

AI Gage Report

September 2021

The Realities of an i-Buyer!

We were showing homes last week and 5 out of the 6 were owned by one or more of the i-Buyers that are very active in our market. Those i-Buyers have now become regular sellers. **It's funny that i-Buyers use the traditional method of selling homes to dispose of their properties by listing them with a real estate agent, even though it may be one of their agents.** All 5 were over-priced, but appeared cosmetically to be in very good shape. My buyer ended up settling on the one home that was not listed by the i-Buyer, as it fit their needs better, but also because it was a better deal for the property.

You may ask yourself, what difference does it make to those sellers as they have already completed their transactions with the i-Buyer, have their money and are down the road. You would be right! There are several questions I would like to ask, some of which have answers and some of which are sheer speculation.

These questions are:

Did I actually get the most for my home by selling to an i-Buyer? This is the million dollar (not really but probably \$20,000) question. The answer is there is only one true way to know what the actual value of your home is in this currently extreme (albeit slowing) seller's market. The i-Buyer can't tell you, I can't tell you, the government can't tell you, and an appraiser can't tell you. Only the market can tell you. I can offer great insight as to a starting point to price your home. **The only way to tell what your home will truly sell for is to place it on the open market and let the market tell you!**

The i-buyer will try to tell you that their

predictive model of the market accurately predicts pricing, but they are incorrect. Of those 5 homes I showed, and we bought the one that wasn't owned by an i-Buyer, all five of the remaining have had a price reduction. The market can be fickle and have its immediate ups and downs. For instance, some holiday weekends are fantastic for selling homes and others are not. Most of the time it is not predictable how a particular weekend will do and can be tied to weather or just the fact that everyone is out of town. The bottom line, is **ONLY THE MARKET CAN DETERMINE HOW MUCH YOUR HOME IS WORTH! The only way to be sure is to put it on the open market!**



Was the buyer knowledgeable enough about selling real estate to know whether they needed representation or not? Many sellers think they have the same research tools and property pricing acumen as an experienced professional real estate agent, but I can assure you they do not. Going off the Zillow Zestimate plays right into one of the major i-Buyer's hands and this estimate is notorious for being undervalued. The last 5 listings that I have taken have gone something like this (with my estimate pre-prepared). Me: "What do you think your home should sell for?"

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Client: "I have done some research online and it appears to me, that from everything I have read, that it should be around \$375,000 to \$380,000." Me: "My estimate leads me to believe that it should be closer to \$400,000!" After listing for my recommended price, every listing has sold for more than the listed price.

But it is also not just about price. Part of what you're paying a real estate agent for is to assist you through the process and make sure that you comply with things that will keep you from getting sued down the road. Let's say that the i-Buyer bought your home (leaving you unrepresented) and later discovers that there was a major defect in the home that you, as the seller, forgot to disclose to the potential buyer. They are likely going to sue and now you are in a lawsuit with a company that has millions of dollars in assets, is very experienced in real estate and you essentially have no defense. A real estate agent working for you would have tried to elicit those disclosure responses, or at least been on the lookout for red flags, with the legal obligation to protect you, their client.

What effect is the i-Buyer having on the market? I am not sure anyone really knows the answer to this, but let's examine some basic economics. The initial niche that i-Buyers filled was that of

investors that were widely available, buying homes at discount, fixing them and selling them for a profit. The current role of an i-Buyer in the market is that of corporate conglomerate with extremely deep pockets **setting the bottom or at least a baseline of demand.** This may not sound like a big effect, but if homes were so liquid that they could always be instantly converted to a cash position, the market would behave very differently. This is creating an artificial baseline which would be equivalent to a reserve price on a stock below which it could go no lower.

The other thing that happens is each time these i-Buyers purchase a home at, or near, an inflated value and then attempt to resell it for a profit, if it occurs in sufficient numbers in a neighborhood, continues to put upward artificial price pressure on the market. In essence, if they occur in large enough numbers, they can drive the market up all by themselves. When they first appeared, I didn't think i-Buyers would become prevalent enough to affect the market, but it appears that this is no longer true.



Was the i-buyer's initial offer better than their final offer? I have been relayed many stories of an i-Buyer's offer being reduced once they actually tour and inspect the home, but amazingly enough, I have yet to hear of them raising their offer. They do this in a number of ways, some as simple as saying "here is our revised offer". **As a professional real estate agent, I am obligated to get you, the client, the most money possible for your home.** The i-Buyer is banking on your willingness to take a small hit in money for the convenience of a sure thing and not having to prepare for, and endure showings, by the general public.



