

***The 21 Things you
REALLY Need to Know
Before Buying Real
Estate in Sedona and
The Verde Valley***



The 21 Things You REALLY Need to Know BEFORE Buying Real Estate in SEDONA & The Verde Valley

by

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For over a quarter of a century, *The Sedona Real*

Estate Buyer's Brokers Team has helped buyers find their dream homes and land in Sedona and the Verde Valley, saving a lot of time and money in the process. Out of this experience, we've developed this guide to help you avoid the pitfalls inherent in the process – particularly as it applies to our area. We show you not only how to find the right property here, but also how to negotiate the best price and protect your best interests throughout the transaction and escrow process. Using this guide as a primer will aid your understanding of our local market and the rules of the Sedona real estate game.

Having peaked in the spring of 2022, the white-hot Sedona real estate Sellers' Market slowed to a crawl in 2023 through 2025. Although 2026 has seen a significant improvement for Sellers with an 8% increase in the number of Single-family Residence sales and 2% rise in the Median Recorded Sales Price, it's still more of a balanced market leaning toward Buyers. Home inventory returned to Pre-Pandemic levels then slid at the end of 2025. Inventory has risen in 2026 but is still a bit short of 2019.

See Tip #19 for very important information on the changes that have recently been put into effect regarding compensation for buyers' agents.

Check in with us to get the latest market information. We'll also have a weekly market update on our website:

www.SedonaRealEstate.com with graphs and charts.

Although the Sedona area is certainly affected by the vagaries of the national real estate market, it is driven by fundamentals that are quite different from most other parts of the country. For starters, Sedona is essentially an island of private property surrounded by National Forest. That makes our supply of land severely limited, particularly over the long term. It's a finite, non-renewable, and gradually diminishing resource. There is no more land for further significant development in Greater Sedona – as there is in the rest of the Verde Valley and the state. That guarantees, given any sort of national economic stability in the future, that we'll see a very steep upward curve in property valuation in the years ahead.

On the demand side, the key players are still the Baby Boomers, and now Gen-Xer's buying houses and land for vacation homes and eventual retirement as well as for immediate residence - particularly those who have home-based employment and businesses. That said, we are seeing more and more younger couples and families attracted to our gorgeous scenery, pleasant four-season climate, abundant cultural offerings, and cosmopolitan population.

Nearly all of us are from someplace else and here because we love it. And, we all bring marvelously diverse gifts that help make Sedona the vibrant place that it is.

Like the rest of the country, we enjoyed a raging Buyer's Market between 2007 and 2012. Then, the pendulum began to swing the other way giving us a more Balanced Market. Right now Buyers have a bit of an edge but the expectation is that that will start moving to more of a Sellers' Market sometime in 2026.

Having reached \$600,000 in 2006, the *Median Recorded Selling Price* for single-family residences bottomed by mid-year 2011 at \$330,000 and stayed in that neighborhood until fall, 2012, when prices began to move up in earnest. Between June 2020 and May 2022, the pace of numbers of sales and prices was an unprecedented extreme Sellers' Market. But, by the beginning of May 2022 it was clear that the market had crested, and the pendulum was swinging back in favor of buyers.

In December 2021, the Median Recorded Selling Price of single-family residences was \$865,000 – a record at the time. By the end of the 1st Quarter 2022 it was \$1,150,000. Since then, with some modest ups and downs, it has settled to **\$1,120,000** at September 2026.

In the longer term, demand for homes and, especially, land in the Sedona area will continue to build, just as the supply runs low. Flash back to Econ. 101: that means a continued run up in prices.

OK, on to our list of tips...

Tip 1: Get focused on your needs and what option works best for you – a home or land or something else.

Before you begin shopping, it's a good idea to think through what you really want. As self-evident as that may sound, a surprising number of people come to Sedona with only a vague idea of what they are looking for. Sometimes all they know for sure is that they want to be here. Is this going to be a second home or a primary residence?

If it's a second home, how much time do you plan to spend here? Do you intend to make it your retirement home in the future? Do you need or want to rent it out in the meantime? Or, is this to be merely an investment property that you may never occupy or build on?

If your primary purpose is to have a vacation residence, you might want to consider purchasing a home that can be rented out as a **Vacation Rental** (aka, "STR" short-term rental) through VRBO or a local agency or yourself directly when you are not using it.

That can be something of a tricky proposition with all sorts of legal, social, and political pitfalls for the uninitiated. We can help you navigate them and find you properties that qualify - not a simple nor easy task and way beyond Zillow's capabilities.

We've successfully completed, over the years, over one hundred transactions for properties which the buyers intended to use as vacation rentals, so we do know that ground especially well. Happy to share our expertise and guide you through the process.

Do note, however that, in the past couple of years, the number of vacation rentals has exploded so that there is now pretty stiff competition among them. They do require close attention, so if you are not living here, you do need to consider hiring a manager. We can help with that.

Or, do you want an existing home at all? Perhaps you'd rather buy land at today's relatively low prices and build your dream home to your own specifications.

