



REMAIN RELEVANT

IMELDA DULCICH
PR & SOCIAL MEDIA

Article for Seattle Times | Master Builders Association

Contact information: Brenda Nunes, Nunes Group Real Estate. MBA, Real Estate Managing Broker KW Eastside, Green, Leed AP.
Brenda@nunesgrouprealestate. 425-785-6286

Understanding the Process: Selling Land.

- Are you sitting on acreage and wondering if it would be wise to sell?
- Can you use additional cash to fund a retirement home?
- Do you feel like your land could be a source of retirement income but don't understand how to value it?

Do you understand the issues that affect the price of land?

The Puget Sound Region is growing significantly, and we know there is a shortage of homes in our area. Builders are seeking land on which to build more homes.

Are you ready to sell? Many considerations can affect the value of property. Of course, the market will ultimately determine the value of the land, but landowners should also work with trusted professionals who can do a Market Analysis or provide a Broker Opinion of Value to help determine the potential selling price or estimated value of a real estate property.

How is land value determined?

The price of land depends on location, the value of any completed buildings, and the ability to develop and customize the lot.

Land buyers need time to evaluate the costs, as well as any strengths and weaknesses of the property they are considering purchasing. This analysis happens after a contract is signed, and is known as the due diligence or feasibility period. Understanding the terms and conditions of the contract is vital for any land deal. The feasibility phase should include a time negotiated between the buyer and seller and may include an earnest money deposit.



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What might builders evaluate during the feasibility period?

- What is the current zoning and anticipated future zoning?
- Is the zoning residential, commercial or flexible?
- Has there been any changes/potential to the immediate area that positively or negatively affects the property?
- Are there utilities near the site? If not how far away are they and is it economically feasible to bring in services?
- If the property is residential, how many buildable lots can the site support?
- Any easements on the title that might limit lot yield?
- Are there homes/ structures currently on the property? Where do they sit and are they in good condition?
- What is the highest and best use if it's a commercial site?
- Are there wetlands, steep slopes, streams or other environmental issues that limit the amount of buildable land?
- Are there environmental issues such as old oil tanks that need to be decommissioned?
- What is the site drainage?
- How much earth work will be needed to prepare sites for building?
- Where is the site located in relationship to transportation?
- In what school district does the property fall?
- What are the amenities within a short distance?
- Are there trails, parks and other recreation options nearby?
- How close is the site to major job centers?
- What is the neighborhood like and what is the value of new homes?
- Who is the governing jurisdiction and how easy is it to work with them?
- What are the mitigation fees for utilities, schools, and transportation?



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- Are there busy roadways/freeways facilities, structures or power lines nearby that might impact the use of the property or make use undesirable? Things to consider include noise, smells, traffic, etc.

When the builder/buyer decides to go ahead with the purchase of the land at the conclusion of the feasibility study, the earnest money becomes non-refundable. And at that point, the deal will proceed towards closing.

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