

# FALL 2017 MARKET PERSPECTIVE

## NATIONAL OVERVIEW

Home prices remained at seasonal and historic highs even as home inventories grew, according to new data from [realtor.com](http://realtor.com). Homes continued to sell at a quick pace in August, with the average **time it takes to sell a home** increasing since last year.

Nationally, the **average days-on-market** in August was **66 days**, which is slightly longer than it was in July. Home **prices** were up **6.9%** since August, 2016.

**Washington State** had the highest increase in home prices at **13%**. Utah was second at 11.2%. Washington forecast for August 2018 is another **5.4%**.

The **median nationwide home list price, \$275,000**, has remained unchanged since May and is 10% higher than it was in August, 2016.

While total **inventory hit a seasonal peak** and saw a slight increase over July, it remains significantly lower than August, 2016.

An additional 1.2 million households became homeowners in the past year, boosting the U.S. rate from a 50-year low, . . . according to a new report from the U.S.

## LOCAL OVERVIEW

Census Bureau.

### High Points from the NWMLS

- For August, we experienced a more robust market than anticipated.

- It's been our best summer ever for **sales activity** with June, July and August clocking in a record number of transactions.
- As we head into fall, many sellers will adjust their **list price** to reflect the seasonal change in demand. The resulting increase in selection and availability will make this an excellent time for buyers to purchase a home.
- **Multiple offers** are continuing, but a note of caution to sellers: over-priced listings are not getting much activity, and homeowners are becoming more realistic about their pricing. Homes priced correctly and in good condition tend to move quickly.



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## 7 Tax Breaks Most Homeowners Don't Realize They Can Get

Excerpted from an article on [Credit.com](http://Credit.com)

### 1. Mortgage Interest

The IRS now says it is **allowed on a per-taxpayer** rather than a per-residence **basis**.

That means that, if you own a home with an unrelated taxpayer, you are now *each* entitled to a mortgage interest deduction of **up to \$1 million of mortgage principal** for funds used to purchase, construct or improve a home, and an additional \$100,000 of principal for a loan secured by the home but where the funds are used for other purposes.



### 2. Energy-Related Tax Deductions

There is a **residential energy efficient property credit** for items such as solar and wind installations that currently extends through 2021.

### 3. Capital Gains Exclusion

If you've owned and lived in your principal residence for at least two of the last five years, then the exclusion for gain on its sale remains available. The exclusion is up to \$250,000 of gain for a single taxpayer and up to \$500,000 of gain for joint filers.

### 4. Inheritance of Property

When you inherit an asset, the cost basis of the asset is "stepped up to value" on the date of death, which helps you avoid capital gains taxes on that property.

For instance, your grandfather dies and leaves a home to you. The home is valued at \$500,000 at the time of his death, but the original amount paid for the home, the basis, when he bought it 30 years ago was \$100,000. While you may have to pay estate or

inheritance taxes depending on the size of the estate, **you won't have to pay capital gains taxes on \$400,000 in gains on the house.**

### 5. Property Taxes

Currently, real estate taxes with respect to a residence may also be deducted, although tax reform proposals being discussed in Congress would eliminate that deduction.

### 6. Home Office Expenses

If you use part of your home for business operations, you may be able to deduct some of your business expenses. The home office deduction is available for homeowners and renters, and applies to all types of homes, according to the Internal IRS, which provides details and explains the requirements to claim this deduction on its website.

### 7. Moving Expenses

If you moved because you changed jobs or your business relocated, or if you started a new job or business, you may be eligible to deduct your moving expenses. The IRS explains that you must meet the following criteria in order to qualify:

- Your move closely relates to the start of work.
- You meet the distance test.
- You meet the time test.

## 4 Things You Should Do About the Equifax Hack

Excerpted From Tim Herrera's Smarter Living newsletter

### Set up fraud alerts

Your first step should be to establish fraud alerts with the three major credit reporting agencies: [Equifax](http://Equifax.com) (yes, the very company that caused this), [Experian](http://Experian.com) and [TransUnion](http://TransUnion.com). This will alert you if someone tries to apply for credit in your name.

**Consider credit freezes** A credit freeze will lock your credit files so that only companies you already do business with will have access to them.



