



Mountain West News

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Outstanding Agents,
Outstanding Results!

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Buying in a Seller's Market

You've probably heard by now that our Delta County real estate market continues to attract plenty of prospective buyers, but is lacking in inventory of properties to meet the demand. It's become the classic "Seller's Market" – a term commonly used when low supply meets high demand and results in pricing power for the seller.

Is this a good time to buy? We think the best time to buy is when you are ready, no matter what type of market exists. Here are a few tips that might help you become successful in a seller's market:

Make your best offer. This is probably not the time to worry about "getting the best deal", it's more about "getting the home or property that you want". Forget negotiating and go in with your best price. Don't overanalyze the asking price. Be prepared to make a decision and move quickly.

Have your financing in order. If you're not a cash buyer, sellers will be concerned about your ability to close the deal via a mortgage or bank loan. Start your conversation with a lender before starting your home search. Don't just get pre-qualified, which means you told the lender your story and they give a written opinion. Get pre-approved, which means you've made a loan application with verifying documents and the lender produces a written approval subject to you getting a contract and a successful appraisal.

Be prepared for a bidding war. Don't be afraid to be aggressive. Multiple offers are more common in this type of market. Especially if it's a new listing, you should expect and be prepared for competing offers. Now's not the time to try to strike a bargain, but rather give it your best shot. And think about other ways to make your offer more competitive. Sellers will often choose a lower offer if it looks more likely to close. Many buyer contingencies (loan approval, appraisal, inspection, insurability, survey) are very low-risk. If you're willing to take on that risk, you can eliminate the contingency and make your offer more attractive, even if it's for less money. Or, since our contract wording for loan contingencies effectively gives the buyer the right to terminate the contract for any dissatisfaction with any feature of the loan, even if it's approved, you could add wording that you won't terminate if the loan you've applied for is approved.

Consider offering more earnest money. The earnest money counts toward your down payment and will be at risk only if you change your mind about buying after your contingencies are all met. Since this is not likely to happen, it's usually a safe risk to offer more earnest money to help make your offer stand out in relation to others.

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REAL ESTATE BY THE NUMBERS

1.6	Months' supply of homes in Delta County at the end of March 2021.
4 to 7	Months' supply of homes in a balanced market.
5.3	Months' supply of homes in Delta County at the end of March 2020.
138	Number of Sold listings in Delta County at the end of March 2021.
117	Number of Sold listings in Delta County at the end of March 2020.
\$327,105	Average sold price for homes sold in Delta County through March 2021.
\$273,366	Average sold price for homes sold in Delta County through March 2020.
92	Housing Affordability Index* for Delta County through March 2021.
103	Housing Affordability Index for Delta County through March 2020.

* This index is based on a number of factors including interest rates, median sales price and median income. The higher the number, the greater the affordability. As you can see, our index for Delta County is lower in 2021 than it was in 2020.

(continued from p.1)

Offer the seller a leaseback. It could be for 1 or more months at a reasonable rental rate if your situation is such that you don't need to occupy the home immediately. For some sellers, the convenience of staying in the home they just sold while searching for their replacement home or waiting for it to close or be built can be worth thousands of dollars.

Consider an "Escalation Clause". This is a clause, usually inserted into the Additional Provisions section of the contract, whereby the buyer agrees to increase their offering price by a set amount over and above any other written offer the seller receives. This enables the buyer to try the lower offer, while agreeing to increase to a higher price over any other written offer that may come in. This should never be done unless you put a "cap" on how high you are willing to go. Of course, this also has the effect of possibly revealing to the seller how high you might be willing to go, should the seller simply counter your offer.

Use an experienced agent! Working with a skilled and knowledgeable agent who understands the subtleties and intricacies of the process will help you navigate this process and will increase your chances of getting the home you want!

Update: Paonia's Riverbank neighborhood

This land subdivision was introduced in 2005 as 80+ lots on approximately 32 acres bordering the North Fork of the Gunnison River. The land was annexed into the Town of Paonia, and the subdivision was approved by the Town with the citizens' approval via a referendum. Then, the recession hit, and everything came to a standstill for several years.

Since then, the property has gone through numerous changes. The northern part of the acreage (now known as The Hops Farm) was sold. The southern portion, now known as "Riverbank", consists of approximately 24 acres and is owned by Mr. Ivo Renkema who resides in The Netherlands.

Mr. Renkema has proposed a scaled-down subdivision consisting of only 15 parcels of land, between 1-2 acres each, with town water and sewer and irrigation. On April 27th, the Paonia City Council approved this subdivision, with some restrictions.

Two of the lots will come on the market soon, as the water and sewer taps were obtained before the current moratorium on water tap sales. The availability of the remaining lots will depend on the lifting of the moratorium, the status of which will be revisited when the Paonia Town Council reviews a draft submittal of engineering report in mid-May.

POSTAGE



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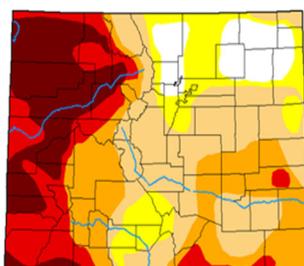
TO:

If your property is currently listed for sale, this is not intended as a listing solicitation.

WATER CONSERVATION

Most of Delta County is in the worst drought category. Outdoor watering consumes a LOT of water. Try these tips to conserve:

- Don't plan a huge garden or expand the lawn this year.
- Use less fertilizer.
- Prioritize plants for watering: trees first, then shrubs, and grass last.
- Water less frequently, for longer periods, and avoid midday watering in the sun and wind.
- Remember that even though your plants won't look fabulous, they likely won't die.



Colorado Drought Map
climate.colostate.edu

Notable Transactions

\$452,000 was paid for 7 acres of land in the Paonia area that was sold via a boundary adjustment in Dec. 2020. That's over \$64K per acre.

\$45,000 was the amount of earnest money forfeited willingly by a buyer of a small Crawford ranch who changed his mind *after* his earnest money "went hard", or became non-refundable.