

Real Estate Guide



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Real Estate is going strong in Huron

Another FANTASTIC year in the Huron Real Estate Market! While 2021 set many records in the Huron housing market, 2022 still finished strong.

The economy, politics, and post-pandemic recovery are all factors which had some impact on our market.

Year-over-year, 2021 vs 2020 shows a decrease (or market adjustment) coming down off of the historic 2021 market highs. The number of sold listings showed a 20.2% drop from 223 to 178, along with the Active listings similarly showing a 20.9% decrease, with New Listings falling by 15%.

Most notably, our Average List Price increased



James Tharp, Realtor
Montgomery Real Estate /
HBOR President

by 5%; however, the market spoke and corrected that increase with a 4.29% decrease in the Average

Sales Price. Despite decreases ... our numbers and overall trending is stellar.

How is the Huron real estate market? We continue to be a steadfast community which, while still impacted by national factors, only allows for minimal interruption on our normal course of business. This is truly a strength of Huron. As we look back at historic national events, our housing market is minimally affected.

For example, from the national market crash of 2008, our 2009 housing market remained strong: we had a year-over-year increase of 17.96% for the Average List Price, 18.56% increase in Average Sales price, 4.5% increase in Sold Listings, and 8.3% increase in New Listings — an anomaly compared to the State and National Stage.

While other areas touted “housing bubbles” over the years, we had moderate increases, which in turn avoided significant market adjustments which other areas of the state and across the country experienced. 2023 is off to a great start and we look forward to keeping you abreast as the year unfolds.

The Huron Board of REALTORS strives to provide accurate and timely information to our market and encourage the ongoing education of our members. This commitment serves as a valuable resource to the Huron Community and all it touches!

Please visit our webpage at HBOR.org or our Facebook page at Huron Board of REALTORS for more information.

For more information contact your trusted REALTOR to learn more about our industry and market.



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Did you know?

It's no secret that a good-looking lawn can entice buyers when selling a home, but homeowners may not realize just how much they can benefit from even the smallest investments of time and money in their home exteriors. According to the Top Agent Insights Q2 2019 Report from HomeLight, low-cost outdoor home improvements to a landscape provide sizable returns on investment. For example, the report found that a \$268 investment in a lawn care service can lead to a \$1,211 increase in home value at resale. Similarly, \$340 worth of fresh mulch can increase home value at resale by \$769. More than 85 percent of real estate professionals who participated in the HomeLight survey recommended other small and simple projects, including removing dirt, grime and cobwebs from a home entrance and trimming trees and shrubs prior to putting a home on the market.

How energy efficient is your fireplace?

A fireplace may take the chill out of those frosty days of autumn in the cold weather climates, but it may not really be effective in reducing your overall energy bill.

A properly functioning fireplace flue will not only draw out the smoke but also about 20 percent of the heated air in the room each hour. In addition, you are likely only receiving 15 percent of the potential heat produced by each burning log because much of the combustible material in the wood is lost as gas without burning or producing heat.

This doesn't mean you should give up your dream of cozy nights by the fire. A few simple modifications



Shawn Harvey
Owner – Broker
Montgomery Real Estate

can increase the energy efficiency of your fireplace.

A heating grate made of hollow tubing that wraps around logs and extends over their tops, can re-

circulate heat produced by the fireplace into the room. Certain models are equipped with electric blowers that direct hot air into the room instead of up the chimney.

Fireplace covers also increase heating efficiency. Steel covers with fire-resistant glass enable you to watch the fire while receiving radiant heat through the glass. But be sure to leave your damper open when the fire is burning, or the coals are still glowing.

A cover should be placed over the opening of the fireplace at the end of the evening when the fire is nearly extinguished, but hot enough to require an open damper to release the smoke. Make certain the cover is tight-fitting around

the edges so that the room heat does not escape.

New technology can improve the efficiency of an existing open fireplace. Open fireplaces exhaust large quantities of air up the flue, resulting in drafts that pull the heat out of the home. An open fireplace only has an energy efficiency of about 5 to 6 percent.

Homeowners can boost the efficiency of an existing open fireplace by installing a gas-fueled or wood-burning fireplace insert. Inserts fill the existing fireplace opening and connect to the existing flue. These inserts, which use a catalytic combustion system, ensure clean burning and proving a 78 percent efficiency. A

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NAR forecasts stable home prices in 2023

WASHINGTON — Lawrence Yun, NAR (National Association of Realtors) chief economist and senior vice president of research, forecasts that 4.78 million existing homes will be sold, prices will remain stable, and Atlanta will be the top real estate market to watch in 2023 and beyond. Yun unveiled the association's forecast today during NAR's fourth annual year-end Real Estate Forecast Summit.