### Check your credit report

All Americans are entitled to one free credit report every year from all three major reporting agencies, accessible at [annu-creditreport.com](http://annu-creditreport.com). Experts advise spreading these out over the year, checking in about once every four months.

### Sign up for credit monitoring

Equifax is offering **one free year of credit monitoring** at [equifax-security2017.com/](http://equifax-security2017.com/) to all Americans.

## MARKET SNAPSHOT

### Active Residential Listing Report for August 2016 & 2017

	Active Listings		Average List Price		Months of Inventory
	2016	2017	2016	2017	2017
<b>Gig Harbor/Key Peninsula</b>	408	406	\$ 654,146	\$ 755,533	<b>Pierce County</b>
<b>North Tacoma</b>	139	87	\$ 516,736	543,900	1.45
<b>Puyallup</b>	548	436	\$ 342,618	406,488	
<b>University Place</b>	113	100	\$ 503,747	\$ 498,135	<b>Kitsap County</b>
<b>South Kitsap County</b>	273	241	\$ 372,414	\$ 382,178	1.43



#### WHAT SHOULD YOU DO

#### IN THIS MARKET?

Whether you are a Seller, a Buyer or an Investor, there are lots of good opportunities in today's market. I'm always available to consult with you to help you assess and achieve your real estate goals.

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### Closed Residential Sales for August 2016 & 2017

	Units		Average Sale Price		Average Price Days on Market	
	2016	2017	2016	2017	2016	2017
<b>Gig Harbor/Key Peninsula</b>	157	154	\$ 458,953	492,930	48	38
<b>North Tacoma</b>	89	99	\$ 359,647	\$ 412,168	25	20
<b>University Place</b>	77	74	\$ 348,216	\$ 396,096	39	27
<b>Puyallup</b>	268	339	\$ 311,690	\$ 366,044	29	31
<b>South Kitsap County</b>	142	174	\$ 306,219	\$ 337,603	37	33

### THE TRUE COST OF MOVING INTO A HOME

Here's a **checklist for buyers**, especially first-time buyers, to help them anticipate all the costs associated with buying a home. In addition to the purchase price and closing costs, you'll want to plan for the following expenses:

- **The cost of the move itself.** This includes hiring a moving company or a self-drive moving **truck**, and any other costs related to **fuel and mileage**. You may also need to factor in **loss of wages** for time off to move.
- **Commuting costs.** If your new home is farther away from your work, your commute may cost more in gas and mileage.
- **Remodeling and renovation costs.** Remember to budget for what



is needed to make your new home move-in ready, whether it's a total remodel or just new bathroom fixtures or a fresh coat of paint.

- **Furniture and appliances.** You may need or want to invest in new or additional furniture; or you may want to replace any aging appliances.
- **Utilities.** Remember to check into any set-up fees required for establishing utilities in your name.

*Excerpted from an on-line article*

- **Homeowners insurance.** Your insurance company will be able to tell you what kind of insurance is best for your location, including whether flood insurance is recommended or required.
- **Property and other taxes.** Your lender or tax advisor should be able to tell you about any additional taxes related to homeownership.
- **Homeowners' Association (HOA) fees.** Remember to ask the seller for documents related to the HOA, including the dues and when payments are due. Also, be sure to require the seller to pay any outstanding HOA fees before closing.

### RECENTLY LISTED

By **Warren Buffett**—Ocean view home in **Laguna Beach** for sale at **\$11 million**; it was built in 1936 and has a view of Emerald Bay. 5-bedroom, 7-bath, 3588 ft.<sup>2</sup>.

By **philanthropist David Duffield**— 32-room, 8-bedroom, 20,467 ft.<sup>2</sup> home Alamo California for **\$39 million**. Includes a dog park, a dog spa and washing stations. 21.5 sprawling acres with a 75-ft suspension bridge and a custom treehouse.

**Katharine Hepburn's** estate—in Connecticut; reduced from \$6.88 million to **\$5.88 million**. The 8400 ft.<sup>2</sup> home also includes a separate three-bedroom Beach house, ponds, golf course and 220 feet of Long Island Sound frontage on 3 acres.

The **town of Reduction, Pennsylvania** (population 60) is up for sale for **\$1.5 million**.