Tip 2: Consider BUILDING a custom home.

Many people find that process too stressful, but others wouldn't have it any other way. In my conversations with Mike Bower, of the prestigious Design Group (928-282-4702), Mike had some interesting things to say that will be pertinent to your decision as to whether you want to build or buy an existing home. Even though the Design Group architects are generally considered the most expensive in town, Mike's comments are valuable about any architecturally designed custom home.

First, The Design Group is about six months to a year out before they could begin the design process. Other first-rate architects, like Eric Brandt (928-821-3617) and John Kamas (928-282-4206), I've spoken with don't have quite that wait time, but that's starting to lengthen as new construction continues to pick up steam. Occasionally they'll have a cancellation and you can get in earlier, but obviously that's not something you can count on.

Second, the design permit processes normally take between six to nine months. Again, you can probably get that done quicker, but the design and detail of the drawings may not be up to the level of quality that you want.

As for architectural fees, typically you're looking at 10% of the construction costs. Last I heard, The Design Group charges up to 12% and they justify that with innovative design and extraordinary detail in their architectural drawings.

Good drawings that can keep the contractors on track can save time and money down the road. In fact, architectural over-sight should pretty much return the fee in construction cost savings.

The biggest return with the right architect, though, is going to be saving you from fatal design flaws that are very common among builder-designed homes and especially owner-designed ones - and which might cost you big bucks when you go to sell the home. Even without major design disasters, most sophisticated buyers can tell when a home has had a professional architect involved or not and that affects the bottom-line.

Once the design phase is complete and construction begins, figure on a minimum of a year to completion. Year and a half would be more prudent, especially if you have extra features like pools and guest houses. So, figure on at least a couple of years out before your new home is completed - probably more, possibly a lot more. As for building costs, Mike suggests asking pointed questions about whether the builder's estimates include landscaping, appliances, and standard or upgraded appointments and amenities.

These days - especially with the current (& hopefully, temporary) sharp increases in building materials costs, \$600/sq. ft. appears to be the entry point for building. For a luxury home it's likely to be well above that if you were to go with a lot of upgrades. That's for building on a relatively flat lot. Steep terrain can add a bundle in site preparation for buildings and pools.

Mike cited a few homes that were built recently in the \$850 to \$1200 a square foot range. Admittedly those are way beyond the norm, but they are an indication of what's happening on that end of the range. Keep in mind, too, that the farther out you go with building timing, the more you are going to be affected by variable materials and labor costs. Those are now on the rise as new construction is up sharply in the area and are exacerbated by International trade policy and a depleted labor force in the construction industry.

Very significant costs often overlooked by potential builders are the Impact Fees charged by the City of Sedona for new construction within the City limits. Those have jumped drastically in recent years, especially if the lot has access to City Sewer. Outside the City, the Counties also have impact fees - less than the City's, but still pretty heavy. So, do ask for a projection of fee costs, preferably before making an offer or during your due diligence period prior to going hard on the deal. Meanwhile, do peruse the estimated potential new construction fee listed at the end of this report.

For buyers, the one bright spot for costs is **Land**. Back in 2006, the Median Recorded Selling Price for vacant land in Sedona was \$519,000. As of **February 2026**, it's about \$300,000. Keep in mind that vacant land is a non-renewable resource. Sedona is completely surrounded by U.S. National Forest and almost all the land that can be developed pretty much has been.

Currently, luxury parcels run the gamut from as low as \$300,000 to well over a million or two. The highest sale so far in 2026 was \$1,500,000 for a 9 acre parcel. Realistically, figure somewhere in the neighborhood of \$400,000 to \$1,000,000 or more for an exceptional lot.

For a less ambitious and less expensive project, consider a builder's model home with plans developed with an outstanding architect, Paul Overman. For that talk with Chris Dolan of Casa Natural Builders (928-300-1745). Chris's company is known for its good, nicely designed mid-level Santa Fe style homes as well as fine luxury homes. He works with a couple of different architects to develop models and builds those less expensively than completely custom homes. Give him a call to check on current timelines and price estimates. Figure on starting prices in the \$500 to \$600/ sq. ft range.

For the highest-end luxury homes, we're seeing timelines of three to four years out and building costs of \$700 to \$800/sq.ft. Even \$1000/sq. ft. And, most builders are currently hesitant to commit to a set \$/sq.ft because of volatile materials prices. If you're not in a hurry, that may be within your tolerance limits. One test that is helpful in the "should we build?" dilemma is to check to see whether or not you can buy an existing home for less than it would now cost to build it. In Sedona, especially lately that is more often the case. With the recent shortage of existing homes on the market, the pendulum has, however, swung a bit in favor of building.

Tip 3: Consider EXISTING HOMES.

What you lose in customization of your home in Sedona by buying an existing residence could well be made up in significant savings of time, money, and marital bliss. Even considering the changing market conditions, we might well be able to find a lovely home for you at a final price tag that is well below what you would pay for land, design, and construction costs.