Yun predicts home sales will decline by 6.8% compared to 2022 (5.13 million) and the median home price will reach \$385,800 — an increase of just 0.3% from this year (\$384,500).

"Half of the country may experience small price gains, while the other half may see slight price declines," Yun said. "However, markets in California may be the exception, with San Francisco, for example, likely to register price drops of 10–15%."

Yun expects rent prices to rise 5% in 2023, following a 7% increase in 2022. He predicts foreclosure rates will remain at historically low levels in 2023, comprising less than 1% of all mortgages.

Yun forecasts U.S. GDP will grow by 1.3%, roughly half the typical historical pace of 2.5%. After eclipsing 7% in late 2022, he expects the 30-year fixed mortgage rate to settle at 5.7% as the Fed slows the pace of rate hikes to control inflation. Yun noted this is lower than the pre-pandemic historical rate of 8%.

Your REALTOR® Can Help You Win

Regardless of the market, buying a home is complicated. It involves expert negotiations and familiarity with contracts and extensive paperwork.

A good Realtor will have a thorough understanding of the market. This includes providing a comprehensive report known as a comparative market analysis (CMA) to help you understand market trends and determine what price to offer. CMAs will also provide you with the important "need to know" facts such as how long the home has been on the market and whether the price has gone up or down. This information can be incredibly valuable when it comes to evaluating whether a home is a safe investment and worth the price you'll pay for it in today's market. In addition, there are often small problems with initial negotiations and paperwork that, if unnoticed, can put your entire transaction in jeopardy. Your REALTOR® or real estate agent will work with you closely to ensure nothing falls through the cracks.

FIREPLACE:

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fan provides natural convection heating, and a thermostat ensures steady, even heat.

The type of wood burned can also affect the fireplace efficiency. Harder woods such as birch, oak, and maple burn more slowly and give more evenly distributed heat. Softer woods such as pine burn faster and more unevenly. Beware of green, unseasoned wood which are difficult to burn and produce a great deal of smoke.

The damper should be kept closed whenever the fireplace is not in use unless you are using natural ventilation to cool your home. Otherwise, you may find that it could pull expensive heat or cooled air from your house, which adds to your energy bill. To be sure the damper closes tightly, hold a hand mirror inside the chimney base to check for light leaks.

As a safety precaution, it's also a good idea to have your chimney swept each year to remove debris and check for obstructions.

Installing a fireplace insert also adds to the value of your home. According to statistics compiled by Remodeling magazine, a fireplace can return as much as 140 percent of the homeowners investment.

Real estate financing options

The decision to buy a home is significant. Real estate is the biggest investment the average person will make in his or her lifetime, which underscores just how significant the home buying decision can be.

The real estate experts at Zillow recently reported that the national median price of a home in the United States is \$272,446. However, since the National Association of Realtors reported a record low housing inventory late in 2020, the average house price has been rising rapidly nationwide. The Federal Reserve Bank of St. Louis estimates the median home sales price at \$374,900, and certain states have much higher prices. WOWA, a real estate and finance technology company, says the average sale price of a home in Canada was \$679,051 in July 2021.

Most people do not have \$300,000 to \$600,000 in savings on



FINANCE:

hand to purchase a home in cash. That means they'll need to rely on financing to pay for their dream homes.

Conventional lending

Conventional lending refers to when a bank or another financial institution loans a home buyer money to buy a home. This is one of the most common ways to fund a home purchase. Personal credit score as well as credit history help determine eligibility and interest rates for conventional loans. Availability of assets as well as income level are some additional determining factors. Conventional loans are traditionally 10-, 15- or 30-year notes and will require a certain percentage as the down payment to secure the loan. The bank will determine the down payment requirement, which is typically somewhere between 3 and 20 percent.

FHA loan

A Federal Housing Administration loan is issued by an FHA-approved lender. These loans are designed for low-to-moderate-income borrowers,

according to the financial guide Investopedia. FHA loans require lower minimum down payments and lower credit scores than many conventional loans. FHA loans also require mortgage insurance up front, plus annually for 11 years or the life of the loan depending on the length of the loan.

