

# Rapid City Real Estate Update

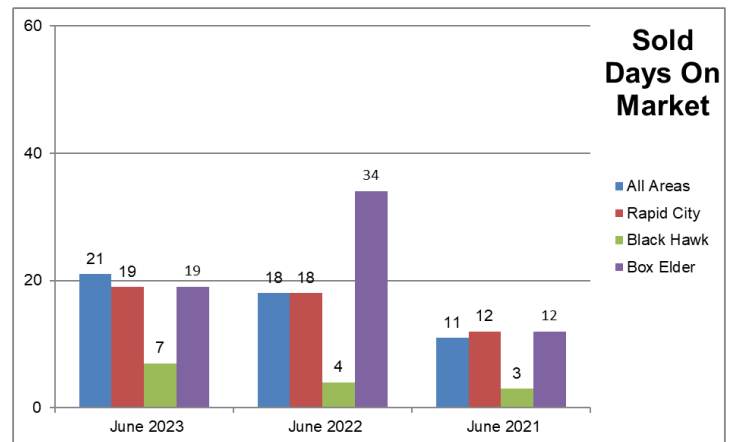
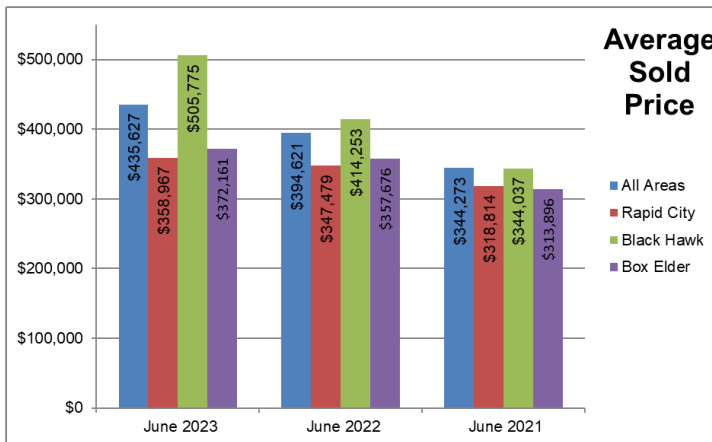
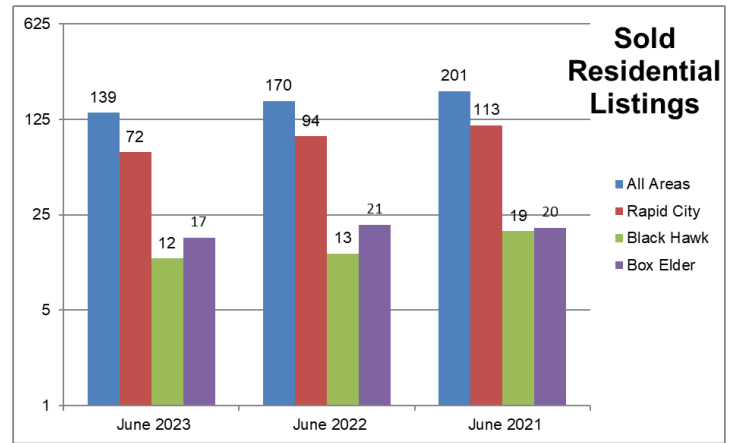
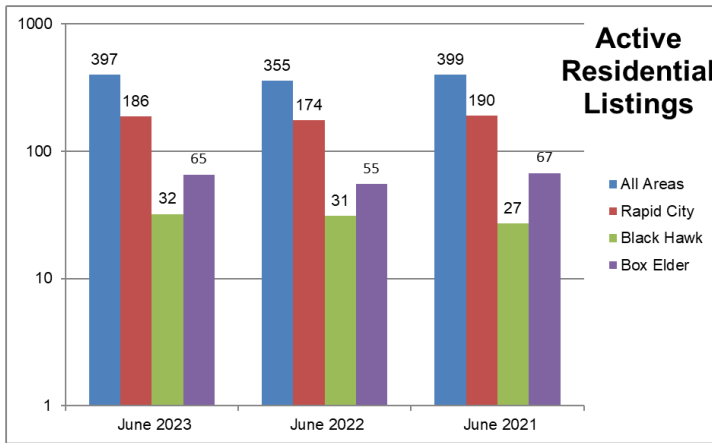


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## Rapid City & Area Market Conditions For June 2023



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## How Does The Prime Rate Affect Homebuyers?

