

Al Gage Report

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How to Price my Home?

I am often asked how I arrive at the pricing of home or what are certain upgrades or improvement projects are worth on the resale market.. **This is good information even if you are not planning to sell any-time soon.** All price valuations are based on differential comparisons to recent sales. An appraiser or an agent should establish the value of a home based on recent sales and then adjust them for the features that one home has that the other does not.

These comparable sales generally have to be within one mile of the subject property, have occurred within the last 6 months and be within 200 square feet or so of the subject property. I often hear sellers and neighbor talk about what a home sold for 2 years ago. This information is irrelevant especially in today's volatile market. At the current time, the market is neither appreciating or depreciating to speak of so no adjustment for the time of the sale is used except it appears last summer was a much stronger market than today. So here are the adjustments that I commonly use (as do appraisers).

Square feet: The size difference between the two homes does not adjust at the price per square foot but rather at about half that. Smaller homes carry a larger price per square foot and therefore a difference of a few square foot is a much larger percentage of the overall price.

Pool vs. No Pool: I know many of you paid a great deal of money for your pool but the reality is the largest adjustment for a pool I have ever seen an appraiser use in Avondale is \$14,000. It usually ranges from \$8,000 to \$14,000.

Lot Size: In general, approximately \$1/ square foot of lot versus a comparable property. The lot premium charged by the builder has nothing to do with the value of the lot on the resale market.

On the Lake vs. Not: In Crystal Gardens this number has ranged between \$15000 to \$20,000 since the subdivision began..

Upgrades: A fairly broad category but if you put in that \$40,000 kitchen, the reality is that it probably will only add about \$10-15,000 in value. Individual upgrades such as granite counter tops, wood or tile flooring, generally add less than \$5,000 in value and that assumes that the comparable home has the most basic of flooring or kitchen upgrades.

Fireplace: Most appraisers will give around \$1500 for a fireplace but here in Arizona, we rarely see this as actual value in a sale.

Extra Garage Bays or Oversize Garages: An extra bay of a garage usually adjusts approximately \$7500 per bay in this part of town. Oversize garages are the kind of thing that makes a home desirable but typically warrant no adjustment.

Subscribe to our newsletter online at:

www.algage.com/SubscribeToENewsletter.html

4 Sets of Free Passes This month by random drawing.

**Free Movie Night
Count-1565**

From 1999 to 2007 we hosted a free movie night for all of the homeowners in Rancho Santa Fe, Corte Sierra, Sage Creek, and Crystal Gardens, Las Palmeras and Wigwam Creek as well as our past clients. We would love to offer this little payback to our community again but with the price of mail going up and the cost of printing, the only way we can do that is with your help to promote the E-newsletter to the same level of readership as the mailings touched in the past.



So here is the deal, if we can get our readership up to around 3500 per month from our current level of just over 1000, the savings in mailing and preparation cost will allow us to once again rent the entire movie theatre for our neighbors and clients. To accomplish this we will need each of you to forward the email or website to friends and have them opt in for market updates and eventually the free movie passes. We will keep a running count of the opt ins and when we reach 3,500 emails currently living in the Phoenix, Avondale, Goodyear, Litchfield Park and Buckeye areas, we will fire movie night back up

Why a pre-qualification or pre-approval isn't rock solid.

Buyers who obtain a pre-qual or preapproval letter are under the impression that their loan is approved. In some ways that is correct. There are a number of obstacles, that can arise that may challenge a borrower's capability to buy without necessarily being misrepresentation on the buyer's part. Recently, I had a young client who suddenly experienced a 25 point drop in her credit score from the time she pre-qualified until a month later when she actually applied for the loan. Closer examination showed that she had several very small credit cards with credit limits of around \$300 each. Over the Holidays, she had left just a bit over half of these balances in purchases on the card which resulted in the drop in her score. Approximately, \$300 total dollars had made her credit score drop 25 points without paying late or overcharging. We were able to fix the problem by paying down the balances and re-scoring her credit.

There are also other instances where the buyer in

good faith has pre-qualified and subsequently can't achieve that final loan approval. Inability to verify income or sufficient income is commonly a problem. Under new regulations, overtime income that is not guaranteed, rental income that has not been filed on the prior years tax return, business income without a two year documentation on a tax return (the net business income on tax returns not the gross) all have a tendency to fall under the category of income that cannot be counted for qualification purposes.