HELOC

A Home Equity Line of Credit, commonly called a HELOC loan, borrows against the available equity in your home to create a line of credit, much like a credit card. These funds can be used for large expenses or to consolidate higher-interest rate debt on other loans, according to Bank of America. It may be possible to use a HELOC to secure funding to make improvements to a home for those who want to flip it as an investment property.

Private money lenders

Individuals investing in real estate who do not intend to use a property as a primary residence may turn to private money lenders. These inves-

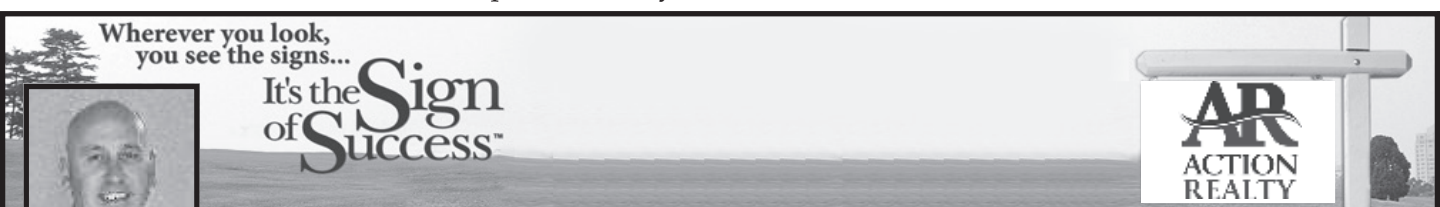
tors can tap into capital from personal connections and lend at specified interest rates and payback periods, according to Fortune Builders, a real estate investing resource. Keep in mind the interest rate will likely be higher with a private lender than through a conventional lender. The repayment term also will be shorter.

VA-backed loan

The U.S. Department of Veterans Affairs has a program for acquiring loans through conventional lenders that will be partially guaranteed against loss through the VA. This enables a lender to give better loan terms, such as the option to pay no down payment. Interested parties need to qualify for a Certificate of Eligibility and then work with qualified lenders.

People have several options to finance the purchase of a home. These loans can help make the dream of home ownership a reality. Potential buyers are urged to speak with mortgage professionals or financial planners to consider their options.

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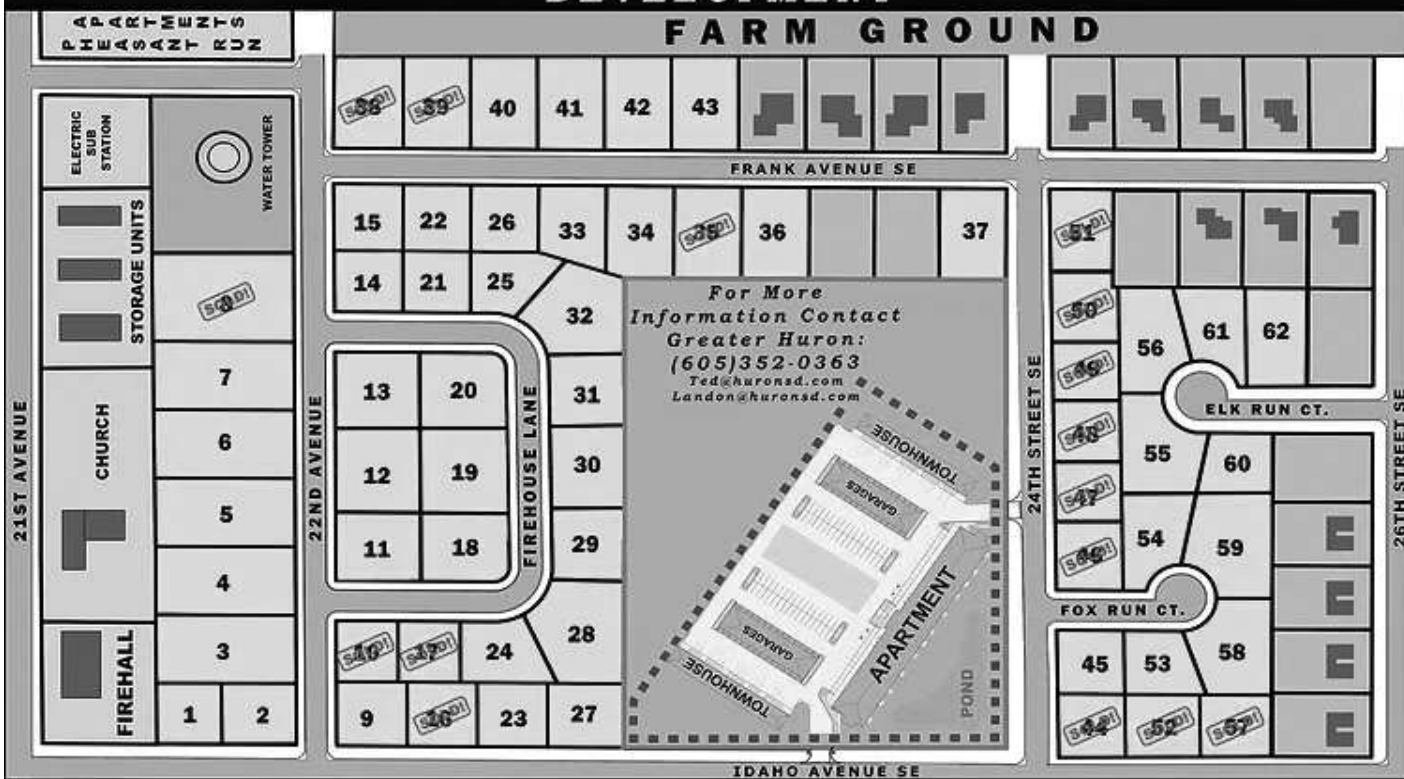


