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## The State Of Real Estate In Pike Township - 2021



What happens when the supply of homes on the market is extremely low? House prices rise. One of the basic rules of supply and demand.

In 2020 there were on average 50 homes on the market at any given time. In 2021 the average was 20. Because of this, demand grew. There weren't enough houses on the market to even come close to filling the demands of buyers.

Pike had more home sales in 2021 than any other year since 2007. How can that be, you ask? The average time on the market in 2021 was

slightly under 10 days. In the past, the average time on the market was 80 days in 2015, 55 days in 2017 and, 22 days in 2019. Even though there were fewer homes on the market, they sold faster.

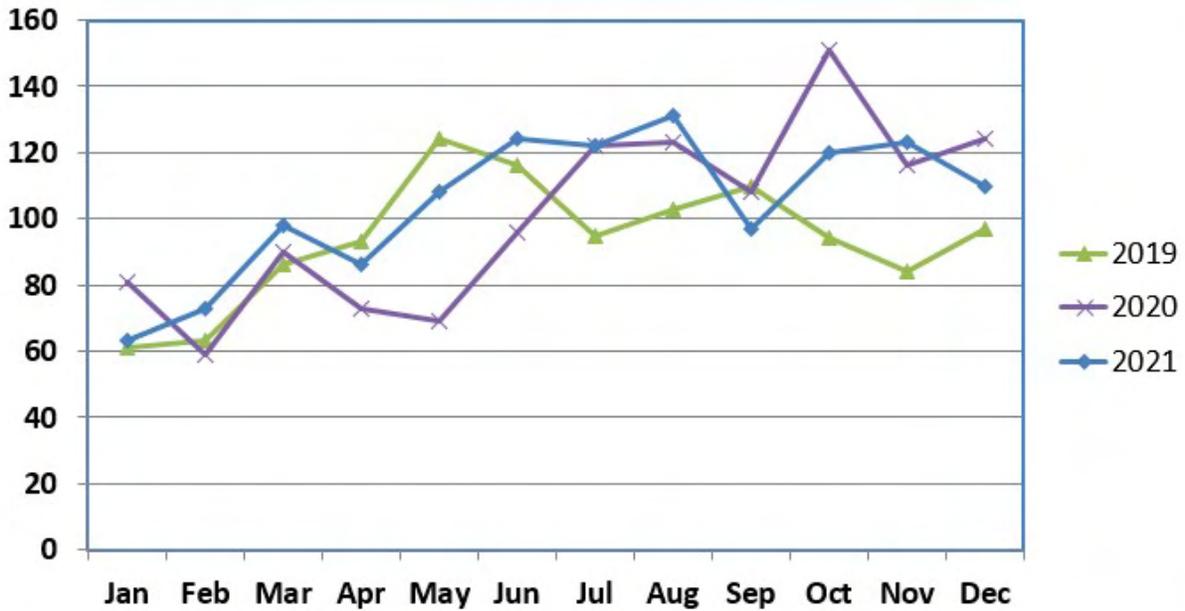
Interest rates averaged about 3 percent in 2021 which is extremely low. That means that buyers could qualify for higher priced houses. Interest rates are currently rising which means that buyers will be able to afford less. I expect to see interest rates at 4 percent by the end of 2022. That could mean that prices will stabilize.

Bidding wars played big in Pike Township in 2021. Almost 80 percent of the houses sold were priced at or over list price. Over 10 percent were sold at or over \$20,000 above list price.

Will there be more sellers in 2022? Only time will tell.

If your property is currently listed with a real estate broker, please disregard.  
It is not our intention to solicit the offerings of other real estate brokers.

## Total Pike Township Houses and Condos Sold



## 2021 Statistics

### Condos

279  
 \$139,597  
 \$135,450  
 9  
 4  
 \$105.19  
 \$260,000  
 \$32,000  
 \$105.19  
 205(73%)

### Houses

Units Sold 975  
 Average Price \$261,578  
 Median Price \$225,000  
 Average Days on Market 10  
 Median Days on Market 4  
 Average Dollars Per Square Foot \$134.92  
 Highest Price \$1,715,000.00  
 Lowest Price \$11,918.00  
 Average Square Footage \$134.92  
 Sold at or Above List Price 755(77%)

Data taken from MIBOR's (Metropolitan Indianapolis Board of Realtors) BLC (Broker Listing Cooperative) Information Deemed Reliable, but not Guaranteed.