With cash and quick close of escrow, move in time could be as little as two weeks. And, let's not even talk about the wear and tear on many relationships caused by construction stresses.

The current Median Recorded Selling Price for an existing home in the Sedona area, as I mentioned, is about \$1,100,000 with an average cost per square foot of roughly \$516 (that figure includes the land that goes with the house). That's for all single-family homes sold the whole Sedona Area in 2024. Those figures will vary by neighborhood, home age and quality, and parcel size.

The **luxury home market** - \$1,000,000 and above - has been fairly robust for the past six years. Every year since 2018, sales of luxury homes set a record. We've gone from an average of 35 sales before then to well over 200.

Until 2020, the average cost per square foot for homes over a million dollars remained stable at about \$350, versus \$440 in 2006. Currently it's about \$590. Still, luxury homes tend to remain a relative bargain in terms of what you get for your money.

Check our website: www.SedonaRealEstate.com for up-to-date market statistics.

Tip 4: Consider "SPEC." Homes.

A "spec. home" is one that has been built with no particular buyer in mind, but simply to be sold on the open market much as re-sale homes are. They are scattered individually around town on lots that the builders or investors have purchased as they have come available. They tend to be somewhat more expensive than existing re-sale homes on a per square foot basis, but of course, the trade-off is that they are brand new and not usually in need of any work or upgrades. Some of them offer the latest in "green," energy-saving technology. The big bonus is that the home comes with, at least, a two-year builder's warranty.

You'll find "specs" ranging from the \$800,000's to over 4 million. At the moment, typically they tend to be in the \$1,000,000's to \$3,000,000 range. Usually they're put on the market before completion and the buyer can often get to make the final choice on such things as flooring and amenities. Unlike buying a home from a developer, price is usually negotiable, but don't expect much of a discount. They tend to sell quickly these days.

With a few notable exceptions, Sedona simply does not have much in the way of developments in which a developer builds standardized model homes in a particular subdivision to be marketed by the developer. That, however, is changing. In the past, most of the subdivisions created by developers have simply sold lots upon which the buyer built a home of his own choosing employing his own architect and builder - but following strict architectural guidelines set and governed by the HOA - Homeowners Association. But, lately we are starting to see new developments using the model home approach. It's a dynamic market these days.

Tip 5: Consider Townhomes and Condominiums and Patio Homes.

They tend to get lumped together as "condos" and the terms are often used interchangeably, but there is a difference. A condominium owner does not own the space above or below his unit, but may have a partial interest in any common areas owned by the HOA.

Townhomes are often two-story units, but in any case the owner owns the space above the unit, so there's no concern about some else living above or below him. Patio homes are townhomes with a small yard attached.

All of these have found favor with Sedona buyers because so many people are seeking second homes here and don't want the upkeep hassles often associated with individual houses. "Condos" can be relatively "turn-key" and left for long periods with maintenance and security issues being taken care of.

The spectrum of choices is immense. There are low-rent apartment conversions in West Sedona and the Village of Oak Creek starting around \$400,000. And, there are new luxury condos in the far west end of Sedona known as Park Place priced from the \$700,000's to over a million.

The older, more exclusive, and quieter, Cottages at Coffee Pot start at over a million when they're available. Out at Sevens Canyons Golf Club we've seen townhome sales well above \$2,000,000 for re-sales.

The Median Recorded Selling Price (the mid-point) for Townhome/Condos is, currently, about \$580,000 and about \$443/sq.ft.

Most of Sedona and the VOC are zoned strictly for single family housing, so there is a dearth condo inventory. But, because of the continuing demand for them, they hold value and appreciate as well or better than single family homes – depending on the location, naturally.

Finally, yes, there are a few spots in Sedona that permit manufactured/mobile homes. They tend to sell in the 400,000-500,000 range unless the home can be used as a Vacation Rental. In that case, they can run well above \$700,000. And, mobile homes built before 1976 are really difficult to finance.

Tip 6: Consider The Verde Valley.

Good segue. For starters, Sedona is part of the Verde Valley. If you're driving up from Phoenix on I-17, you'll come over a pass and down a winding hill into the Verde Valley, passing the exit to Rte. 260 and Camp Verde off to the right (east) and Cottonwood to the left (west). You still have a half hour of driving another thousand feet of elevation before reaching Sedona on the north end of the valley. In doing so, you'll pass more exits leading to such places as Lake Montezuma and Cornville.

There's no real lake in Lake Montezuma and not much corn in Cornville, but much of the Verde Valley is watered by the Verde River, Beaver Creek and the same Oak Creek that meanders through Sedona. Some of it, especially Camp Verde, tends to be farm land (where they do grow corn and other farmers' market crops) and horse country. Land and home prices are less than half of what they are in Sedona and that has attracted many Sedonans.

One of our favorites, 15 -20 minutes from Sedona, is Cornville. It's a widespread area that includes estates, farms, and vineyards along Oak Creek - the "Napa Valley of Arizona" to **Verde Santa Fe**,

VSF is a relatively new gated, golf-oriented community with a clubhouse where you can find a beautiful newer home for around \$400,000 to \$600,000 – when they're available. Privacy may be at a premium there, but you get great "bang of the buck."

