



KIM HALL
HOMES

SPRING 2021 QUARTERLY UPDATE

Take Advantage of Your Home Equity: A Homeowner's Guide

Homeownership offers many advantages over renting, including a stable living environment, predictable monthly payments, and the freedom to make modifications. But one of the biggest benefits it offers is the opportunity to build wealth over time. Researchers at the Urban Institute found that homeownership is financially beneficial for most families,¹ and studies have shown that the median net worth of homeowners can be up to 80 times greater than that of renters in some areas.²

So how does purchasing a home help you build wealth? And what steps should you take to maximize the potential of your investment? Find out how to harness the power of home equity for a secure financial future.



WHAT IS HOME EQUITY?

Home equity is the difference between what your home is worth and the amount you owe on your mortgage. So, for example, if your home would currently sell for \$250,000 and the remaining balance on your mortgage is \$200,000, then you have \$50,000 in home equity.

The equity in your home is considered a non-liquid asset. It's your money; but rather than sitting in a bank account, it's providing you with a place to live. And when you factor in the potential of appreciation, an investment in real estate will likely offer a better return than any savings account available today.

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HOW DOES HOME EQUITY BUILD WEALTH?

A mortgage payment is a type of “forced savings” for home buyers. When you make a mortgage payment each month, a portion of it goes towards interest on your loan, and the remaining part goes towards paying off your principal, or loan balance. As your loan balance goes down, your home equity goes up.

Additionally, the value of your home generally increases, or appreciates, over time. And when you sell it, even if you’ve only paid off a small portion of your mortgage, you get to keep 100% of your property’s appreciated value. That’s the wealth-building power of real estate.

WHAT CAN I DO TO GROW MY HOME’S EQUITY FASTER?

There are two basic ways to increase the equity in your home:

- 1 Pay down your mortgage.** Some homeowners do this by adding a little extra to their monthly payment, making one additional payment per year, or making a lump-sum payment when extra money becomes available. Another option is to decrease your amortization period. For example, if you can afford the higher monthly payment, consider refinancing from a 30-year or 25-year mortgage to a 15-year mortgage.
- 2 Raise your home’s market value.** Many homeowners enjoy do-it-yourself projects that add value at a relatively low cost. Others choose to invest in larger, strategic renovations. Keep in mind, you won’t necessarily get back every dollar you spend on upgrades, so consult a professional before making any major investments.

A word of caution: neglecting routine maintenance could decrease your home’s value (and equity), so be sure to stay on top of recommended upkeep and repairs.

HOW DO I ACCESS MY HOME EQUITY IF I NEED IT?

What if you want to tap into your home’s equity while you’re still living in it? There are several ways to borrow against your home equity, depending on your needs and qualifications:³

- 1 A Second Mortgage** (or Home Equity Loan) enables you to borrow a lump sum, which you are responsible for paying back—with interest—over a set period of time. Most second mortgages have a fixed interest rate and provide the borrower with a predictable monthly payment.
- 2 With a Cash-Out Refinance**, you refinance your mortgage for a higher amount than you currently owe. Then you pay off your original mortgage and keep the difference as cash. This option may be preferable if you have a high interest rate on your current mortgage or prefer to make just one payment per month.
- 3 A Home Equity Line of Credit (HELOC)** is a revolving line of credit, similar to a credit card. It allows you to draw out money as you need it. The interest rate on a HELOC is variable, so your payment each month could change depending on how much you borrow and how interest rates fluctuate.
- 4 A Reverse Mortgage** enables qualifying seniors to borrow against the equity in their home to supplement their retirement income. In most cases, the loan (plus interest) doesn’t need to be repaid until the homeowners sell, move, or are deceased.⁴

It’s important to note that borrowing against your home’s equity isn’t always the best option, and it carries the risk of foreclosure if you default. Ask me for a referral to a lender or financial adviser to find out if a home equity loan is right for you.

Sources: 1. Urban Institute 2. Census Bureau 3. Investopedia 4. Bankrate

The above references an opinion and is for informational purposes only. It is not intended to be financial advice. Consult a financial professional for advice regarding your individual needs.