We have experience with buyers, sellers, investors, short sales, and commercial leases.

Buying or selling a home can be the most expensive transaction you will ever make. We understand and will try to make it as informative and stress free as possible.

We pride ourselves on our market research, following market trends, and continuing education. We want our clients to have the best up to date information.

We love answering real estate questions. If you have a question, please let us know. If we don't have an answer, we will research and get an answer for you.

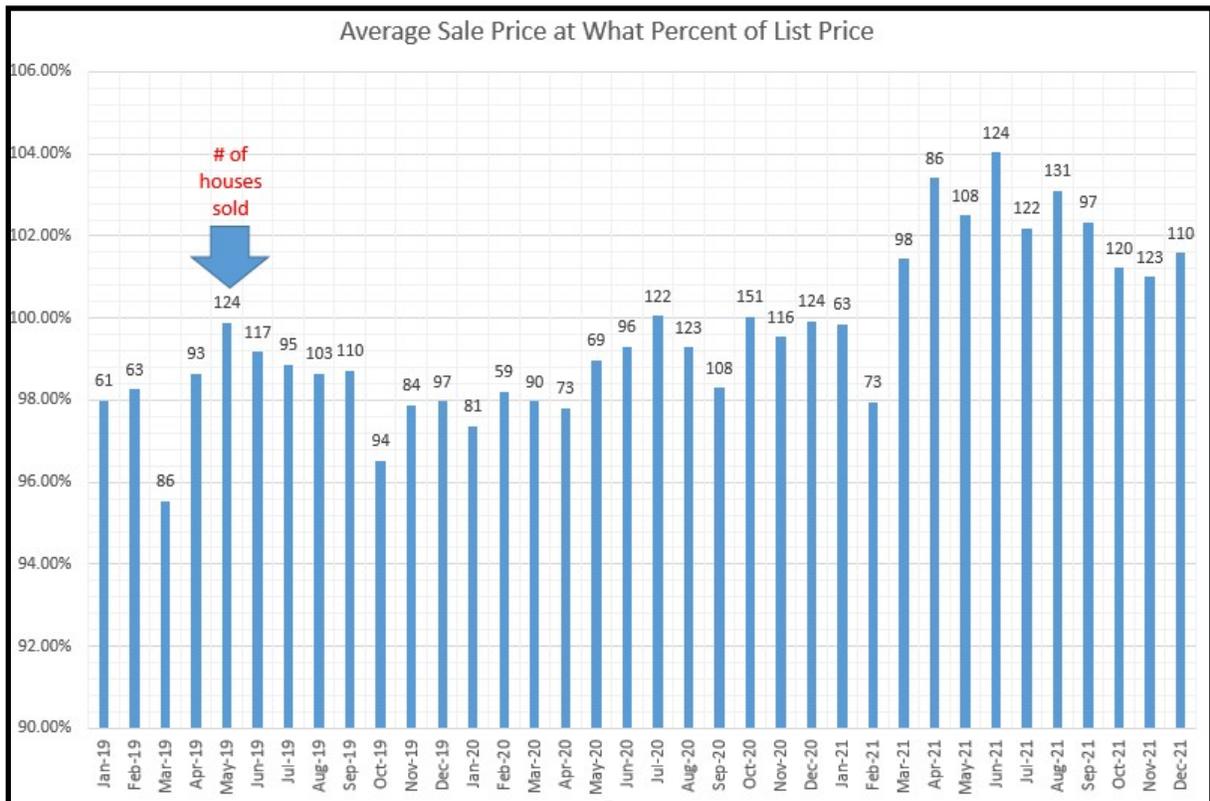
## Brokerage Highlights From 2021



**9 offers, one \$23,500 over list price, 47 showing requests, sold in one day**



**15 offers, 93 showing requests, one offer was \$37,500 over list price, sold in 3 days**



The above chart shows the average percent above or below list price that houses were selling for in Pike Township. For example if the list price of a home was \$200,000, in March 2019 it sold for \$191,000. In July 2020 it would have sold for \$200,000. In July 2021 it would have sold for \$208,000. Why? The law of supply and demand.