Need help deciding when to make a move?
Call us for a free market analysis and analysis of your timing to make that crucial move.

Free Movie Passes Given Away

We assigned everyone that has signed up for the electronic newsletter a random number and then selected these random numbers until we select the number of people corresponding with the number of passes we are giving away this month. We have sent emails to the lucky winners and mailed their passes to them with the exception of one lucky winner who did not give us their address. As our readership increases we will give more and more passes away until we can start FREE MOVIE NIGHT again.

Want a current and local Market Update go to:

www.algage.com/March2014MarketUpdates.html



With over 1,000 homes sold just in the Avondale area since 1997, we are positioned to have several advantages over other real estate agents. We did not sell 1,000 homes by getting some big bank contract or HUD contract, we sold them one customer at a time. This leaves us with a large data-base of customer exclusively in the Avondale, Goodyear, Litchfield Park area to better sell your

existing home at the highest possible price. We are experienced in short sales and regular sales and have a vested interest in keeping and maintaining the values in our neighborhood.

Especially important in this market is the fact that we are experienced in the area to effectively challenge any low appraisals we may receive.

Over 1,000
homes sold in
Avondale!



Organisms you have to disclose!

I know these may be gross things to talk about but they are all organisms you should disclose in the sale of your home EVEN if they have been eradicated!

1. Termites-A common problem in parts of our subdivisions.
2. Pigeons-Excessive droppings in one of the most hazardous things to remove.
3. Scorpions-Common but not excessive in our area.
4. Gophers and Roof Rats-I haven't heard of any roof rats but gophers are common.
5. Bed Bugs-difficult to eradicate and more common than ever.
6. Dry Rot (yes it is an organism) and Mold-difficult and expensive to remove. Do not attempt to cover up or self repair.
7. Snakes and other Reptiles-Yes even the little gecko's by your light.
8. Coyotes and Javelina-the proximity to the riverbed provides access for both.
9. Bee Swarms-if a hive has ever settled on your property and left honey or comb, a future swarm is likely to invade the same space.
10. Rabid Animals-haven't heard of any but always a possibility.

Featured Homes

Coming Soon



10834 W. Alvarado Rd. A 1240 model (3 BR., 2BA) in Crystal Gardens
Listed by Al Gage for \$167,500

Just Listed!



10851 W. Windsor Ave. A 1644 model with a pool in Upland Park
Listed by Al Gage for \$170,000

Just Listed!



2017 N. 108th Dr. A spectacular 1573 model (3Br, 2 Ba) on the lake in Crystal Gardens
Listed by Al Gage for \$180,000

Just Listed!



12818 W. Edgemont A beautiful Cape Cod (2232, SF 4 BR, 2.5 BA) model with many upgrades in Rancho Santa Fe
Listed by Al Gage for \$180,000

Just Listed!



12925 W. Monte Vista Rd. A spectacular Carmel model (1611 S.F., 3 BR, 2/5 BA) with many upgrades in Rancho Santa Fe
Listed by Al Gage for \$180,000



Driggs Title Agency

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Free Services Provided by Al Gage

1. **Free Market Analysis of your home.** This service includes accurate valuation by a local expert with intimate knowledge of pricing variations based on lakefront property, lot size differentials, subdivision differentials and the like. This is not a computer generated model with wide-spread deviations in value.
2. **Free portal of homes for sale** specifically matching you price range, area schools, subdivisions and other features desired. This also eliminates most of the missing information from commercial sites and provides instantly updated accurate information about availability and types of financing accepted.
3. **Free analysis of your current financial situation** including recommendations on how, where and what type of loan best fits your criteria. Expert agent in the area of financing with a team of lenders and escrow officers to best suit your needs.
4. **Free analysis of rent versus buy or rent versus sale** options for homeowners or homebuyers.
5. **Free ongoing market report of Avondale area** markets including the listings and sales specific to your subdivision on a monthly basis. Also includes a chance at free movie tickets drawn monthly.

Call Al Gage at **623.536.8200** or email al@algage.com