For a more bucolic experience, back in the late 1990's we bought a lovely home with 2.5 acres on Beaver Creek near Lake Montezuma at a fraction of the cost in Sedona. It was a very idyllic setting. But, we missed living among the inspiring red rocks and vibrant culture of Sedona and eventually moved back.

Nevertheless, the Verde Valley offers relatively reasonable housing costs - roughly half of Sedona's – often in fairly green areas near water courses or irrigation ditches – and presents a good option for people who want the climate of this part of Northern Arizona and proximity of Sedona without the expense.

Tip 7: Use a Buyer's Agent when purchasing a new home or fractional from a developer.

That recommendation is not quite as self-serving as it might seem. Yes, you can buy a fractional, condo, or any other property offered by a developer – directly from the developer without being represented by your own agent.

But, you do have the option of using your own agent. Of course, we would prefer that you do that partly because we can get paid that way and because we can be of vital assistance to you.

First we can give you objective insights into the relative merits of the developer's product and negotiate price &/or extra perks that can be thrown in to sweeten the deal.

Even more important, we can place the development in the grand scheme of things vis-a-vie the general market and show you how it stacks up (or doesn't) against the alternatives. You may love the luxury condos at Seven Canyons, but before you plunk down \$1,300,000 to \$2,000,000, you might want to see what that money would buy in the existing home and condo markets. Then you can buy with assurance that you've made the right choice.

Rest assured that the developer is not going to penalize you for having your own representation. You won't pay less because the developer doesn't have to pay us a co-brokerage commission.

Tip 8: Use the power of the Internet to do preliminary research, virtual touring, and transaction oversight.

Through the Internet you literally have access to the vast majority of the "inventory" in the Multiple Listing Service across the entire country. If you go to **www.REALTOR.com** and simply follow the prompts, you'll find your way to the listings in Sedona or any other part of the U.S. Less reliable, in terms of accurate information, but easy to use is, of course, **Zillow.com**.

A simple and more informational route is going straight to our website, **www.SedonaRealEstate.com** and clicking on the "Search MLS Listing" button. That will take you directly into our Multiple Listing Service (MLS).

You'll get photos, descriptions, and statistics on homes matching the characteristics you specify. And, our MLS, unlike Zillow/Trulia, always has reliable data, so you'll get current and correct information. Let us know the MLS numbers of ones that you find intriguing and we can send you a more detailed info sheets on each listing.

More often than not, we know the properties well and can give you our opinions and tell you what the listing hasn't told you, like the power-line that obscures the view or the highway noise that disturbs the home peace and quiet.

More and more of our clients do their homework on **Zillow** and **Realtor.com**. That's fine. There is a great deal of good information there. But, be careful. Sometimes you'll also find plausible, but bogus, way-outdated, data and, especially, wildly off-base valuations. The good news is that it's our job to supply you with the correct information.

Through the Internet, we can put together offers and use electronic signatures for making counter-offers and executing contracts. Once we are under contract with a property, the Internet comes into play in terms of our managing the transaction and giving you online access to most of the important documents from home inspections and Sellers Property Disclosure Statements to loan status reports.

As wonderful as the Net is for gathering data, buyers still need a real person and professional on the local scene to help them sort through the market and to negotiate an optimum deal for them. The Net doesn't supply professional expertise, experience, and intimate market knowledge.

Tip 9: Shop LOCALLY for a mortgage and get pre-approved before making an offer.

Having loan pre-approval, in writing, before doing the on-site property search is not just smart, it's virtually essential in our market. It tells sellers that you're a serious prospect, and you know in advance the maximum mortgage you can afford.

In fact, our statewide purchase contract requires the submission of a Pre-Qualification form along with the initial offer.

The number one reason that real estate contracts fall apart is the buyer's failure to secure financing so, many sellers and their agents tend to be leery of buyers who have not obtained pre-approval. Having it puts you more on a par with cash buyers and therefore strengthens your bargaining position. Just make sure that you get a commitment in writing.

Keep in mind that loan terms sometimes vary widely from lender to lender, so do shop around. The easiest place to do that is on the Internet. There is a growing number of lenders who have really useful sites where you'll find current interest rates, mortgage calculators, and helpful information and advice.

You can also qualify for a loan online, but most of our clients prefer to go face to face with a real person when they actually get to the point of applying for a loan. You'll find links to many of these sites on the Mortgage page on our website.

Caution: There are a lot of unethical mortgage companies, especially on the Internet, whose rates may sound inviting, but who charge all sorts of unreasonable fees, and spring surprises on the unwary at closing. Our advice is to use the Net for research, but to go with a recommended local mortgage broker or lending institution for your actual loan. The loan shopping process is fraught with perils that even the most sophisticated buyer is not aware. It's just too easy for a less-than-ethical mortgage broker to hide charges while making the rate look appealing. The brokers we recommend have proven their professionalism, honesty, and cost effectiveness to us. They all strive to keep us happy by giving our clients the best deals available.