For the best service in the business and a no-nonsense, no-obligation approach, give the AI Gage team a call at **623.536.8200** or email us at al@algage.com

Find us on  /AIGagePC

Terri's Tips: Impossible Pumpkin Pie!

Summer's Almost Over So Here's an Old Fall Recipe That is Fun to Make

INGREDIENTS

2 tablespoons margarine or butter, softened
1/2 cup Bisquick baking mix

1 (16 ounce) can pumpkin
2 eggs
2 teaspoons pumpkin pie spice

1 (13 ounce) can evaporated milk
3/4 cup sugar
2 teaspoons vanilla

DIRECTIONS

Heat oven to 350°F. Grease pie plate, 9 inch or 10 inch. Beat all ingredients for 1 minute in blender on high or 2 minutes with hand beater. Pour into pie plate. Bake until knife inserted in center comes out clean, 50 to 55 minutes; cool.

High Altitude Directions (3500 to 6500 feet): Heat oven to 375°F. Decrease bake time to 45 to 50 minutes.

Microwave Directions: Grease microwavable 10-inch pie plate. Beat all ingredients until smooth, 1 minute in blender on high or 2 minutes with hand beater. Pour into plate. Microwave on inverted microwavable dinner plate on medium-high (70 %), rotating pie plate 1/4 turn every 5 minutes, until knife inserted in center comes out clean, 22 to 28 minutes. Cool on flat, heatproof surface (do not cool on wire rack).

High Altitude Directions (3500 to 6500 feet): Increase microwave time to 26 to 32 minutes.





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featured listings



12344 W. Virginia

A fabulous Brigata model with a pool, lots of upgrades, 2335 S.F. 4BR, 2 BA in Rancho Santa Fe.

SOLD by **AI Gage** for **\$470,000**



12534 W. Honeysuckle Dr.

A beautiful 1668 S.F., 3 BR, 2 BA in Wigwam Creek featuring master bedroom with a bay window and a sitting area, family room and lots of ceramic tile.

Listed by **AI Gage** for **\$385,000**



3713 N. 125th Dr.

2169 S.F. 4 BR, 3 BA with downstairs suite, huge kitchen with extra cabinets, counter space and large eat-in area. RV gate and lots of pavers in the back yard!

Listed by **AI Gage** for **\$400,000**



10937 W. Cottonwood Ln.

A Charming 3 BR, 2 BA, 1997 S.F. with a fully paid Solar Lease, lots of wood style porcelain tile, huge pergola and much more in Garden Lakes!

Listed by **AI Gage** for **\$400,000**

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/September2021MarketUpdates.html

*In 2020, AI Gage successfully represented **125%** more clients than the closest competitor and **283%** 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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Hello.

Interesting And Helpful
Real Estate Info
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Over 1400 Homes Sold in Avondale and Litchfield Park!

Subdivisions	Home Levels	2019 Sales #s	2019 Price/SF	2019 Days on Market	2020 Sales #s	2020 Price/SF	2020 Days on Market	% Change In Price per SF	Aug 2021 Sales #s	Aug 2021 Price/SF	Aug 2021 Days on Market
Cortes Sierra/Sage Creek/Las Palmeras	1	68	144.9	36	61	167.3	23	15.45%	7	231.6	30
Cortes Sierra/Sage Creek/Las Palmeras	Multi	33	125.3	39	31	138.7	36	10.69%	3	180.6	23
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	1	103	146.7	42	99	162.1	35	10.50%	7	235.6	16
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	Multi	26	119.1	66	32	135.3	37	13.60%	2	179.1	14
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	1	48	141.8	34	29	156.3	27	10.23%	3	203.4	23
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	Multi	20	107.0	61	17	120.5	30	12.62%	1	157.4	21
Rancho Santa Fe	1	83	145.3	50	68	160.2	29	10.25%	7	231.6	30
Rancho Santa Fe	Multi	36	126.2	41	36	136.0	28	7.77%	3	280.6	23
Westwind and Glenarm Farms	1	24	165.6	47	15	168.3	44	1.63%	2	212.7	1
Westwind and Glenarm Farms	Multi	21	136.4	41	12	128.2	44	-6.40%	1	214.7	42
Wigwam Creek South and Bel Fleur	1	65	139.8	43	76	159.2	22	13.88%	5	223.0	23
Wigwam Creek South and Bel Fleur	Multi	45	101.3	73	37	116.0	35	14.51%	4	166.0	22