

# Market Update

## Real Estate Practice Changes: What You Need to Know

As of August 17th, 2024, all Realtors across the nation will need to adhere to new practices following recent updates in response to the National Association of Realtors' (NAR) settlement. A significant change is the mandatory requirement for buyers and their agents to sign two critical documents **before even stepping inside a home for a showing**. This new procedure aims to ensure that all parties are fully informed and in agreement about the terms of their relationship and the compensation structure involved.

The first document is the Idaho Agency Disclosure Brochure, which outlines the different types of agency representation and explains the difference between being a customer and a client. This document has long been a staple in real estate transactions, helping to clarify the roles and expectations of each party involved.

The second required document can vary depending on the nature of the agreement between the buyer and the agent. The newly

### Interest Rates

(as of 8/8/2024)

**Conventional: 6.625%**

**FHA: 6.125%**

**VA: 6.125%**

**RD: 6.0%**

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introduced RE-5 Prior to Touring Agreement is an introductory form that discusses whether the agent will charge the buyer for showing homes. While it is anticipated that most agents will continue to charge \$0 for showings, this form serves as an important prelude to more in-depth discussions about agent compensation. The RE-14 Buyer Representation Agreement establishes a client relationship, while the RE-15 Compensation Agreement with Buyer maintains a customer relationship. Both the RE-14 and RE-15 have been in use for many years, but the RE-5 is a brand-new addition, designed to bring transparency and clarity to the compensation process right from the start before you can even walk into a home.

## Last 30 Days

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15 New Listings

8 Properties Sold

17 Properties Under Contract

98 Average Days on Market

Sales Price = 98% of List Price

\$449,250= Average Price of Residential Home Listings

These changes are being driven by the NAR to ensure that buyers are fully aware of potential costs and fees associated with purchasing a home. Although agent compensation has always been negotiable, the practice of sellers covering both their own and the buyer's agent's fees has generally been the norm. This may continue (it depends on the seller), but there may also be times when sellers choose not to compensate the buyer's agent. If a seller chooses not to compensate the buyer's agent from the proceeds of the sale, it then becomes the buyer's responsibility to compensate their agent. This new requirement for upfront discussions about compensation is crucial, as it allows buyers to budget appropriately and avoid surprises down the line.

For sellers, this change presents a new consideration: *should you offer to pay the buyer's agent's compensation?* While it is ultimately the seller's decision, there are some risks to consider if you choose not to. Not all buyers are in a position to compensate their realtor fairly, particularly in the months following a home purchase when finances can be tight. Some buyers will shy away from properties where they must cover their agent's fees, either due to financial constraints or a lack of understanding about the benefits of buyer representation. By offering agent compensation, sellers may gain a competitive edge, potentially leading to a quicker sale at a higher price.

The financial realities of today's market cannot be ignored. With recent research indicating that approximately 63% of Gen Z, Millennials, and Gen X (18-45 years old) have less than \$10,000 in savings, the burden of covering a down payment, closing costs, and now potentially their agent's real estate fees could be overwhelming. Sellers who choose not to offer agent compensation may find themselves limiting their pool of potential buyers to those who can only afford to take on these additional costs. In a market where every advantage counts, the decision to cover agent compensation could be the key to a successful sale.

## LOCAL MARKET NEWS

In Salmon, ID, and the surrounding areas of Lemhi County, the first half of July was unusually slow, but the pace picked up toward the end of the month with several properties going under contract, which continued into August. Currently, our average time on market is sitting at 98 days before securing a buyer, which aligns with the national average but is a bit longer than we're used to seeing this time of year (when looking at the summer selling season). However, this doesn't concern me; it's a sign of a balancing market where buyers and sellers are on more equal footing. Notably, we've seen four properties over one million dollars hit the market in the last 30 days, with three of them listed in just the past five days.

Earlier this week, the stock market took a dive, and interest rates briefly followed, only to climb back up to 6.9% for Conventional loans and 6.0% for Rural Development loans. With a bit of assistance from a seller, buyers could potentially secure an interest rate in the 6.5-5.5% range, which is a significant improvement after rates hovered in the 7s for so long. I have heard from multiple sources in the lending industry that interest rates are expected to continue to fall as we get closer to November.





**FOR SALE**  
MLS# 2168181

**NEW RIVERFRONT LISTING**

5 ACRES | 4 BEDS/4 BATH | \$1,425,000  
28 FIFE LN SALMON, ID 83466



Welcome home to this custom-built Salmon Riverfront log home. Sourced from Northern Montana, this stunning residence showcases 20-24" logs with a Swedish cope cut, embodying the ideal western log home design and architecture. Inside, the open-concept living, dining, and kitchen area features custom soft-close cabinetry, granite countertops, a tile backsplash, SS appliances, & ample pantry space. The privately situated 550 sqft primary suite includes a 4 piece bathroom with a jetted soaker tub, dual-head shower, double quartz sinks, walk-in closet, and w/d hookups. A sliding glass door opens to a potential private patio/deck with a hot tub connection.

## Join us for a Dual Open House!

Downstairs, you'll find another bedroom and bathroom equipped with a washer and dryer and a true hammered copper sink. The upstairs boasts a large loft space with a generous bunk room with attached bathroom featuring granite counter tops, true hammered copper sink, and floor to ceiling tiled shower. Outside, the detached two-car garage shop includes a never-lived-in living space above, complete with a bedroom, bathroom, & living area. All main level floors in the house & garage slab have in-floor radiant heating, ensuring comfort & efficiency throughout the winter. Nestled on 5 acres w/ water rights, this property is livestock permissible & includes a ready-to-use chicken coop.



## Dual Open House

LUXURY SALMON RIVERFRONT PROPERTIES

SATURDAY, AUGUST 17TH FROM 10AM-12PM

28 & 48 FIFE LN SALMON, ID 83467

### 28 FIFE LANE:

28 Fife Ln is a custom built Montana sourced log home that features 4 bedrooms, 4 bathrooms, detached 2 car garage/shop with living quarters above the garage on 5 acres. MLS# 2168181

\$1,425,000

### 48 FIFE LANE:

48 Fife Ln is a custom built new construction home that features 5 bedrooms, 5 full bathrooms + 2 half bathrooms, detached garage/shop with apartment above on 5 acres. MLS# 2168159

\$1,800,000



# CABIN IN THE WOODS

*Now for sale*



255 SPRING CREEK RD NORTH FORK, ID



2 BATHROOMS



4 BEDROOMS



ONSITE GUEST QUARTERS PERFECT FOR RENTAL INCOME



1464 SQFT.

PRESENTED AT

**\$385,000**

Off-Grid cabin on 1.7 acres complete with detached guest quarters, enclosed & covered storage, orchard, garden, and water rights with Spring Creek frontage.



**Nikki Schuler**

Associate Broker

208-756-7548

NikkiSchuler@mtwestrealestate.com





“Nikki was a joy to work with during the purchase of our property. She was a wealth of information and very professional. Given the fact that we are a fair distance away she made the negotiations very comfortable with her attention to detail and her amazing ability to navigate between us and the seller of the property. We consider it a great blessing to have met and worked with Nikki.”



**Nikki Schuler**

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It's not just a home, it's a lifestyle.

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