky. Your home can sit for months without selling and you'll end up marking the price down, perhaps lower than it should have sold for in the first place.

Pricing your home is a science. The science is choosing the right price at which your home will sell quickly. How do you do that? By analyzing your local market conditions and where your home fits in the spectrum.

The only way your home will sell at the highest price possible is if your buyer agrees to your home's value. To best determine market value, you have three important tools: CMAs, appraisals, and your REALTOR's® knowledge of the market.

### The comparative market analysis

A comparative market analysis (CZMA) is a side-by-side comparison of similar homes for sale as well as homes that have recently sold in your neighborhood. REALTORS® use CMAs to compare the features that make each home unique, including age, location, number of bedrooms, baths, room sizes, updates, condition, etc.

As a seller, you should be able to see where your home fits -- in the top or lower price range

of similar homes. For example, if a similar home to yours has been recently renovated with a new kitchen, expect it to sell for more than your home if your home has not been improved.

### The appraisal

An appraisal is a market analysis performed by a professional appraiser using a variety of sources, including multiple listing system data and conforming loan formulas.

Appraisers most often work for lenders to determine market values, so that lenders can weigh the risk of making a loan to a homebuyer. Appraisals come after an offer is made when the buyer applies for a loan. Even though the buyer pays for the appraisal, the lender uses it to determine whether or not to make the loan at the contract price.

### Other market data

Your REALTOR® has access to data that may not be public through the Multiple Listing Service. This data is provided to broker members to track market trends over weeks, months and years. Some brokers pay data companies for specific markets that help them plan their business, such as the number of listings on hand, which zip codes are the hottest, and whether closings are trending up or down over last month or last year.

Your REALTOR® uses all this data to help you hit the sweet spot of pricing. That's high enough to reflect your home's value, but attractive enough to buyers to get it sold quickly.

Courtesy of Realty Times

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Upgrading the floors in your bathroom is a great choice. Tile is the most common piece of material to use. Not only does it last longer, but it looks much better than other options as well.

Heated tile is another feature that many people enjoy. In the cold mornings of the winter, heated tile can be a nice luxury. As soon as you walk on the tile, your feet will be heated and you will enjoy the bathroom experience much more. This is new technology that a lot of people are upgrading to.

### Smart HVAC System

Everyone knows that a new HVAC system is not cheap. However, there are new HVAC systems that focus on reducing your total energy consumption. Although these units are still expensive, you will save some money every month on lower electricity bills.

With so many options on the market today, it is vital to spend some time finding the right model for your home. If you live in a cold area, make sure the heating unit is large enough to heat your entire home. In many areas, the upstairs part of the home is difficult to heat in the winter without a large unit.

### New Paint

Perhaps the easiest way to improve the value of your home is to simply paint the walls. New paint on the walls can really improve the look and feel of your home. Although you can do the painting yourself, it makes sense to hire someone who has experience painting.

Painting an entire house is a long process. Although it will not be cheap, it will improve the value of your home greatly. This is one of the best things to do right before you list a home on the market.

Investing in your home is one of the best financial decisions that you can make. As the housing market continues to improve in value, investing in your home will help you financially. You can even use the equity in your home to pay for the new upgrades that you want.

Courtesy of Realty Times

## March Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "Mortgage rates moved slightly lower this week, providing a bit more room in the budgets of some prospective homebuyers. Additionally, encouraging data out on existing home sales reflects improving inventory. Regardless, rates remain elevated near seven percent as markets watch for signs of cooling inflation, hoping that rates will come down further."

- 30-year fixed-rate mortgage (FRM) averaged 6.79 percent for the week ending March 28, 2024, down from last month when it averaged 6.9 percent. A year ago, at this time, the 30-year FRM averaged 6.32 percent.
- 15-year FRM this week averaged 6.11 percent, down from last month when it averaged 6.29 percent. A year ago, at this time, the 15-year FRM averaged 5.56 percent.

Courtesy Of Realty Times



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# Black Hills Events

## **Rapid City Marshals Games**

April 27, May 12 & 18  
The Monument, Rapid City

## **Black Hills Farmers Market**

April 20 & 27  
May 4, 11, 18, & 25  
Market Park, Rapid City

## **Spring Marketplace Pop-Up**

April 27  
The Monument, Rapid City

## **Naja Shrine Circus**

May 3-5  
The Monument, Rapid City

## **Mother's Day Brunch at at The Box**

May 12  
The Box, Box Elder

## **Deadwood's Craft Beer Fest: Hops & Hogs**

May 17 & 18  
Deadwood

## **Open House Weekend - National Kids to Parks Day**

May 18 & 19  
Custer State Park

## **Mother's Day Special, 1880 Train**

May 12  
1880 Train, Hill City