- ◆ During the year of 2021, the average amount of houses on the market was about 20. Compare this to about 12 years ago when there was 1000 houses on the market in Pike Township. Twelve years ago it was a buyers market. Today it is a sellers market.
- ◆ The numbers at the top of the bars are the number of houses sold that month. Notice the higher the number sold, the higher above list price houses sold for. This tells me that there was high demand and not enough supply that month. This becomes a bidding war situation.
- ◆ Typically, most sales happen during the Spring, Summer and, Fall months. You can see during those months the highest prices above list where obtained.
- ◆ COVID had an effect on real estate during 2020. Sellers did not want buyers coming into their houses for fear of spreading COVID. Trade stories I read stated that they were also scared of guests stealing toilet paper. This brought the number of houses on the market much lower although the demand was the same. National Association of Realtors says that the average offers on a house is 5.
- ◆ 2021 had the most houses sold since 2007. Although there were less houses on the market, the houses sold on the average in 10 days instead of 30, 60 or 90 days.

# 12 Tips To Win a Bid In This Competitive Market

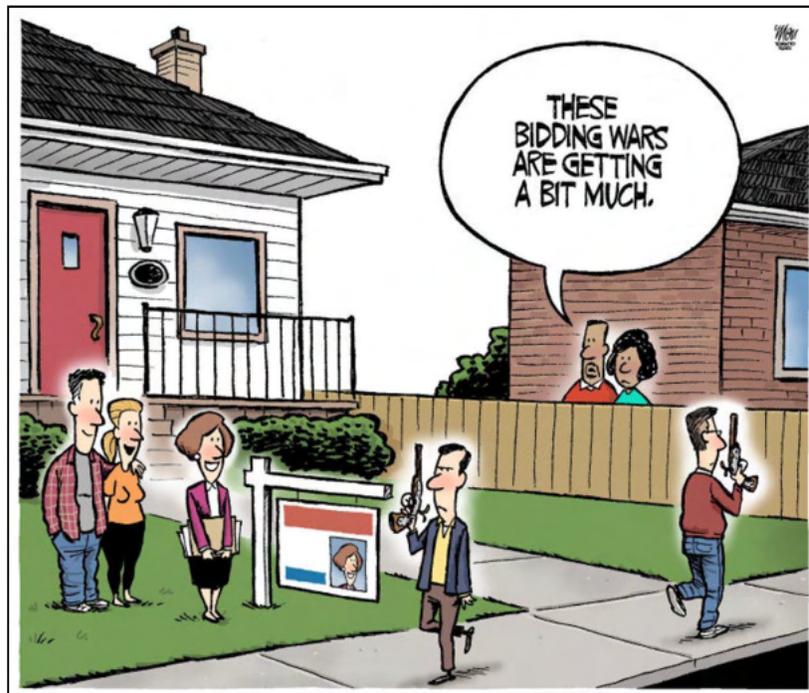
According to Lawrence Yun, Chief Economist at the National Association of Realtors, "For every listing there are 5.1 offers. Half of the homes are being sold above list price."

It takes some real thought and desires to win in a bidding war. Knowing your options is key. There are many things that you can do to make your offer stand out.

1.) First realize that if you are getting a mortgage, the lender will only allow the loan amount to be up to the appraised amount. That means that if you offer more than the appraised amount, you will have to come up with the difference. If you have the extra cash, then this should not be a problem. If you don't, then you could negotiate and see if the owner would take the appraised amount. Another solution would be to offer a price but then in the "Further Conditions" in the Purchase Agreement, write something like "if the home appraises under offer price, then the buyer will pay up to appraised amount". This would eliminate any question as to what you would be willing to pay and eliminate negotiations after appraisal.

2.) Don't request any appliances even if the seller is willing to leave them. This would show the seller that you are willing to buy the house without the appliances. The seller might like the fact that they could take some/all appliances with them.