If you are moving from one state to another, we **strongly advise** working with a lender or mortgage broker in your prospective new home city. Financing is often the Achilles Heel of the real estate transaction, and out-of-state lenders, particularly the big banks, often seem to create unnecessary problems and delays when they get to the under-writing stage. Besides, it's a good idea to begin developing your local community ties right off the bat. Personally, because of repeated horror stories with out of town state lenders, we have finally come to the point of insisting that our clients work with a local mortgage broker or lender. The biggest advantage of that is having your personal mortgage broker go to bat for you if the process starts to bog down rather some faceless functionary at a lending institution who isn't particularly invested in looking after your best interests. Remember, you can often bargain with the lender or mortgage broker, particularly on terms and loan fees.

Tip 10: It's a cliché, but ... location, location, location... and views.

The desirability and resale value of your home-to-be depends on location more than any other single factor. No home is an island, and the value of yours is affected by the homes that surround it. In Sedona, however, red rock views are what give our area its distinctiveness, and the quality of the view is probably the most important determinant of price, beyond the quality of construction.

If you've been to Sedona before, you know that U.S. National Forest land surrounds us. We're an island of private property in the midst of thousands of acres of

federal land. Property that borders Forest Service land also carries a price premium in the same way as ocean front lots do in coastal areas – especially if it also has a great view. A lot backing to the USFS takes on the added value of unlimited access to open space, unblockable views, and wildlife, rather than people, as neighbors.

Having said that, there are some truisms of conventional wisdom that need to be considered, even in Sedona. You'll find that Sedona is unusual in that it's not uncommon to find very expensive homes in the proximity of relatively inexpensive homes.

The old rule that it's a better investment to have a modest house in a fancy area than a fancy house in a modest area still applies. Extremely large homes surrounded by smaller ones tend not to appreciate as much as a large home among other large homes.

Conversely, the smallest home in the neighborhood tends to be pulled up by the other homes on the block.

Views and National Forest borders, however, can and do mitigate the strength of that argument. Still, it needs to be a consideration in the decision to buy.

Tip 11: If Golfing is an important part of your life....

You may want to choose a home in the **Village of Oak Creek**. That's where Sedona's three present private/public golf courses are located. Many of the homes there feature golf cart garages. **Oak Creek Country Club** (not really a country club - it's private, but open to the public) and the **Sedona Golf Resort** are both well-designed, year 'round, 18 hole courses. **Canyon Mesa** is a 9 hole course (one par 4) in a townhome development.

A fourth, national level course designed by Tom Weiskopf, is west of town at **Seven Canyons** near Boynton Canyon - touted as one of the most beautiful golf courses in the world. It is private, classy, and not-so-expensive as it used to be.

The initiation fee once was \$175,000. Seven Canyons, having come out of Chapter 11 in 2014 with new ownership, dropped that to \$40,000 for a family membership - \$900 per month in dues. That's all subject to change, of course, and they are in the process of revising those fees.

Non-golf Social Memberships are available for \$5,000 with dues of \$350 monthly. It's a gorgeous course and setting with the amenities of a top country club and luxurious resort - including a fabulous, brand new clubhouse with a resort-style pool and terrific workout facility. Seven Canyons is the closest thing Sedona has to a genuine country club.

Like many private golf clubs across the country, Seven Canyons suffered through the bankruptcy process a few years ago. Happily, it emerged from that in substantially better fashion than before and is now owned by member of the Club. For most members and villa and property owners that was a positive development as they are gained control of the property from the original developer and have hired the nearby Enchantment Resort to manage golf club.

If Sedona's prices seem out of reach to you, there are pockets of delightful places to live all over the Verde Valley. Fifteen minutes west of Sedona is **Verde Santa Fe** - a fairly new housing development surrounding a good 18-hole course, a favorite of many Sedonans.

Even if you're not a golfer, having a wide expanse of, "lawn in your backyard that someone else takes care of" may well be worth the premium you'll pay for it. The downside of bordering a golf course can be lack of privacy and an occasional broken window from errant shots. It's definitely a question of personal preferences, but the extra cost is there nevertheless.

Tip 12: Consider The Village of Oak Creek.

When the City of Sedona incorporated in 1988, "The Village" (aka, the "VOC") decided not to join, even though, historically, it has always been considered a part of Sedona. Though outside the city limits, The Village has a Sedona postal address. It has the red rocks and its own character that distinguish it from the City of Sedona. The median selling price of a home there is about 20% less than that in the City, but the Sedona charm and natural beauty are all there. Homes also tend to be smaller there, so on a per square foot basis, VOC homes have, historically, sold for 20% less than their City of Sedona counterparts.

Tip 13: If your agent shows you mostly properties that are listed by his company, it's time to find a new agent.