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Existing-home sales receded 1.5% in December

WASHINGTON — Existing-home sales retreated for the 11th consecutive month in December, according to the National Association of Realtors®. Three of the four major U.S. regions recorded month-over-month drops, while sales in the West were unchanged. All regions experienced year-over-year declines.

Existing-home sales in the Midwest fell 1.0% from the previous month to an annual rate of 1.01 million in December, falling 30.3% from one year ago. The median price in the Midwest was \$262,000, up 2.9% from December 2021.

Total existing-home sales, completed transactions that include single-family homes, townhomes, condominiums and co-ops — decreased 1.5% from November to a seasonally adjusted annual rate of 4.02 million in December. Year-over-year, sales sagged 34.0% (down from 6.09 million in December 2021).

“December was another difficult month for buyers, who continue to face limited inventory and high mortgage rates,” said NAR Chief Economist Lawrence Yun. “However, expect sales to pick up again soon since mortgage rates have markedly declined after peaking late last year.”

Total housing inventory registered at the end of December was 970,000 units, which was down 13.4% from November but up 10.2% from one year ago (880,000). Unsold inventory sits at a 2.9-month supply at the current sales pace, down from 3.3 months in November but up from 1.7 months in December 2021.

The median existing-home price for all housing types in December was \$366,900, an increase of 2.3% from December 2021 (\$358,800), as prices rose in all regions. This marks 130 consecutive months of year-over-year increases, the longest-running streak on record.

“Home prices nationwide are still positive, though mildly,” Yun added. “Markets in roughly half of the country are likely to offer potential buyers discounted prices compared to last year.”

Properties typically remained on the market for 26 days in December, up from 24 days in November and 19 days in December 2021. Fifty-seven percent of homes sold in December 2022 were on the market for less than a month.

First-time buyers were responsible for 31% of sales in December, up from 28% in November and 30% in December 2021. NAR’s 2022 Profile of Home Buyers and Sellers — released in November 2022 — found that the annual share of first-time buyers was 26%, the lowest since NAR began tracking the data.

All-cash sales accounted for 28% of transactions in December, up from 26% in November and 23% in December 2021.

“Cash buyers are unaffected by fluctuations in mortgage rates and were able to take advantage of lower prices in some areas,” Yun said.



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Tips for choosing a great real estate agent

In a “normal” market, buying a home can be a stressful experience. In today’s housing market, this is compounded.

It’s no wonder that 87% of home buyers purchased their homes with the help of a real estate professional.

