

Wasatch Front real estate

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The Salt Lake Tribune
Salt Lake Tribune

Article Last Updated: 04/13/2008 01:32:50 AM MDT

As neighborhoods go, this one in Magna has seen better days.

You can see graffiti on backyard fences, a truck up on blocks, a number of ill-kept yards and several homes in various stages of disrepair.

In the middle of it all, is a 13-year-old rambler listed for \$220,000. Although the inside of the 2,200-square-foot, three-bedroom, one-bath house is in fairly good shape, the yard is a mess, a fence shows damage and the deck is deteriorating.

It wasn't so long ago that a \$225,000 price tag for such a property would be entirely laughable. But then it's been nearly a decade since \$100,000 to \$150,000 would have bought any of a number of nice starter homes in good condition in nice neighborhoods along the Wasatch Front.

Today, after years of home-price increases, the median selling price in Salt Lake County is \$225,000 - half the homes sell for more, half for less. Although starter homes still can be found for as little as \$100,000 or \$150,000 in the Salt Lake area, most go for much more. Plus, spending around \$225,000 doesn't always guarantee that you'll get a home in good condition.

It's a price that, depending on where you want to live, might mean settling for an older or smaller home or one with fewer amenities.

"Sometimes people listen to the news and hear that prices are falling nationally, and they think that Utah has dropped as far as some of the other states have," said Jillinda Bowers, president of the Salt Lake Board of Realtors. "That just hasn't happened here."

Not yet, anyway.

Anything but affordable

So when Bowers recently led a reporter from *The Salt Lake Tribune* on a tour of what can be bought for \$225,000, it became a trip that drove home the affordability problem that everyone, from economists to advocates for low-income consumers, is talking about along the Wasatch Front.

At first glance, Salt Lake County's median home price is actually "affordable" when compared to other cities nationwide. But \$225,000 is anything but affordable for Utahns whose single-digit wage gains have not kept pace with double-digit jumps in home values.

"The problem is that over the past 10 years, home prices have gone up at least twice as fast as incomes," said Kelly Matthews, Wells Fargo & Co. chief economist.

And the problem may be even worse than the data suggest, said Linda Hilton of Crossroads Urban Center, a Salt Lake City-based nonprofit advocacy group for low-income Utahns.

"A lot of the raises people have gotten in the past 10 years have been eaten up by huge increases in the cost of health insurance" and other necessities, she said. "If you're a renter trying to buy your first home, it's getting more and more difficult to buy anything unless you have a very high income."

The short sale

Those who can buy, of course, still can get more for their money in some neighborhoods than others. As the time-honored real estate mantra goes, it almost always comes down to location, location, location, Bowers said.

There's generally a pricing premium on the east side of Interstate 15, which grows more pronounced the farther east you go - (median selling price in the \$300,000 range on the east side compared with \$200,000 elsewhere). The west side of the valley and outlying counties, such as Tooele and Davis, generally are more affordable.

But today, amid the economic and real estate slowdown, there is perhaps an even more important factor than location in landing a good deal - the financial situation of the seller.

Even in areas that traditionally are most "affordable," such as West Valley City and Magna, some sellers have so heavily mortgaged their properties - either by putting no or little money down or taking out second mortgages - that they can't lower their prices much without falling short of what they owe their mortgage companies.

"How much they are willing to negotiate depends on what kind of equity is left in the home," she said.

That appears to be a problem particularly in Magna, where a house listed for sale at \$220,000 might end up as a short sale, in which the mortgage company accepts 10 percent to 20 percent less than it is owed. Or it might end in foreclosure, where the mortgage company takes possession and sells the house for as much as possible to recoup some of its losses.

In some cases, buying a short sale or foreclosure can be a good deal - but not always. Steep discounts of 40 percent or more aren't the norm. And sometimes even a deal such as this won't be good enough to compensate for a property's shortcomings.

East side premium

With those caveats in mind, it's time to move on to North Salt Lake, where an 1,800-square-foot home in the Foxboro subdivision is on the market for \$224,900. There are two things working in favor of a buyer here:

- * You can get more for your money in Davis County, compared with some parts of Salt Lake County,
- * And the sellers appear to have wiggle room to lower their asking price. In fact, it's already down from \$235,500.

The property has about 400 fewer square feet than the MagAna property, but the house, yard and surrounding neighborhood are in better shape. The house in North Salt Lake was built in 2005 - 10 years after the Magna property.

But drive back to Salt Lake County and settle in the White City Township near Sandy, and you quickly realize that because of its east-side location - and accompanying premium - you have to make do with less. That helps explain why an older rambler with lower ceilings and 2,016 square feet, just off 700 East near 9900 South, is listed for about the same price as the much newer and airier North Salt Lake home.

Among prospective buyers, Bowers said, Sandy is one of the valley's most attractive areas - even its older neighborhoods, featuring homes built in the 1950s. Bowers said the east-side premium is most pronounced east of 1300 East, but this home along 700 East cashes in on that, even though it's an older home that backs up to a busy road.

"A home like this 10 years ago would have gone for \$100,000," Bowers noted as she looked around.

A buyer plopping down 5 percent on a \$100,000 home at 6.5 percent would have paid a monthly principal and interest payment of about \$600 for 30 years. A buyer putting 5 percent down on a \$225,000 property would have paid principal and interest of more than \$1,350.

Great view

As you move north in the valley, homes priced around \$225,000 are increasingly difficult to find in the Avenues. Ditto for Sugar House, although very small homes in that neighborhood, or in its periphery known as "Sugar Hood," can be priced that low.

If you have only \$225,000 to spend, you'll have many more condominium options, which might actually provide more square footage than single-family homes for the same price.

A 1,066-square-foot condo in the Angelina's Corner development at 725 S. 200 West in downtown Salt Lake City, for example, can be had for \$220,000. But you won't have a yard, and you'll pay a homeowners association fee.

Real estate, of course, is a series of trade-offs, and that's readily apparent in the residential area near Hogle Zoo in the far east side of the valley. It's a highly desirable residential area, but single-family houses under \$350,000, let alone \$225,000, are practically impossible to find.

One condo in the area, for example, is listed for sale for only \$174,900, but it's 750 square feet. That works out to \$233 per square foot.

Realtor Jillinda Bowers walks through a one-bedroom condo at the mouth of Emigration Canyon. It commands a high price for its 750 square feet because of its location and mountain view.

HOW MUCH WILL

\$225,000

GET YOU?

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Hint: It might be less than you think.

Where are the most homes in the \$225,000 range?

The west side of the valley and outlying counties such as Tooele and Davis generally have more options.

Generally, what do you get for \$225,000?

In areas east of I-15, you might have to settle for an older home of 1,000 to 2,000 square feet. In other areas, you could get a home with more amenities. Condos, some with more square footage, are available in many areas.

What is the best way to find homes in this range?

Start your search online at www.utahrealestate.com or any number of other sites.

* Try driving around the area you want to buy in, looking for homes that might not be listed.

* Enlist the help of a Realtor.

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