A good buyer's agent brings to the table an in-depth knowledge of the ENTIRE current housing inventory in his or her area, and continually updates that knowledge by touring homes as they are placed on the market. This is strongly to your advantage.

If you're from out of town, having a local true buyer's agent really gives you the home field advantage. Working with a so-called buyer agent who mainly shows you his firm's listings keeps you in the disadvantaged position of being on the visiting team.

You need to see everything that is appropriate to your needs and wishes. Even if you hate a property, seeing it still furthers your understanding of the local market. Plan on spending at least two days viewing property in order to get a good sense of comparative market values.

Tip 14: When touring homes, be careful about what you say in front of the Seller or her agent.

Occasionally the Seller of a home or her/his agent will be present when we tour a home. In that event, it's a good idea to find something to compliment about the home – it makes the Seller feel warm and fuzzy and positively disposed toward you – and that can be helpful. Just be careful not to overdo it. It makes our negotiations pretty tough if they know that you have fallen in love with the place.

When presenting an offer, we usually put it in the context that we have one or two other properties that you are equally interested in.

On the other hand, whether you like the place or not, absolutely do not make critical comments about the property. As a bargaining ploy, this is sure to backfire. When it comes to homes, real estate transactions are often highly emotional experiences for both Buyer and Seller – so tread lightly and let your agent do the negotiating.

Tip 15: Hire a professional home inspector.

Once you are under-contract, the clock will start ticking for your Inspection Period. That typically is 10 to 15 days. The Buyer Advisory that your agent gives at that point lists an endless array of points to investigate – physical and legal. The key piece of that process is the Home Inspection.

In our experience, spending a few hundred dollars (the usual cost is about \$500-\$1,200) on a professional home inspection is one of the best investments you can make. A professional inspector brings experience in examining a great many homes, good evaluation standards, and an unbiased perspective. And, the written report is an important negotiating tool.

A typical inspection looks at:

- n Foundation (slab, crawlspace, basement, etc.)
- n Electrical, heating, cooling and plumbing systems
- n Floors, walls and ceilings
- n Attic
- n Roof
- n Siding and trim
- n Porches, patios and decks
- n Garage
- n Property drainage

If possible, accompany your inspector on the tour. You'll learn a lot about the home you're thinking of buying. If you can't be there, we will, to see what the inspector has found.

As noted above, when we have had a purchase contract signed and accepted by the Seller, the Inspection Period begins. The norm is 10 days, but we usually ask for 15 – in order to give us plenty of time to complete the inspection and make our written requests for repairs or modifications to the Seller.

The seller then has 5 days to respond to our requests. They can agree to do everything we ask, do none, or do some. Occasionally we'll get everything we ask. Usually, though, the Seller will agree to some, but not all requests.

Very rarely will the Seller refuse to do anything. In that case, the Buyer has the option of canceling the contract, so it doesn't happen much. The point is that our negotiations don't stop once we have a contract. If our inspections turn up problems, we find ourselves in a second round of bargaining as to who is going to pay for what.

As a side note regarding other issues to look at during the Inspection Period, be sure to contact your insurance carrier to be sure of your coverage and costs for the new home. Because of the California fires, insurance companies are now being super-cautious in issuing policies and they're getting more expensive. That's especially true if the property borders or is even close to US National Forest.

Tip 16: Understand Septic Systems

Most of the homes in City of Sedona, with some notable high-end exceptions, are connected to the City sewer system. Conversely, most of the Village of Oak Creek homes are not. Nor are homes in the areas outside the city limits to the west and north. Those rely on septic systems. There are two main types:

Conventional – less expensive and complicated than the alternative systems and usually very little maintenance. Has a tank and a leach field where the effluent is sent to percolate through the ground. So it does require some space for that and you can't build anything there.

Alternative – Used in areas where the ground is too rocky to for fluids to percolate properly. There are a variety of types. What they share in common is that they are sort of mini-sewer plants and usually don't have leach fields, though some might. They are considerably more expensive than conventional systems and do require periodic servicing.

In both cases they must be pumped and inspected prior to Close of Escrow – at the expense of the seller – in all residential sales. In the case of conventional systems this is often the only occasion that they are pumped out – unless there has been a problem. That said, they tend not to have much in the way of issues unless they are really old and have lots of trees near the leach field. The usual problem is roots getting into the piping and blocking the flow. Over the past 21 years, I've only seen a handful of septic system breakdowns, but they do happen – again especially in areas with lots of trees, particularly near creeks.

Tip 17: If you need to sell your present home before buying one here, do it first – or try for a HELOC.

Sedona just isn't like other markets. Sellers rarely accept a clause in the purchase contract that makes the purchase contingent on the buyers selling their current home first. In the rare instances in which sellers do accept such a clause, it's because the buyer's property is already under contract.

Some of our clients use a **Home Equity Line of Credit** on their present home or even a "bridge loan" to avoid the contingency. That allows them to buy a home here before their old home sells. Ask your lender if that is possible for you. The process is now much more stringent and time-consuming than it used to be, however, so do it ahead of time.