But what is the best way to find a great buyer’s agent? Ask friends and family for recommendations. According to the National Association of Realtors, forty-seven percent of home buyers used an agent that was referred to them by a friend, neighbor or relative. Previous home buyers are one of your best methods for finding an agent, as they can speak about their own personal experiences

Search online for local, active, and experienced agents. Social media and online searches are a great way to find an agent that matches your needs. You can read agent reviews and discover whether they work primarily with buyers or sellers. Many agents brand themselves as specializing in first-time home buyers

Speak with more than one agent. By talking to several agents, you’ll be able to compare and contrast strengths and weaknesses that could have a major impact on your home buying experience. Be direct about your wants and needs. Ask plenty of questions to determine which agent will be the best fit for you and your situation

Don’t overlook the importance of the right personality. Finding the right agent is about more than just someone who’s been in the business for decades. Don’t overlook the importance of choosing a Realtor with whom your personality fits. You’ll be spending a lot of time together. It’s important to work with someone whose company you enjoy, and who you feel truly understands your needs and goals

Working with the right agent can be the difference between a good or not-so-good home buying experience.

HOME SALES: From Page 8

Individual investors or second-home buyers, who make up many cash sales, purchased 16% of homes in December, up from 14% in November but down from 17% in December 2021.

Distressed sales — foreclosures and short sales — represented 1% of sales in December, virtually unchanged from last month and one year ago.

According to Freddie Mac, the 30-year fixed-rate mortgage(link is external) averaged 6.15% as of January 19. That’s down from 6.33% last week, but up from 3.56% one year ago.

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Tips for home buyers during a seller's market

A combination of factors, including low interest rates and a pandemic-driven decision by many city dwellers to look for houses in the suburbs, has created a housing boom for much of 2020 and 2021. That boom has created an undeniable seller's market in real estate.

Just what is a seller's market? The financial resource Investopedia defines it as a marketplace in which there are fewer goods for sale than there are interested buyers, giving sellers the ability to dictate prices. Since mid-2020, there has been an extremely low inventory of homes for sale but a very high interest among purchasing parties.

Data from the National Association of Realtors indicated that, by the end of February 2021, housing inventory fell to a record low of 1.02 million units. These factors have led to a surge in competition from buyers, including bidding wars on homes and all-cash offers to entice sellers. In December 2020, the median listing prices for single-family homes shot up 13.4 percent from the same time the previous year, according to Realtor.com, and it hasn't slowed down much since.

Jeffrey Mezger, a 40-year veteran of the real estate industry and CEO of KB Home, says it's the best seller's housing market he's seen in his career.

So where does this leave buyers interested in relocating? Here are some tips.

- Consider areas with slower overall price growth. Experts say the southern and midwestern United States offer the best value for home shoppers because of their meager price growth. ClearCapital, which tracks housing values, says San Antonio, St. Louis and the Dallas/Fort Worth areas experienced the least price appreciation from 2019 into 2020.

- Get preapproval or have your funds ready. Speed is the way to go if a buyer is interested in a property and wants to make an offer. Real estate professionals say buyers should be "offer ready," which means having a mortgage preapproval letter or proof of funds for a down payment ready to go. Failure to have funds in check can slow down the process or compel sellers to reject an offer.

- Work with a real estate agent. These are complicated times and it pays for buyers to have a professional working in their corner. A real estate agent uses his or her knowledge to make a timely offer and negotiate on the buyer's behalf. He or she also will provide insight into specific neighborhoods, amenities and school districts.

- Eliminate certain contingencies from the equation. Contingencies are factors that must be met before a sale can go through, according to the relocation site Moving.com. A common contingency is the need to sell one's current home before closing on another. Asking for extended closing periods or certain home repairs are some additional contingencies that can make buyers less attractive to sellers.

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First-time home buyers: *How your Realtor can help you win*

BY CRAIG BERRY

NATIONAL ASSOCIATION OF REALTORS

Do you need a Realtor to buy a house? You're not legally required to work with a Realtor when you buy a house. But it usually makes sense to do so — especially if you're a first-time buyer in the current market.

Your Realtor will help you craft the right offer to win in a competitive bidding war. And keep in mind that as a buyer, you won't pay your Realtor out of pocket; the seller typically pays all agents involved in the sale.

If you're still on the fence, learn more about what a real estate agent does and how yours can help you succeed in this historic housing market.

Anyone who's shopping for a home knows it's a historically tough market.

Until recently, home buyers have enjoyed near-record-low interest rates. But today, they face a housing environment with rapidly increasing rates and scarce supply. Suppressed inventory levels in most parts of the country caused home prices to increase by nearly 20% between April 2021 and April 2022.

If you want to win a home in these conditions — and be sure you're making a sound investment — a great Realtor can be your biggest asset.

