



## A Q&A WITH JOAN O'MEARA RYE — APRIL 2008

Cocktails and Conversation  
The Rye Free Reading Room

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#### Q: How is the Current Market in Rye? Has Recent Wall Street News Impacted Us?

A: This is always a popular question. Our market still has a lot of activity, as the numbers below show. The Buyers, however, are being more selective as there is less pressure to buy quickly. They also have higher expectations, so negative aspects stand out more without the pressure to buy (such as location on a busy street). Here is a glimpse at our market by the numbers. As Buyers take their time, Days On Market will increase. My opinion is still firm: if a house is in great condition and it's priced right, it will sell quickly. Note that these are compiled for the Rye City School District.

- 70 Active homes came on the market in the first quarter of 2008—this compares to 69 for the same quarter one year ago; which basically says that our market isn't slowing down yet in terms of houses going on the market.
- 28 Sold homes for the 1st quarter of 2008. This compares to 32 for the 1st quarter of 2007.
- Interesting to note: Average Sold Prices are up 10% for Q1 2008 from Q1 2007 (\$2,145,732 from \$1,950,948) and are over the \$2M mark. From 2006 Q1 to 2008 Q1 there is a 44% increase in Average Sold Price!
- Square Footage has also increased about 9% from Q1 2007 (3452 up from 3171). So although prices have jumped, the square footage is in line with the increase.
- Average statistics for Active Listings in the 1st quarter: \$2,299,484 List Price; 3471 Square Feet; \$625 per Sq Ft

#### Q: When is the Best Time to List/Buy?

A: These are interesting statistics to look at. The most listings historically have gone on in April and May, which both fall in Q2. In 2007 for example, 69 listed in Q1, 89 in Q2, 36 in Q3 and 30 in Q4. Comparatively, in 2007, these were the numbers for homes going into contract: 56 in Q1, 81 in Q2, 34 in Q3 and 26 in Q4. So both in terms of new listings and contracts, Q2 was clearly the busiest, with Q1 coming in second.

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#### Q: What's Happening with Mortgages Today? What are the Current Mortgage Rates?

A: There is liquidity for qualified borrowers...just limitations for product. No-income verification loans and subprime loans are basically non-existent. Fannie Mae, Freddie Mac and Wall Street Investors are making sure that borrowers can actually qualify for loans that they will back. Income, assets and appraisals are being scrutinized more than ever.

Current rate information is as follows:

**For loans up to \$417,000:**

5.875% 30 year fixed

**For loans between \$417,001 and \$729,000:**

6.625% 30 year fixed

**For loans over \$729,000:**

rates are over 8%

#### Q: What About Property Values in our Area?

A: The good news is that Westchester County property values are still strong. (See accompanying charts.) Property values continue to rise and homes are selling at their appraised values. According to Coldwell Banker

Mortgage Specialist, Vincent DeMella, highly qualified buyers are smoothly obtaining financing and 80% loans for a \$1M purchase are common.

#### Q: How Do I Estimate Closing Costs?

A: Here is an overview, provided by local Closing Attorney John Gardner. Note that calculating these numbers based on a certain percentage of the selling price is not the most accurate approach, as many homes in the Rye area are faced with the mansion tax (over \$1 million).

**FOR BUYERS, the costs are broken down into three categories:**

- 1) Bank fees: points, application fee, appraisal fees; approx \$1,500 - \$2,000.
- 2) Title fees: the buyer has to pay title insurance (see <http://www.judicialtitle.com/rate.asp>). Title insurance fees are set by NYS, and depend on the dollar amount of the purchase and mortgage. Other Title Company charges include: mortgage tax (1.05% of loan amount, minus \$30) and mansion tax (1% of sales price, if over \$1M), property search (approx \$400) and deed and mortgage recording (approx \$350).
- 3) Taxes: Bank will want any taxes due within sixty days of closing paid. (For example, if we closed in April, the bank would want the May county tax picked up at closing). In addition, any taxes that the seller pre-paid would have to be reimbursed.

**FOR SELLERS, the costs are as follows:**

- 1) Loan(s) payoff
- 2) Transfer tax (\$4 per thousand of sales price)
- 3) Title charges (approx \$350)
- 4) Legal fee
- 5) Brokers commission

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## A Q&A WITH JOAN O'MEARA

### Q: How Do I Choose A Realtor?

There are many factors to choose the right realtor. Besides experience, a strong company backing the agent, personality and style, you want to find someone that will negotiate for you, responds quickly and can anticipate issues...before they even become issues.

Someone who is well known in the market and knows the product and the agents involved in the transaction is quite advantageous, as this good rapport allows better feedback and optimal negotiations. Just as everyone gets better with experience, so do Realtors.

