

Real Estate Reality

ONE SIZE DOESN'T FIT ALL IN REAL ESTATE!



-Debbie Yost

I recently had a phone call from my sister, whose late 1800's Victorian home is for sale in Pennsylvania. She is frustrated, because the home that she has lovingly restored hasn't sold and her Realtor is recommending a large price reduction. My sister believes that if her agent was "doing her job" the house would have already been sold at the listed price. Since I've had a number of similar calls and emails from our local market, I thought this might be a good topic for this month's column.

When my sister and I discussed the steps that had already been taken to market the house, her expectations of her agent, and what additional marketing actions the agent was willing to take, I understood how she selected the agent. It became clear that her choice of agent and firm was based on her suggested (wish) list price four months ago and the discounted fee, rather than a current market evaluation and comparison of the services offered and results of their marketing program. Typical of many people, she listed her home with the first agent she talked to, rather than interviewing a few agents who specialized in her neighborhood and type of property. Now that the crucial first few weeks of being new to the market have passed without an offer, few buyers are looking at the property and it has become "stale."

Several years ago, before the internet became a source of ready information most real estate agencies offered similar services and charged a fairly typical brokerage fee. In recent years real estate agents and companies have developed a variety of business models and currently there are many different marketing plans and fee schedules available for sellers to choose from. Depending on current market conditions and the expertise and willingness of the seller to perform many of the functions involved in selling a home, a less expensive and limited service plan may be ideal. The decision to contract with a real estate agent and their brokerage agency should be based on a thorough comparison of the services in addition to the fee charged.

Listed below are some of the services to consider when interviewing agents:

Can they demonstrate closed sales represented by themselves or their agency in your area? What was their average sales price versus the listed price, and the days on market in comparison to other homes sold in your neighborhood? Do they have written references of other clients?

If your property is somewhat unique (such as a Victorian home, a historic home or a horse property) do they have success in selling that type of property in your area?

What is their marketing plan? This is where knowledge of current market conditions is important. In a seller's market where buyers outnumber available homes for sale, less marketing is necessary to obtain a buyer, and a lower priced plan may be all that is necessary for your home to sell. In a buyer's market (current local conditions) more marketing is necessary to make your home stand out from competing properties. A full discussion (in writing) of the agent/agency's marketing plan should be evaluat-

ed versus the brokerage fee charged. This plan could include the basics: listing your property with the MLS (multiple listing service), internet listing on Realtor.com plus the company's website, print advertising in local newspapers and real estate magazines, to the extras: property condition and staging services, multiple internet listing sites, virtual tours, color promotional brochures, marketing to other agents, buyer showing feedback services, broker open houses, periodic home checks if your property is vacant, broker referral networks etc.

How do the listing presentations compare? Sandy Anderson, a writer whose article "Find a listing agent" is offered by MSN.com writes "Ask two or three finalists to create a listing presentation, including: a comparative market analysis of recent sales and listings of similar homes in your area, with listing date, sale date, and list and selling price; their promotional plan for your home; suggested selling price; and a net proceeds sheet detailing your gain under different financing and commission scenarios." What is their suggested strategy for competing in a market with a large inventory of available homes for sale, including all the new home builder incentives?

Representation by the agent during showings, evaluation of offers and escrow management services are items to discuss when evaluating different plans. Are you expected to show the property to potential buyers yourself? What are the services offered when a potential buyer makes an offer on your home? Will the agent investigate the buyer's financial qualifications, prepare an estimated closing cost statement, make recommendations on various aspects of the buyer's offer and prepare a counter offer, and if not, do you have the skills necessary to negotiate directly with the buyer's agent? What are the services they offer to move the sale from the "accepted offer" stage to closing? Will they assist the appraiser with closed comparable properties? Manage the inspection process and assist you with negotiating the buyer's inspection and repair requests? Review the closing documents before you sign them?

The agent you choose won't be available 24 hours a day, 7 days a week. Who is their back up if they are on vacation, gone for the weekend or ill?

You are not just signing a legally binding contract with the agent, but also with the agency's broker. If you are unhappy with the agent's service how easy it is to talk to the agent's broker and what are their cancellation policies?

Finally, what are the situations to avoid that initially seem enticing to home sellers but actually cost them money in the long run? Ms. Anderson cautions, "Don't automatically go with the agent who suggests the highest selling price for your home; numbers are cheap if your home is priced too high for the market....Some agents price unrealistically high in order to get your listing and later have to drop the price." Just as "one size seldom fits all" Sally Anderson cautions... "There is no legal standard for agent commissions, and there are lots of ways to approach a commission percentage. But if you get excited about one agent's much lower fee in a market whose typical fee is higher, consider what services they're cutting to stay competitive." Selecting the agent, agency and the services necessary to meet your needs should be your first priority. By interviewing and evaluating the skill, performance and representative fees of more than one agent, you will choose the right person to handle the sale of one of your largest financial assets.

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