Having a knowledgeable agent on your side, knowing exactly what to offer in a bidding war, and how to struc-

ture the offer, could be the difference in whether or not you win the home of your dreams.

Regardless of the market, buying a home is complicated. It involves expert negotiations and familiarity with contracts and extensive paperwork.

A good Realtor will have a thorough understanding of the market. This includes providing a comprehensive report known as a comparative market analysis (CMA) to help you understand market trends and determine what price to offer. CMAs will also provide you with the important "need to know" facts such as how long the home has been on the market and whether the price has gone up or down.

This information can be incredibly valuable when it comes to evaluating whether a home is a safe investment and worth the price you'll pay for it in today's market.

In addition, there are often small problems with initial negotiations and paperwork that, if unnoticed, can put your entire transaction in jeopardy. Your Realtor or real estate agent will work with you closely to ensure nothing falls through the cracks.

"I have seen many people try to go in without a Realtor and then later hire one as the negotiation process is so tedious and difficult to understand on their own," says Jon Meyer, licensed loan officer and The Mortgage Reports loan expert.

Finally, your agent will help structure your offer so it's attractive to sellers and competitive against other buyers. This is an indispensable skill — especially if you're a first-time buyer who can't pay in cash or make a huge down payment.

Prior to even entering today's volatile housing market, first-time home buyers tend to have more challenges.

Often, first-timers are younger, which can potentially mean lack of credit history and/or lower credit scores. In addition, younger buyers' employment history is often shorter; their income may be lower than older, more established home buyers; and they've had less time to save for a down payment.

All of this leaves first-time buyers less competitive in bidding wars, less likely to secure a loan, and sometimes less appealing to sellers.

Fortunately, having the right real estate agent in your corner can make up for a lot of these challenges.

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BUYING TIPS: From Page 10

note with the offer that may connect with the seller emotionally and set one them apart from others who have made similar offers.

Buying in a seller's market can be challenging. But some strategies can set buyers apart from the pack.

What to know about refinancing a mortgage

Historically low interest rates have made now a good time to be a homeowner. According to the Federal Home Loan Mortgage Corporation, also known as Freddie Mac, the average interest rate on a 30-year fixed-rate mortgage in mid-September 2021 was 2.86. Just 10 years earlier, the average rate was 4.09. That's a significant dip, and one that's saving today's homeowners tens of thousands of dollars over the life of their mortgages.

Refinancing can be financially advantageous, but there are some things homeowners should know prior to contacting their lenders.

Refinancing does not always save money over the long haul

It's hard to blame homeowners who jump at the chance to refinance their mortgages. Refinancing is often associated with significantly lower monthly payments, and such savings can be used to finance home improvements, pay for tuition or build retirement nest eggs.

However, homeowners won't necessarily save money over the long haul if they're refinancing an existing 30-year mortgage with another 30-year mortgage.

The mortgage experts at Mortgage Calculator note that a Change Terms mortgage refinance is characterized by a shift to a loan charging a lower interest rate.

The initial savings with such a refinance are undeniable, but changing from one 30-year to another 30-year restarts the mortgage clock, which can add years to the time homeowners will be repaying their debt. As a result, homeowners may end up paying more interest over time than they might have had they just kept their initial mortgage.

Homeowners interested in a Change Terms refinance may want to look into switching from a 30-year to a 15-year mortgage. A shorter term mortgage will increase the monthly payment, but the loan will reach maturity much faster, greatly reducing the amount of interest homeowners will pay over the life of the mortgage.

Refinancing can be costly

Lower monthly payments might be the number that catches homeowners' eyes as they look to refinance, but it's important that homeowners recognize that refinancing is not free.

In fact, the personal finance experts at Kiplinger note that refinancing incurs many of the same costs that homeowners had to pay when they signed their initial mortgage papers. That includes fees, taxes and appraisal costs. These costs are sometimes paid up front, but they also might be rolled into the loan balance.

In the latter instance, homeowners could be paying interest on their refinancing costs. Homeowners who are refinancing solely because of lower interest rates should know that some lenders raise interest rates to compensate for refinancing costs. That can negate the savings and end



up costing homeowners more money than the original mortgage.

Refinancing is an option for homeowners who want to save money. Homeowners can speak with a financial advisor to determine if this is the best way to save money over the long haul or if refinancing will ultimately cost them more over the life of the mortgage.



