

AI Gage Report



March 2019

That's A Great Question!

I got asked a great question this week by two different clients, so I thought it worthy of an explanation. The question was two different versions of the same question. Essentially, since I publish the price per square foot of the homes in the various neighborhoods, **why couldn't they just multiply that price by the square foot of their existing home and come**

up with a price. The second version was why do larger homes and/or two story homes sell for a lower price per square foot than small and single level homes. Those are both great questions, but not the same questions, although the answer maybe close to the same for both.

The average price per square foot is exactly that, an average. In all of our subdivisions there are parts of the subdivisions that sell for more than other parts. In Corte Sierra, Sage Creek and Las Palmeras, Sage Creek will typically sell for more than the other two. Crystal Gardens will sell for more than Crystal Point or Upland Park and in Rancho Santa Fe, Alta Mira will sell for more than Vistas, Tierra or Casitas.

There are valid reasons in all of these. The lot size might be bigger across the board or the average house might be larger or smaller. Let's take Rancho



Santa Fe as an example. The average lot size in Casitas is smaller than Vistas but larger than the other newer subdivisions on the West Side. Even when they were all brand new, there was a price per square foot difference between the areas.

Over the years of working in these areas, **I have developed definitive numbers to adjust between one subdivision and another and also within different parts of the subdivision.** It took me forever to determine how much to adjust between a home on the lake in Crystal Gardens versus one that was not on the lake. Every time I try to present these to a client, they usually say something like "but I wouldn't want to live there or on the lake." This is true and also the reason why you didn't purchase a home in the area or part of a subdivision or on the lake — because it

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Al Gage, P.C

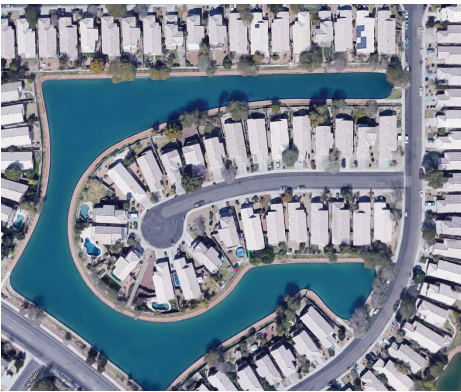
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wasn't worth the difference in the price for that amenity. Let us keep in mind that for the buyer who is looking for that amenity, it is worth the difference. **This is why you need an area expert to price your home!**

When I go to price a home outside the area that I work, I have to work 10 times harder to get it right and I am much more susceptible to error because I am just not as familiar with the adjustments to make.



When you choose an agent that is not an area expert, you risk the same kind of problems.

For the second part of the problem of why smaller homes sell for a higher

price per square foot than larger homes, it is basically a combination of economics and when you really analyze it, it becomes clear. Let's look at the lowest price home for sale in Rancho Santa Fe which is a 1290 S.F. model. That's \$170.5 per S.F. If you multiply that number by the largest home for sale in the same subdivision which is a Regatta (2963 S.F.) that would mean that the price of the larger one would be \$505, 191 instead of the \$379,000 it is listed for. To my knowledge there has never been a sale for more than \$500,000 even in the boom. If you apply the simple multiplication mode, you should all run over there and offer them about \$100,000 more than they are asking. Bottom line, it simply doesn't work that way.

The same thing applies when it comes to a two story versus a single level. More people prefer a single level and therefore, the single level will sell for more per square foot than a two story.

This still doesn't explain some oddities such as what happened in Rancho Santa Fe last month. Two identical homes with the same general features including a pool, sold for \$117 and \$136.5 per square foot. Even allowing for the difference in condition, either the higher one got lucky or the lower one sold too low.



Don't be the guy that sold their house too low because you sold to an I-Buyer, used an inexperienced agent, or made a mistake in negotiations.

Call Al Gage at 623-536-8200 or email us at al@algage.com

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RITA'S CORNER

Credit Score

The best interest rate is not always the best indicator of the best loan program. The cost of the loan must be considered. I recently had a customer who wanted the lowest interest rate regardless of the cost. In their case, the loan amount was small and the lowest rate available had a cost of \$3,500.00. Their monthly payment would decrease by \$47.00. So that meant that it would take 74 months for them to be able to recoup their cost. \$3,500.00 cost divided by 47.00 per month savings equals 74 months. Should I have tried to talk them out of that? I did.

Call me for information about this and other available programs. We have a large variety of programs!

Pinnacle Capital
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featured listings



2705 N. 115th Dr.

A beautiful 3 BR, 2 BA, 2155 S.F. with too many upgrades to mention including a pool and a den and premium custom window shades in Garden Trails!

Listed and Pending in 1 day by AI Gage for \$275,000



3134 N. 127th Ave.

An 1849 S.F., 4 BR, 2 BA with a pool, den that could be another bedroom and a downstairs master, plus a huge patio in great shape in Corte Sierra.

Listed by AI Gage for \$260,000



What's My Home Worth?

Email AI at al@algage.com with the address, a list of upgrades, the current condition of the property rated < from 1 being terrible condition and 5 being model perfect > and he will personally prepare a professional market analysis of your home free of charge. Use "What's my home worth?" in the subject line and also include the purpose of the evaluation in the email.

No automated valuations here!

Want a current and local Market Update? Go to www.algage.com/March2019MarketUpdates.html

In 2018, AI Gage successfully represented 50% more clients than the closest competitor and 217% more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood five years in a row!



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Over 1400 Homes Sold in Avondale and Litchfield Park!

Subdivisions	Home Levels	2018 Sales #s	2018 Price/SF	2018 Days on Market	Feb 2019 Sales #s	Feb 2019 Price/SF	Feb 2019 Days on Market
Cortes Sierra/Sage Creek/Las Palmeras	1	71	136.47	48.6	7	140.4	45
Cortes Sierra/Sage Creek/Las Palmeras	Multi	37	118.81	54.6	1	135.6	24
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	1	85	137.72	41.0	3	143	54
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	Multi	37	115.22	57.0	3	109.9	104
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	1	45	128.41	54.3	6	144.7	43
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	Multi	19	109.64	46.8	1	103.7	60
Rancho Santa Fe	1	87	139.05	50.4	3	138.4	71
Rancho Santa Fe	Multi	26	117.53	43.1	2	127.1	38
Westwind and Glenarm Farms	1	28	149.87	80.2	3	187.3	78
Westwind and Glenarm Farms	Multi	16	118.10	41.2	2	143.1	56
Wigwam Creek South and Bel Fleur	1	85	135.49	45.4	3	140	54
Wigwam Creek South and Bel Fleur	Multi	45	98.78	60.1	4	102.2	84