If you're shopping for a new house or considering investing in real estate, you might have encountered the term prime rate. The prime rate impacts current mortgage rates and loans, and at its core, it's equal to the best interest rate at any given lender or financial institution that will be offered to the most creditworthy clients.

### Basics of the Prime Rate

The prime rate is the mortgage rate that's the best possible that a lender will offer a borrower for any amount of money. That said, the prime rate is typically unavailable to the everyday buyer or consumer.

Shifting the prime rates can also pressure interest rates charged on mortgages and other financial products like credit cards. Usually, only corporations and institutions are actually eligible for the prime rate because they're seen as the lowest-risk clients for a financial lender.

The Federal Open Market Committee's federal funds rate determines the prime lending rate. The Fed funds rate is the rank banks use to lend money to each other, also known as the overnight rate.

A bank will typically use a combination of the federal funds rate plus three for determining the prime interest rate.

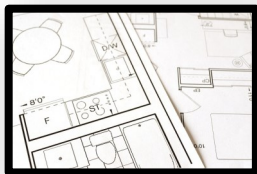
### Applications of the Prime Interest Rate

While you might not get the prime rate, it's a benchmark for lenders. It's often described as an underlying index used to determine consumer rates and the costs of borrowing money through credit cards, mortgages, home equity loans, lines of credit, and more. If you apply for a financial product, the current prime rate will ultimately affect your rate.

It's like a starting point for lenders to set their rates and decide on the profit margin they'd like to see.

Another relevant term here is the mortgage margin in real estate. It's the difference between the index, the prime rate in this situation, and the interest rate charged on a loan. It's a percentage of the difference the lender charges for whatever they lend.

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## What To Know Before You Change Your Home's Layout



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When you're planning a home renovation project, there is one of two categories it's likely to fall into. The first is a simple cosmetic refresh. For example, maybe you're going to reface your cabinets and change out the light fixtures, but there's no major work to be done. Changing floors is another example of a cosmetic project.

Then, there are those large-scale projects that involve taking out walls and changing the layout of your home.

Big projects involving layout can be intimidating, so what should you know?

### Is Reconfiguration the Right Choice?

Before you start hiring or knocking down walls, are you sure that reconfiguration is the right choice?

Think about what your current limitations are with your layout and think about if you're better off with an addition, a change in floorplan, or maybe both. As you're weighing the decision, don't start thinking about finishes and furniture just yet. Those are largely superficial elements of home design. You need to get the logistics right first, and then the other things come later.

Think about what challenges you currently face and the solutions most likely to address those.

### Opening Up Your Floorplan

One of the primary reasons to change a home's layout is to open up the main living areas. For example, you might want an open-concept kitchen, living area, and dining area.

If you're going to open up a floorplan, you're likely going to be taking out at least one wall. If so, you should talk to an architect to figure out which walls are load-bearing and what you can do to make up for the loss of those. For example, you might use beams or pillars. Maybe you need both. You'll also probably need a permit if you're changing a load-bearing wall and plumbing or electrical work that might be required.

If you're planning to create an open floor plan, the cost is usually anywhere from \$8 to \$15 per square foot of affected space, and you might be able to get a return on your investment of anywhere from 54 to 60%.

### What About Making Rooms from Open Spaces?

While most people prefer open concepts, some people want to go in the opposite direction. They want to create more enclosed rooms out of open spaces. For example, maybe you want to create a formal dining room.

Adding a wall will also probably require you to get permits, especially if the changes will involve electrical work. You'll probably work with a contractor, but not necessarily an architect if you're adding rooms.