Tip 18: Review an objective Comparative Market Analysis before making an offer.

A good buyer's agent will do a CMA as a matter of course in order to establish the market price more objectively. Sellers' agents also do them when they take the listing – for the same reason. Typically they do not share them with buyers unless their listings can be seen in a good light.

A CMA will show you the SOLD prices of comparable homes in the neighborhood in the past six or twelve months. It also lists the asking prices of other homes in the area currently on the market.

Look particularly at the price per square foot. Admittedly that's an imprecise measure because it doesn't take things like lot size, view, quality of amenities and finishes, etc. into consideration. Nevertheless it is a good, objective place to start. If a home is listed at an extremely high price/sq. ft., there had better be a plausible reason for it or it's time to walk away. We don't want you to over-pay for a property.

You may find that the asking price is above what comparable homes in the neighborhood are actually selling for. Or you might even find another home in the area that's a better bargain.

When you make an offer, you can use the CMA as evidence to show the seller why you believe your offer is a reasonable one.

Finally, be aware that high-end properties are usually unique, which makes it difficult to establish a useful CMA. With those sorts of properties, you'll just need to go and see as many as you can to make a good comparison.

Tip 19: Understand whom the agent you're working with is working for.

There are three general types of agency situations, Buyer, Seller, and Dual/Limited.

In Buyer's Agency, the agent is exclusively representing the Buyer and owes all of his/her fiduciary obligations to the Buyer as a client.

In Seller's Agency, the agent is exclusively representing the Seller and owes all of his/her fiduciary obligations to the Seller as a client. In this case, the Buyer is a customer to whom the Seller's Agent merely owes the duty of ethical behavior.

In Dual Agency, aka *Limited Representation*, the agent is theoretically trying to represent both the Buyer and Seller. That can arise when your Buyer's Agent shows you a company listing, even if it isn't his/her own.

That's more of a technicality because the brokerage owns the listing and both the Buyer's Agent and the Seller's Agent work for the same broker. You still need to sign disclosure statements saying that you are aware of the conflicts of interest inherent in that situation. More than likely your Buyer's Agent, now "Dual Agent," will still work hard in your best interests, but shouldn't reveal any confidential information to the Seller's detriment or to yours.

By the same token, the Seller's Agent, now "Dual Agent," is also supposed to represent you in a limited matter, but is still may be mainly pulling for the Seller.

The potential conflicts of interest become far more immediate in a true Dual Agency scenario in which your Buyer's Agent shows you one of his/her own listings.

Because having true fiduciary obligations of loyalty and obedience to both parties in a real estate transaction is, arguably, a legal impossibility, the agent must step back from full to Limited Representation and be more of a fair facilitator of the transaction rather than an advocate for either party.

After working with an agent and building a sense of mutual trust, most buyers are fine with Limited Representation on a property they really want. But, it does mean that the agent is walking on a tightrope. We'd encourage you to have a frank discussion with the agent to be assured that your best interests will be protected.

As of 7 August 2024

The long-established practice of the listing agent offering compensation from the seller – in the MLS listing – to buyer's agents is prohibited. Sellers are still able to offer that outside of the MLS as an incentive to show their properties. The vast majority do; a few may not. So, have a conversation, in the first meeting with your buyer's agent, to establish an understanding of how your buyer's agent will be compensated. Before showing you any property the agent is now **required to have a written agreement with you** regarding the terms of his/her employment. There is an expectation that buyers might be asked to participate in compensating the buyer's agent but compensation does largely come from the sellers still.

Tip 20: Before making an offer, be sure that you and your agent agree on your negotiation strategy.

Negotiation is key to getting a good deal. If your goal is to get the best home possible for the least amount of money, then you better be prepared to play. That's not to say, however, that the transaction also shouldn't be a "win-win" for both buyer and seller. Frankly those are the transactions that stay together, whereas really one-sided deals often fail. An amicable relationship between buyer and seller usually pays off in many predictable and unpredictable ways.

Having said that, one of the great benefits of using a Buyer's Agent to represent you is that your agent conducts the face-to-face bargaining with the seller's agent, and you stay in the background. I've had transactions in which, after some successful, and very tough bargaining, the seller vented his spleen on me as a scapegoat, but carried on a very friendly relationship, before and after the sale, with the buyers.

I loved it. Like an attorney, I'm often the "hired gun" who takes the heat in order to get the best deal for my clients. That's the way it should be in those situations. Still, "low ball" tactics should be used very discriminately, and not at all in a hot Sellers' Market.

Sometimes the approach works in a Buyer's Market. It's obviously appropriate when a piece of property is priced well above the market. With a unique, high-end property it sometimes doesn't hurt to "test the price," especially in this new Buyer's Market.

In other circumstances, particularly when the property is well-priced to start with, it can kill a transaction before it gets off the ground, or it can poison the water for further cooperation from the seller after the contract is made. This is especially true if the sellers have a heavy emotional investment in their home.