3.) The earnest money was designed to show the seller how interested you were in buying the house. The bigger the earnest money, the more you want the house. It also shows that you are willing to put skin in the game. Larger amounts of earnest money could make a difference.



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4.) How you finance the home and what your down payment is can be critical. Basically, there are 3 types of loans. FHA, insured conventional and conventional. If you have a down payment of less than 20 percent, then the lender will add a Private Mortgage Insurance policy to the loan. FHA appraisals are always a little more demanding. This could be a little more challenging for the seller if their home is not up to par. Bigger down payments do have one advantage

when it comes to appraisals. Example: Buyer offers \$200,000 on a house. They put down 10 percent as a down payment. Now house only has to appraise for \$180,000 because that is all the loan would have to be. This could be a big concern for sellers if the house does not appraise. Having a bigger down payment could give the seller some relief.

5.) Don't ask the seller for any closing costs. This might be the only way a buyer could afford the house but you are taking money out of the seller's pocket.

6.) Work with the seller on a closing date. A buyer's agent could call the listing agent and ask what would work best for the seller. The seller might need time to close on their next house or might want to close as soon as possible.

7.) Traditionally the closing fee (the fee charged to have the table closing by the title company) is split between the buyer and seller. The fee usually is around a total of \$300 to \$400. The seller will pay more attention and appreciate the offer if the buyer pays the sellers half of the fee.

8.) In this market, possession of the new property can make or break a deal. Traditionally, possession was always at closing. Now, giving the seller days, weeks, or a month to vacate the house has become more of the norm. This protects the seller from having to move out before closing. It is possible (and happens many times) that the buyer can't get the loan but does not find out until a day or two before closing. Maybe the seller has bought a new house and has moved into it. Now the seller has to face two mortgages until they can find a new buyer for the old house. Giving the seller extra time to vacate is a huge plus.

9.) Either waving the right to have a home inspection, taking the property as-is, or using the "AS IS" ADDENDUM TO PURCHASE AGREEMENT is a benefit to the seller. This allows the buyer to have an inspection, terminate the transaction if any undisclosed defects were found in the inspection. The seller has no obligation whatsoever to correct the defects found in the inspection. This protects the seller from any inspection repair expense. Normally this would work well if the house is in good condition and has no defects and needs no repairs.

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10.) Don't ask the seller to pay for a home warranty for the buyer. This is an added expense for the seller. The buyer can order and pay for a home warranty any time after the closing for the same price.

11.) The buyer could pay for the seller's title insurance policy. This cost could vary based on the price of the house. This could mean a lot to the seller.

12.) Because Indiana property taxes are paid in arrears, the bills you get this year in May and November pay for the first 6 months of last year and the last 6 months of last year. The seller owes the buyer a credit at closing based on what the last payment covered to the closing date. The title company prorates it and gives the buyer a credit and the seller a debit on the closing statement. Otherwise, the buyer would be paying the seller's property taxes from their escrowed mortgage payments. The buyer could relinquish the credit or part of it which would save the seller some money. These tips are ways to influence the seller in a multiple offer situation. The whole idea is to reduce the seller's costs and inconvenience. The more tips you can use the more likely you are to get the seller's attention and maybe win the bidding war. When I represent the seller in a multiple offer situation, I start an Excel spreadsheet with all the variable contingencies. This makes it easier for the seller and me to decide which the best offers are. The last multiple offers I did this to had 9 offers. The one before that had 15 offers. It's a seller's market.

DISCLOSURE – You should be careful about waiving the inspection. As a licensed Real Estate Agent, we have a fiduciary responsibility to educate our buyers of the importance and benefits of an inspection. And, as a Realtor, the Code of Ethics states that we make sure that any known issues are still disclosed. There are benefits and liabilities to each of these above tips. Make sure you understand them before you use them.

Tim Lord



# LOS RANCHEROS

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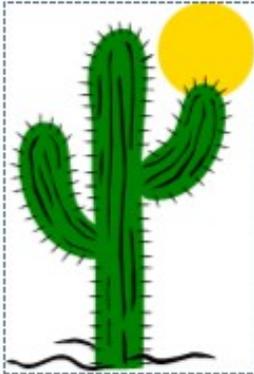
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