### Creating a Master Bedroom

If you have a master bedroom now that's small and you want to expand into another bedroom, for example, you will again need an architect if you plan to take out walls. What a lot of homeowners will do is reduce the size of a connecting bedroom and then add a master bathroom suite and perhaps a large closet.

In a project like this, a general contractor can be valuable because they can keep your workflows moving along efficiently, and they can manage subcontractors so you don't have to.

### Adding a Bathroom

Finally, if you want to add a bathroom, you may choose to use space that's already connected to an existing bedroom. You might also turn a bedroom, back-to-back closets, storage area, or walk-in closet into a bathroom.

As with the circumstances above, you will need full permits. You also will want to hire a general contractor. It will be more expensive, time-consuming, and generally a larger headache if you try to hire everyone on your own unless you already have people you know and trust such as a carpenter, electrician and plumber.

*Courtesy of Realty Times*



## 5 Appliance Repairs That You Can Do Yourself (and 2 You Shouldn't)

Appliances are integral to our daily lives, and when they stop working the way that they should, it can be a serious problem. Many appliance repair jobs tend to cost a lot of money, and can be time consuming to schedule. In many instances, however, it's possible to do the repair yourself, sometimes in just minutes. The following five repairs can be done by most homeowners, while the last two should always be left to the pros.

### Replace the Thermostat in The Dryer

If the dryer isn't getting hot, it could be the thermostat. The thermostat often breaks and when it happens, the dryer won't heat up. You can purchase a new thermostat at most hardware stores for under \$80, which is a pretty big savings on most dryer repairs, which cost around \$180. Follow the manual for your specific brand of dryer to locate the thermostat and purchase the most relevant model.

### Clear the Drain in the Dishwasher

If the dishwasher is no longer draining, it is most likely a clog in the drain. You can clear this yourself in just minutes with the use of a shop vac. Just disconnect the drain and insert the shop vac's hose. Run the hose for a few minutes, then try the dishwasher again. This method can save you on further dishwasher repairs.

### Replace the Fan in the Freezer

If the freezer is no longer keeping things cold, it's probably the freezer fan. The fan is what circulates the cold air through the freezer, and if it shorts out, the cold air won't reach to all areas. A new fan is around \$85 at your local hardware store, and you can replace it in a few minutes with a screwdriver. Just remove the cover, unscrew and disconnect the fan, and put in the new one.

### Clean Coils in the Refrigerator

If the fridge is not staying as cool as it should, it's probably because the coils are dirty. These are located under or behind the fridge, and are a collection place for a lot of debris, dust, and pet hair. When the dirt builds up, the coils end up freezing, rather than cooling what's inside. To clean them, just unplug the fridge, slide it out and go around the back to where you can see the coils. You can use a vacuum, a duster, or a cloth and get them clean. Then just put your fridge back in place, plug it

back in, and give it an hour to get back down to its normal temperature.

### Unclog the Burner in the Gas Stove

Gas stoves that aren't lighting and aren't giving off a smell of gas may seem to be a big problem, but it's usually a small issue that's easily fixed. First just make sure that the electricity and gas lines to the stove are working properly. If the electricity and gas lines are in good order, the burner is probably clogged. Shut off the gas to the stove, then grab a small brush and some cleanser. Clean the burner head well, scrubbing it out. When you turn on the gas and turn the burner, it should light right up.

### When to Call a Pro

While the above fixes can be done yourself with little to no problem, there are definitely fixes that you should call in the professionals for.

### Repair the Icemaker Broken on the Fridge

If your icemaker suddenly dies, and it's still connected to the water supply, the problem is most likely the compressor. The cost to repair the icemaker can get up to \$300 depending on the brand, which is the costliest part of repairing a refrigerator and necessitates some major work on the refrigerator itself. For this one, you need to call in a professional repairman to take a look and do the work. It's too easy to make things worse in this area, which can lead to a full replacement, so if your icemaker seems to be on the fritz, call in the pros.