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Making homes more appealing to buyers

Home trends come and go. Today's must-have items tend to become tomorrow's outdated features in the blink of an eye.

Homeowners who plan to stay in their current homes for years to come needn't prioritize modern trends over personal preferences. However, homeowners looking to sell their homes can consider these favored features to increase their properties' appeal to modern buyers.

- **Separate laundry room:** According to the National Association of Home Builders' 2021 What Home Buyers Really Want report, a separate room dedicated to laundry was the most desired feature among prospective home buyers. Though it might not inspire the awe of an outdoor living room or floor-to-ceiling windows overlooking a wooded backyard, a laundry room fills a direct and universal need. Perhaps that's why 87 percent of buyers want a room dedicated to laundry in a home.

- **Exterior lighting:** Drive through a modern suburban neighborhood at night and it won't take long before you realize the popularity of exterior lighting. And that's no coincidence, as homeowners everywhere appear to embrace exterior lighting. The NAHB report indicates that exterior lighting is the most sought-after outdoor feature. The good news for prospective sellers is that exterior lighting is an inexpensive and instant way to transform a property at night. Some solar-powered lighting along



walkways and outside the front door can make a home feel more safe, while some uplighting of large trees in the backyard can produce a sight to behold once the sun goes down.

- **Energy-efficient upgrades:** Inflation has driven up the cost of just about everything over the last year-plus, and energy is no exception. So it should come as no surprise that 83 percent of prospective home buyers are looking for energy-efficient windows and appliances in a home. These features save money and benefit the planet, making them a win-win among buyers.

- **Patio:** Patio spaces have long been popular, but that popularity reached new heights during the pandemic. When forced to stay at home for long periods of time, millions of people longed for ways to spend more time outdoors without breaking lockdown rules. Patios provide outdoor living spaces, and 82 percent of buyers indicated they wanted a patio with their next property.

- **Side-by-side sink:** A double or side-by-side sink is among the more affordable features buyers are looking for. At less than \$1,000 on average, a side-by-sink is an affordable way to make a home more appealing to modern buyers.

Modern buyers want a lot out of their homes, and sellers can do their best to meet those desires while getting the most money for their properties.

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Housing market predictions for 2023

BY ERIK J. MARTIN

A new year is the perfect time to prognosticate real estate matters for 2023. With mortgage rates escalating higher, home sales — and, in some areas, home prices — hitting the brakes, and increased uncertainty felt throughout the market, many homeowners, prospective sellers and prospective buyers are feeling nervous.

And for good reason. Consider that, at the time of this writing, the average 30-year fixed-mortgage rate is 6.63 percent. The inflation rate is an alarming 7.1 percent. And sales of previously owned homes dropped 7.7% in November to a seasonally adjusted annual rate of 4.09 million units, per the National Association of Realtors, which means that existing homes are selling at the slowest pace observed in 10 years.

We reached out to several industry experts, each of whom offered interesting forecasts and projections about where mortgage rates, home prices, buyer competition, housing supply, sales activity and home affordability are headed in 2023. Curious what the pros think? Read on for their evaluations and predictions.

Will mortgage rates continue to climb?

Interest rates roughly doubled in 2022, and mortgage rates were no exception. But how about across 2023? Will the cost of financing a home be coming down this year?

Some say no. “Continued inflation, overall higher interest rates, a potential recession, and geopolitical tensions will force 30-year and 15-year mortgage rates up throughout 2023 and will bring the two rates closer together as short-term risks rise,” cautions Dennis Shirshikov, a strategist at Awning.com and a professor of economics and finance at City University of New York, who foresees the 30-year and 15-year benchmark mortgage loans averaging 8.75 percent and 8.25 percent, respectively, across 2023.

Robert Johnson, a professor of finance at Creighton University’s Heider College of Business, shares some of those sentiments. “By the end of 2023, financial market participants expect that the Fed will have increased the target Fed funds rate by 175 to 200 basis points from current levels. That would translate into 30-year and 15-year mortgage rates at roughly 8.50 and 7.70 percent,” he says.

Rick Sharga, executive vice president of Market Intelligence for ATTOM Data Solutions, which analyzes real estate and property data, is more hopeful. He posits that rates peak at about 8 percent and 7.25 percent for 30-year and 15-year loans in early 2023, “then gradually come down over the course of the year somewhat to hang in the range of 6.0 percent and 5.25 percent, respectively. This is entirely dependent on the Federal Reserve’s ability to get inflation under control and ease up on its aggressive rate increases.”