And, don't forget, price and terms are only the first phase of the negotiations – we'll have another round when we get to the home inspection. If we've ground the seller down on the price of the property in the first place, it's pretty tough to get more concessions on repairs.

If the property is in the hands of an institution with no personal involvement in it, let's blast away – depending on the market. Your buyer's agent can usually advise you on the best choice in specific situations.

In a normal, balanced market, one good negotiation strategy is to come in, somewhere in the process, with an offer that is somewhat below the seller's bottom price, but close enough that he'll go for it in order to wrap up the deal. We call it the "sweet spot." If we can get a good sense of where that is in advance, we can often accomplish the goal on the first offer and be done with it.

Occasionally we run into **multiple-offer situation** in which the winning bid comes in at above the list price. That requires a whole different strategy if we are to be successful

Tip 21: If it's a choice between a steal or the best property for you...

Good Buyer's Agents love to bargain hard and get smoking deals for their clients. I certainly do. In fact, I must admit to deriving a lot of ego gratification from playing and winning hardball negotiations. On the other hand, it's wise to keep your perspective in the heat of negotiations. In my experience, getting the home that is just right for you at a good price usually takes precedence over holding out for a steal. Of course, we're trying for both and we often do get genuine bargains. All of our clients want an excellent deal and we always strive for that. At the same time, though, remember the old saw that you'll experience the quality long after you've forgotten the price. Beware of letting your ego fixate on price at the risk of losing a great home over a few dollars. Then again, to do well in any negotiation, you need to be prepared to walk away. It's your call about which is more important.

In reality, the primary canon of best practice negotiation is to achieve an agreement in which both sides benefit. Completely one-sided deals have a tendency to collapse of their own weight or create ill-will and other unwanted consequences.

Typically, most clients are less concerned about getting a steal than simply being sure that they are not over-paying for a property. We'll get a steal if we can, but we do assure you that, with our market research and guidance, you will not overpay for home or lot.

We trust that you have found this little treatise helpful. We'd love some feedback on it. If there is anything you think we should cover in future editions of it, please email me at:
Roy@SedonaRealEstate.com

*Roy & Michelle Grimm
George & Nancy Turbyfill
Victoria & Cameron Wylde*

Estimated Summary of Possible County & Contractor Building Fees and Costs*!!

(Depends on location and size of the parcel and home – many of these will not be applicable)

County Building Permit Fee - \$2,800

County Impact Fees - \$5,600

Survey with topographic info - \$1,200 - \$5,000

Grading fee and permit - \$200 - \$800

Big Park (Village of Oak Creek) Sewer Connection Fee – if available - \$5,800

Percolation tests and report (if no sewer) - \$800 - \$1,200

Septic system design and installation (if no sewer) - \$8,500 - \$40,000

Soils engineering tests and report - \$2,200 - \$3,500

Utility Extension and connection fees (APS, Gas, Water, Phone, Cable) - \$500 +, depending upon distance to connect.

Big Park Water (VOC) connection, meter and arsenic abatement fee - \$1,200 - \$3,000

Fire Sprinkler cost/fees, depending on size of home, if gated, distance to nearest hydrant - \$6,000 - \$20,000.

VOCA (Village of Oak Creek Association) construction review fee - \$2,000 for site-built residence.

VOCA construction deposit (refundable) - \$2,500

HOA review fee and construction deposit (refundable) - \$1,500 - \$60,000, depending on HOA.

Well Installation if needed - \$10,000 - \$25,000

Estimated Summary of Possible City of Sedona & Contractor Building Fees and Costs

Building Permit and Development Impact Fee - \$8,500+ depending on location

City Sewer Connection Fee – if available - \$9757

Survey with topographic info - \$1,200 - \$5,000

Percolation tests and report (if no sewer) - \$800 - \$1,200

Septic system design and installation (if no sewer) - \$8,500 - \$40,000

Plan submittal fee - \$600

Plan Review Fee - \$800

Soils engineering tests and report may be required - \$2,200 - \$3,500

Utility Extension and connection fees (APS, Gas, Water, Phone, Cable) - \$500 + depending upon distance to connect.

Fire Sprinkler cost/fees depending on size of home, if gated, distance to nearest hydrant - \$6,000 - \$20,000.

HOA review fee and construction deposit (refundable) - \$1,500 - \$60,000, depending on HOA.

Well Installation if needed - \$10,000 - \$25,000

Grading fee and permit if needed - \$200 - \$800

Flood zone fee - \$700 - \$2,700

*** !! These estimates are approximate, subject to change, dated, and are intended as a guideline only. It is strongly recommended that each agency be contacted for a specific summary of costs relative to each property. Costs will vary. Building contractors will be able to tell you which of the fees would apply to your specific construction project.**

City of Sedona 928.282.1154

Yavapai County 928.639.8151

Unisource Gas 928.282.3919

Arizona Water 928.282.7092

VOCA 928.284.1820

APS 928.282.7128

Suddenlink Cable 928.204.1085

Big Park Water 928.284.2298

Big Park Wastewater 928.443.9486