### Repair the Microwave

There are many things that can fail with a microwave, and all of them require professional assistance. Even if you think that the repair is a quick or easy one, microwaves can be dangerous both to work on and to have working when not in proper repair. They can leak microwave radiation into the rest of your home if not properly sealed when working, so before you start poking around in there, call a professional for help.

### Take Care of Your Appliances

Simple fixes are often all that's necessary to avoid a big repair bill. Know when you can DIY and when you need to call a pro to keep things running smoothly.

*Courtesy of Realty Times*

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The rates are noted as the annual percentage rate (APR). If you have an excellent credit history and score, your rate might be the prime plus 9% for a credit card. For example, if you had a lower score, it could be prime plus 15%.

Because the prime rate is used as a baseline by most banks, increases or decreases will lead to a fluctuation in adjustable-rate mortgage payments and new loan applications are also affected. As of May 2023, the prime rate is 8.25%. It went up from the March rate of 8.00% to the February rate of 7.75%.

Throughout 2020 it was between 3-4%, and in 2022 it varied greatly. Early in 2022, it was around 3.5%, and by the end of the year, it went up to 7.50%.

Overall, the prime rate has been increasing since May 2022, around the same time the Fed started increasing interest rates to combat soaring inflation.

Institutions aren't required to raise prime rates following the actions of the Fed, but most banks and financial services providers note Fed changes and use them to justify their prime rates.

Along with changing based on the federal funds rate, other factors like loan demand and inflation can lead to changes in the prime rate.

As well as affecting an adjustable-rate mortgage, your interest rate could be based on your prime rate if you already have an existing home equity loan or line of credit. If the prime rate goes up, you might see increases in these loans' interest rates.

Unrelated to mortgages, if you have a credit card with a variable interest rate, it might be based on the prime rate. If the prime rate increases, your credit card interest rate may too. Fixed-rate loans or lines of credit aren't impacted if there's a change in the prime rate. There's no limit on how much prime rates can rise, and while it can adjust at any time, it's usually only going to shift in any significant way when a benchmark is adjusted.

To sum up, a prime rate is geared toward corporate clients, but when it comes to real estate, it's like a barometer of what you might expect on mortgage interest rates and payments.

*Courtesy of Realty Times*

## June Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "Mortgage rates slid down again this week but remain elevated compared to this time last year. Potential homebuyers have been watching rates closely and are waiting to come off the sidelines. However, inventory challenges persist as the number of existing homes for sale remains very low. Though, a recent rebound in single-family housing starts is an encouraging development that will hopefully extend through the summer."

- 30-year fixed-rate mortgage (FRM) averaged 6.67 percent for the week ending June 22, 2023, up from last month when it averaged 6.57 percent. A year ago, at this time, the 30-year FRM averaged 5.81 percent.
- 5-year FRM this week averaged 6.03 percent, up from last month when it averaged 5.97 percent. A year ago, at this time, the 15-year FRM averaged 4.92 percent.

Courtesy Of Realty Times



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# Black Hills Events

## **Black Hills Farmers Market**

July 15, 19, 22, 26 & 29  
August 2, 5, 9, 12, 16, 19, 23, 26 & 30  
Market Park, Rapid City

## **Family Food Truck Night**

July 18 & 25, August 1, 8, 15, 22 & 29  
5:00 PM to 8:00 PM  
Canyon Lake Park, Rapid City

## **Summer Nights**

July 20 & 27, August 3, 10, 17, 24 & 31  
6:00 PM to 9:00 PM  
Downtown Rapid City

## **Food Truck Friday**

July 21 & 28  
11:00 AM to 2:00 PM  
Main Street Square, Rapid City

## **Gold Discovery Days**

July 21 - 23  
Custer

## **Bierborse Festival**

July 22 - 1:00 PM to 5:00 PM  
Main Street Square, Rapid City

## **Days of 76**

July 23 - 29  
Deadwood

## **Jurassic Quest**

July 28 - 30  
The Monument

## **Sturgis Motorcycle Rally**

August 4 - 12  
Sturgis