Our other experts agree: The slowdown in home sales that beset the second half of 2022 will continue into 2023.

Sharga believes the number of sales will continue to slow, likely hovering in the 4.5 million range, with new-home sales at around 600,000.

Listings may no longer go at a lightning-fast pace, either. “Days on the market have been climbing back toward more normal levels recently, and we could see them approach 30 days or more in 2023 as the market continues to cool down,” he says.

Shirshikov is sympathetic with those sentiments. “The average days on the market will increase somewhere between two and three times the current levels,” he notes.

What will happen to home prices?

Interestingly, due to low inventory, “home prices won’t drop in 2023,” Evangelou predicts. “I expect pricing to be relatively flat, increasing by only 1 percentage point.”

Johnson, though, feels that higher interest rates will undoubtedly hurt home values and pricing. “A soft real estate market with prices at levels lower than current levels will result,” Johnson says.

That’s not great news for sellers, but welcome news for house-hunters.

“There are plenty of potential buyers still patiently waiting to enter the market. Assuming home prices ease, you’ll start to see some of these buyers emerge, especially

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the all-cash or lower loan-to-value purchasers who are less impacted by any interest rate concerns,” explains Scott Krinsky, a partner in the Residential Banking Department of Romer Debbas, a Manhattan real estate law firm.

Home values on a national level are almost certain to decline at least modestly, perhaps between 5 percent and 10 percent, according to Sharga.

“Some of the more expensive markets will potentially see larger declines. Limited inventory, strong credit quality among current mortgage holders, and demand from young adults looking to become homeowners should help prevent prices from falling even further,” continues Sharga.

Will 2023 be a buyer’s market or a seller’s market?

For two years, it’s been a seller’s market. Will 2023 favor buyers or sellers more in most markets? Greg McBride, chief financial analyst for Bankrate, says “affordability issues and economic worries will depress home buyer demand, and inventory of homes available for sale will remain limited. So it’ll continue to be more of a balanced market than tilting one way or the other.”

Krinsky expects leverage to vary nationally, depending on the type of market.

“With the pandemic, we saw a new spike of bidding wars in suburban and smaller markets, likely because of the desire for more space and the increased flexibility of

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remote working across the country,” says Krinsky. “Now that many offices and businesses are back near full capacity and fully operational, the hope is that larger markets can revert back toward pre-pandemic levels and we will see increased demand there.”

Johnson, on the other hand, anticipates sellers holding fewer cards. “It will be a buyer’s market, as many reluctant sellers — those waiting for the market to turn around — will likely capitulate, adding to more housing supply,” he says.

Will housing inventory increase?

A shortage of homes has helped fuel the frenzied market of the last few years. But experts differ on housing inventory projections for 2023.

“Before the housing crash of 2008, inventory peaked at about a 13-month supply — twice what we would see in a healthy market,” Sharga says. “Today, we have about a three-month supply, which is about half of what we need. Current homeowners are unlikely to trade in their 3 percent mortgage for a new home with a 7 percent loan unless they absolutely have to, so existing home inventory should remain low. And builders have scaled back on housing starts for the past three months. That means we are not likely to see a huge boost in supply from new construction anytime soon, either.”

But others foresee increased supply next year. “Housing inventory will rise throughout 2023 as homes become more unaffordable due to high rates,” Shirshikov thinks.

The bottom line on the 2023 housing market

Taking a big-picture look at the possible real estate market next year, most pros are in consensus: something of a transitional year, characterized by uncertainty.

“The housing market will be tepid in 2023, with only lukewarm demand and a limited amount of inventory available for sale,” McBride predicts. However, “mortgage rates could pull back meaningfully next year if inflation pressures ease.”

“The hope is that, as supply and demand within the housing market normalizes, interest rates can start to come back down to earth,” Krinsky agrees. “Until this happens, those who simply cannot afford the costs of borrowed money will have to continue to wait. For those waiting on the sidelines holding out hope that rates may soon drop, they might have to accept the fact that the lower-rate financing windows open in 2020 and 2021 have closed.”

Erik J. Martin is a Chicago area-based freelance writer/editor whose articles have been featured in AARP The Magazine, Reader’s Digest, The Costco Connection, The Motley Fool and other publications. He often writes on topics related to real estate, business, technology, health care, insurance and entertainment.

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