**SOLD For \$1,917,000
WITH MULTIPLE OFFERS**

**SOLD For \$2,375,000
WITH MULTIPLE OFFERS**

6405 Vista Pacifica, RPV
4 Bedrooms | 3.5 Bathrooms
3,556 SF Home | 5,477 SF Lot
REPRESENTED SELLER

6508 Via Baron, RPV
4 Bedrooms | 4.5 Bathrooms
4,645 SF Home | 4,718 SF Lot
REPRESENTED SELLER

2021 Market Data Report

1st Quarter January 1st - March 31st

Sales of Single Family Homes in Palos Verdes Peninsula

AREA	UNITS SOLD 2021	UNITS SOLD 2020	2021 SQ FT RANGE	2021 AVG SQ FT	2021 PRICE RANGE		2021 AVG PRICE	2020 AVG PRICE	2021 AVG \$/ASF	2020 AVG \$/ASF	Avg \$/SF %CHG
Lunada Bay/Margate	9	10	2029 - 4725	3288	\$1,550,000 -	\$3,100,000	\$2,175,656	\$2,799,400	\$687	\$779	-11.8%
Monte Malaga	14	4	1864 - 9484	3477	\$1,500,000 -	\$7,510,000	\$2,741,661	\$2,322,250	\$800	\$652	22.8%
Malaga Cove	9	1	1797 - 8869	3730	\$1,900,000 -	\$9,200,000	\$3,604,444	\$1,654,000	\$970	\$660	46.9%
Valmonte	13	8	1444 - 3800	2218	\$1,400,000 -	\$3,425,000	\$1,983,500	\$1,518,750	\$911	\$718	26.8%
PV Drive North	15	13	1856 - 5634	3381	\$1,315,000 -	\$3,425,000	\$2,313,883	\$2,233,231	\$688	\$706	-2.6%
Rolling Hills	12	7	2304 - 13000	5343	\$2,100,000 -	\$11,100,000	\$4,656,096	\$3,162,127	\$933	\$707	31.9%
PV Drive East	15	11	1132 - 5191	2851	\$1,040,000 -	\$2,400,000	\$1,608,333	\$1,399,036	\$611	\$462	32.3%
Mira Catalina	7	2	1746 - 3300	2383	\$1,249,000 -	\$2,334,000	\$1,699,607	\$1,452,000	\$723	\$586	23.3%
PV Drive South	7	3	1658 - 4645	3077	\$1,325,000 -	\$2,950,000	\$1,956,857	\$4,845,433	\$676	\$796	-15.0%
West Palos Verdes	4	3	1864 - 2749	2248	\$1,300,000 -	\$3,400,000	\$2,046,250	\$1,638,667	\$927	\$682	35.8%
Country Club	4	8	3051 - 5705	4130	\$1,890,000 -	\$3,000,000	\$2,544,250	\$1,868,188	\$636	\$559	13.7%
La Cresta	10	8	2677 - 7848	4156	\$1,451,000 -	\$4,250,000	\$2,518,463	\$2,089,375	\$613	\$594	3.1%
Los Verdes	14	11	1460 - 2988	2083	\$1,050,000 -	\$2,070,000	\$1,502,929	\$1,422,227	\$736	\$647	13.7%
Crest	7	5	2052 - 3954	2766	\$1,403,025 -	\$1,739,500	\$1,556,789	\$1,455,000	\$585	\$561	4.4%
Peninsula Center	5	6	1896 - 3337	2363	\$1,450,000 -	\$2,590,000	\$1,771,000	\$1,293,833	\$739	\$578	27.9%
Silver Spur	17	8	1292 - 2579	1830	\$1,000,000 -	\$1,698,000	\$1,320,882	\$1,282,813	\$743	\$697	6.5%
Eastview RPV	10	16	780 - 2560	1679	\$800,000 -	\$1,335,000	\$1,063,656	\$947,390	\$671	\$552	21.5%

Totals / Ranges / Avg	172	124	780	13,000	2,976	\$800,000 -	\$11,100,000	\$2,173,971	\$1,836,801	\$745	\$634
% CHANGE 2020 vs 2021	38.7%							18.4%		3.9%	

Median Sales Price		\$1,772,375	\$1,510,500	\$727	\$611
% CHANGE 2020 vs 2021		17.3%		2.7%	

Note: This representation is based in whole or in part on data supplied by the Multiple Listing Service. Neither the Board nor its MLS guarantee or is in any way responsible for its accuracy. Data maintained by the Board or its MLS may not reflect all real estate activities in the market.

If your home is currently listed by another broker this is not intended as a solicitation. This information is solely advisory, and should not be substituted for medical, legal, financial or tax advice. Any and all decisions and actions must be done through the advice and counsel of a qualified physician, attorney, financial advisor, and/or CPA. We cannot be held responsible for actions you may take without proper medical, financial, legal or tax advice.

Can't find your neighborhood's stats?

Check out my website at KimHallHomes.com for stats from the entire South Bay.

What people are saying about Kim...



We cannot say thank you enough for all of your help with buying our first home! You helped make our dreams a reality and we are so grateful. Your knowledge, advice, encouragement and patience were truly a blessing to us.

- Jordan & Erin M.





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As vaccines become more readily available and our world begins to be more open, the real estate market too has taken on new energy. The real estate market is HOT, HOT, HOT; locally, throughout California and throughout the country! People are looking at property ownership as a way to create wealth. This newsletter highlights home equity and how it can be accumulated faster and be used when needed. If you're ready to begin building equity with a new property purchase, grow the value of your current home, or access your equity through a home sale or loan - I'm here to help you. Know someone thinking of selling in 2021? I'd love the referral and will take great care of them. I look forward to hearing from you soon!

Kim

NATURAL
HISTORY
MUSEUM
LOS ANGELES COUNTY

BUTTERFLY PAVILION

Watch butterflies take flight around you
in this seasonal exhibition.

MARCH 11 - SEPTEMBER 6, 2021

\$6 per person

Free for Members

<https://nhm.org/>