

# Market Update

## WHAT'S IN THIS MONTH'S ISSUE:

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### SELLERS BEWARE!

An increasing trend we are seeing in our local area are novation sales.

#### What is a novation sale?

A novation sale is a real estate purchase and sale that replaces one party between the time the offer is made and when the sale concludes. It typically includes 3 parties: the owner of the property, an “investor” (middleman) and the buyer of the property.

#### How are sellers being targeted?

“Investors” operating under legal businesses approach property owners directly and enter a contract to purchase their property at a deeply discounted price. After the the owner agrees to sell the property to the “investor”, the “investor” tries to sell the property to a buyer at a marked up price. Sometimes these “investors” ask real estate agents to list and market these properties. Once a buyer commits to purchasing the property, the “investor” works with the buyer and the owner to close the sale. If the sale closes, the owner will receive the original contract price agreed upon between the investor and the owner, the investor will receive the difference between what is

owed to the owner and what the buyer purchased it for.

#### Is this legal?

Yes, it’s legal. Everything is run through a title company to ensure clear title is provided to the buyer.

#### Is it necessary/moral?

This is where I caution sellers. Oftentimes, the owner is elderly and gets excited by the “quick sale” promised by the “investor”. But the owner is losing a lot of money they could earn by selling the property themselves (either through a real estate agent or privately.

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## Last 30 Days

10 New Listings

7 Properties Sold

3 Properties Under Contract

159 Average Days on Market

Sales Price = 88.5% of List Price

\$321,000= Average Price of Residential Home Listings

## Interest Rates

(as of 2/15/2024)

Conventional: 7.25%

FHA: 6.625%

VA: 7.33%

RD: 7.75%

# LOCAL MARKET NEWS

*Inventory is increasing as we get closer to Spring. Expect this trend to increase as we get closer to April.*



## How much money are we talking about?

The last novation sale I have knowledge of, the middleman received \$40,000. That's money that the owner could have received, if they had sold the property through a real estate agent or sold the property privately.

## How to know it's a novation sale?

Property owners are almost always contacted via mail or phone. Owners are promised a quick, cash sale and usually the investor will agree to close the sale in 90-180 days.

## What can you do?

Contact a trusted real estate agent to do a little research for you to see if it's a verified business. You can also ask this agent to give you an idea of what your property is worth to make sure you are not being shorted money in the sale. If you are interested in a quick sale, you can always list your property lower than market value and keep the difference that the investor is going to profit and therefore skip the middleman.

**Bottom Line: Say "NO" to Novation!**

**Land sales** are moving really slowly. Currently, the average time on market for bare ground is 172 days. Six months ago, bare ground was closing in approximately 97 days. The winter season may have the most significant impact on slowing sales, however, this is a data point that I will be keeping my eye on as we approach Spring/Summer.

**When comparing 2023-2024** year to date, the volume of closed home sales are 4% lower this year than this time last year. However, pending home sales are up 14% over last year. New listings are down 8% comparatively speaking. We are seeing an absorption rate of 20%, with approximately 5 months of inventory with current demand.

*Mortgage interest rates spiked this week as the Federal Reserve realized their efforts to lower inflation are not working.*

**FOR SALE**  
MLS#2163143



## **NEW RIVERFRONT LISTING**



Nestled in the heart of North Fork, Idaho, this picturesque 4.997-acre property offers a serene retreat with unparalleled natural beauty. Bordering Forest Service land and graced by the North Fork of the Salmon River, it presents a unique opportunity for both tranquility and adventure. The charming residence, a modular home on a full walk out basement, features 2 bedrooms, 2 bathrooms, and 2 spacious living rooms bathed in natural light. Additionally, two versatile rooms offer potential for conversion into additional bedrooms with the addition of egress windows. The kitchen boasts granite countertops with excellent storage space. The open concept kitchen, living and dining offer floor-to-ceiling windows framing breathtaking views. Outside, a 40ft x 48ft metal shop with power and a wood stove awaits projects and storage needs. The shop also has the plumbing to add a bathroom if desired. Embrace the joys of sustainable living with water rights, berry patch, orchard with mature fruit trees and large garden. This property is a haven for those seeking a blend of comfort, natural beauty, and outdoor adventure in the heart of Idaho's wilderness. **List Price: \$625,000 MLS#: 2163143**



## Gibbonsville - Off-Grid Patented Claim

Nestled within the serene wilderness of the historic gold mining town of Gibbonsville, Idaho, this 19.4-acre patented mining claim beckons to those seeking a slice of history and untamed natural beauty. Patented under the 1866 Mineral Placer Act on June 8, 1892, this land combines the allure of the past with the tranquility of the present. With a mix of majestic pines, sprawling meadows, and the gentle flow of Dahlenega Creek, it offers a captivating backdrop for your wilderness dreams. Bordering public land and accessible year-round with 4WD, it's a gateway to boundless adventures, from off-grid living to embracing the thrill of big game hunting in Unit 21A, known for its abundant Bear, Elk, Deer, and Mountain Lion. There is not a well, septic, telephone or power on the property. There are two splits remaining on this parcel. This historic gem is an opportunity to own a piece of Idaho's storied past and its unspoiled natural wonders.

**List Price: \$389,000 | MLS#: 2161519**



“Our agent, Nikki Schuler did a fantastic job marketing our property for sale. She kept us updated and was spot-on with her advice. Great experience!”



“If we ever forget that we are  
One Nation Under God,  
then we will be a nation  
gone under.”

— President Ronald Reagan

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