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### Q: When Selling, How Do I Get the Most for My House?

A: There are so many variables to consider when pricing your home. It is important to keep these key factors in mind:

- Staging/Improvements: first impressions are worth a lot in real estate; de-cluttering, basic design improvements and moderate structural modifications are worth every penny.
- Prelisting Inspection: arm yourself with all the details on your property so there are no surprises, which can often be deal breakers. Your realtor will help you assess areas of concern and you can select which items you'll correct before listing.
- Timing: timing is also a key factor, given the market and how many other comparable homes are for sale. Your realtor can talk this through with you to determine the best time for your sale—with the goal of getting the most for your home in the least amount of time.
- Minimize Negatives: where possible, you want to play up your strengths. But remember full disclosure is the law!

### Q: How Do I Add Value To My Home? What Investments Get You The Best Return?

A: There are a number of ways to add value. When undergoing any type of renovation, if you are going to be selling soon, it is important to keep in mind that the more desired an upgrade (i.e. granite countertops, stainless appliances), the more you'll see in return. However, the less mainstream your renovation (i.e. sound-proof band room), the less return you'll receive.

- Recently on HGTV, they provided a countdown of the top 20 ways to add value to your home. Note this is their viewpoint:

- #1: Spruce Up the Siding
- #2: Make Minor Bathroom Changes
- #3: Revive the Kitchen
- #4: Keep Rooms Flexible
- #5: Build a Second Floor
- #6: Add On to the Attic
- #7: Paint, Paint, Paint
- #8: Do a Major Bath Remodel
- #9: Put In a Deck
- #10: Refurbish the Basement
- #11: Install New Windows
- #12: Be Sure an Addition Blends
- #13: Bring In a New Bath
- #14: Invest In a Major Kitchen Remodel
- #15: Liven Up the Landscaping
- #16: Get a New Roof
- #17: Add On a Family Room
- #18: Create or Renovate a Master Suite
- #19: Spring for a Sunroom
- #20: Update the Home Office

Source: HGTV

It's also a good idea to keep up with improvements on a yearly basis, if possible. According to Realtor Magazine, the most recent Cost Vs. Value Report for our Mid Atlantic area yielded a similar #1. For midrange improvements, with the highest value of cost recouped, Siding Replacement came in first at 85.5%. Close behind with 83% was a Wood Deck Addition, and Window Replacements came in 3rd (Wood) and 4th (Vinyl) at 81.4% and 77.8%. Minor and Major Kitchen Remodel rounded out the top 5 and 6 positions. In the upscale improvements, Siding also took the top 2 spots, with Windows in 3rd and 4th. Interestingly, in the upscale renovations, Bathroom Additions or Remodels netted about 60% of the investment, while a Major Kitchen remodel yielded 68%.

For a link to this report, email [joan.omeara@coldwellbankermoves.com](mailto:joan.omeara@coldwellbankermoves.com)

### Q: How is the Rental Market in Rye? Is That a Good Alternative To Selling?

A: The Rental Market in Rye is excellent. Generally, if the condition of the home is good and it's within walking distance to train and schools, then the home is a good rental prospect. There are some negatives to consider, however, including the tax issue (you can't claim gains if you haven't lived in the house for 2 of the past 5 years); a tenant occupied house doesn't typically show as well for selling; and you need to work out occupancy in relation to a buyer's timeframe. In Q1 2008, 11 rental properties were listed. This is comparable to first quarters in the past two years. For 2007 in total, there were 73 rentals, up from 57 in 2006. Also, many qualified and company relocations came to Rye, making the renters and the market reliable.

### Q: How Do I Make the Decision to Renovate or Move?

A: There is a lot to consider in this long-standing debate. My opinion is: if a renovation is within your budget, you like your neighborhood and the results will give you what you want, then renovation is a strong option. It's important to keep resale in mind, as well as the area you're in, to make those renovations pay off at selling time—whether it's 5 years or 20 years down the road. It's a great idea to consult a broker about possible renovations—their insight can be invaluable.

### Q: How Long Does It Take To Sell?

A: The basic numbers for best case scenario (if property is in great condition and priced right) are as follows:

**Listing to Interested Buyer:** 3 weeks  
**Buyer to Signed Contract:** 1-2 weeks  
**Signed Contract to Closing:** 30-90 days  
**Total:** Approx. 4 months

Note that for Q1 2008, the DOM was 215...which is approximately 7 months. This compares to 190 days in 2007.

'Source: Remodeling Vs. Cost Value Report 2007, Realtor Magazine

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