

## **Demand For Housing Remains Healthy**

**March 9, 2014**

**Dear Dave:** If we buy a home in Anchorage this year, will we be paying too much? Can we expect the value to go up next year?

**Answer:** Whether you are paying too much is a question for your Realtor. He should advise you on the immediate market conditions and relative value of the property you are looking at.

Yes, you can expect real estate values to increase in 2015.

The Anchorage economy grew by 1% last year and a similar “steady as she goes” economy is forecast for 2014. The unemployment rate is 4.9% (compare 7.3% for the Nation as a whole) and demand for housing in a substantially “built-out” city like Anchorage will increase property values.

Intending home-buyers are advised to move sooner rather than later. The FHA rate for a 30 year mortgage remains under 4% but this cannot last. Get prequalified with a Lender and interview Realtors for the most competent and reliable assistance. It costs nothing for a homebuyer to engage a real estate licensee and their experience and wisdom is invaluable, especially if this is your first home.

**Dear Dave:** We recently sold a house in Wasilla (less than \$200,000 range) and ended up paying for two appraisals in less than 6 months. The two Valley based appraisers ended up with appraisals that were \$19,000 apart, the first one being the higher value. I think this is an outrageous and erroneous difference and would like to take some action. What State or Federal agencies oversee appraisers and where can you lodge a complaint?

**Answer:** It is true that incompetence could have been a factor in the 2 appraisals, but not necessarily. First of all, market values tend to fall through the winter as less sales occur, though I would doubt by \$19,000 (i.e. 10%) in 6 months in the Valley.

Second, one of the appraisals could have been in an ‘as-is’ condition, while the other could have been an appraised value conditioned on certain specified repairs, which would increase the value.

Third, you probably had 2 appraisals because you had 2 sales, and the appraiser is trying to justify, at a minimum, the ‘agreed’ sale price. If one of your sales was \$19,000 higher than the other, this would have a large influence on the appraiser. On the other hand, if the first appraisal was ordered for a possible refinance by yourself, and not a sale, I would expect this to be the higher valuation because appraisers are more lenient on refinance appraisals.

Now all this may sound weird. Why is an appraisal not a scientific calculation that is the same in every case? Well, the answer is that appraising is not an exact science and, furthermore, a highly subjective exercise. I have often argued with appraisers myself over what seemed a ridiculous conclusion but, for the most part, appraisers do their best. Keep in mind that an appraiser leads a solitary life, akin to a Blue Whale, and is hardly ever seen. He works out of a car and an office,

and performs calculations in a quiet corner somewhere without having the benefit of the Realtor's day to day intercourse with the market.

Nevertheless, they do their best. If you feel you have been damaged here, you could call the State Department of Commerce, Division of Occupational Licensing and lodge a complaint. Alternatively, HUD (Federal Department of Housing and Urban Development) may be interested, particularly if an FHA loan was involved. But don't hold your breath. Appraisers are rarely disciplined and we all have to live with the 'human' element in what is, after all, the 'opinion' about value of one person in the real estate ocean.

**Dear Dave:** We just had a very unpleasant experience at closing because of a dispute about a plumbing leak that showed up at our final walk-through. The seller claimed it was our problem because we had an inspection and never complained about it at the time. He also claims that he had no knowledge of the leak when he signed the contract. He said he had made all the repairs we asked for and wasn't doing any more work. We agreed to close, but the damage from the leak has cost us over \$400. Can we recover this money?

**Answer:** No, not if you agreed to close with full knowledge of the problem. What you should have done is refuse to close until the leak and damage were fixed.

If plumbing leaks, or other maintenance problems, arise subsequent to the buyer's home inspection, the Seller has an obligation to make repairs unless otherwise agreed to. You probably closed because you were on a deadline, and this pressure gave unfair advantage to the seller. Buyers should always approach closing with the option of holding out for a day or two in case final walk-through issues arise.

**Dear Dave:** I live in Anchorage and am thinking about Real Estate as a career. I heard that there are over 1200 Realtors in the area. Is there room for one more?

**Answer:** Yes, there is still room for well-trained and qualified professionals in Real Estate. Even though there are a large number of Realtors, many of them are not very active. Hard-working, organized and customer-oriented individuals are always welcome in the industry.

If you call any of the major Real Estate offices in town, and ask for the Broker or Sales Manager, they will gladly direct you to their own school, or to one of the several independent Real Estate schools in the city.