

MarketNotes

A Publication of The Stephen Howell Realty Group at Keller Williams Select Realtors

Your Home Won't Sell – What To Do

So, your home won't sell what should you do? Here are five things to consider.

1. Improve the overall condition of your home – both inside and out. Remove the clutter and home's personalization. Paint the front door and polish the brass. Spruce up the front yard. Mow the grass if it's summer, rake the leaves if it's fall, and shovel the snow if it's winter. If buyers never get past the front door, they'll never see how wonderful your home is on the inside. Consider painting and neutralizing any strong wallpaper and paint because your personal decorating style may clash with that of a prospective buyer's and turn them off. Compare yourself to your competition by getting your agent to take you on a tour of similar homes so you see first hand what buyers are comparing your home with.
2. Hold an open house. Your agent can hold your home open weekends, nights, or weekdays. If everyone else is open on the weekend, consider holding your home open on Wednesday evening between 4 and 7. From time-to-time a buyer will walk into an open house and purchase it, however, it's more likely they are unqualified and may not be able to afford your home, especially if they come in off a road sign. Should they come from the paper or internet, more likely they will know the price and have "self qualified" to purchase your home. So, open houses are a great way for agents to build their business at your expense.
3. Offer to pay buyer closing costs. If you were to reduce the price of your home by \$10,000, you'd help a buyer save only about \$60 per month on their mortgage payment. It would take them nearly 14 years to recognize the \$10,000 savings. According to the National Association of Realtors, homeowners live in their home on average only seven years. Thus, your \$10,000 reduction in price will never be fully realized by the buyer. However, \$10,000 is closing costs is realized at the time of settlement and reduces the amount of money a buyer needs to bring to the settlement table. However, it wouldn't change your bottom line and you'll still net the same. If you were a buyer, which would you rather have, \$60 per month for 14 years or \$10,000 right now?
4. Lower the price of your home and not just by \$10,000. After the reduction will it be priced at the top of the next lower search range or at the bottom of the range? If priced at \$425,000, consider lowering your price to \$375,000. Yes, that is a \$50,000 cut in price, but, if sales are sluggish or prices are moving away from you – i.e., it's a buyer's market – you may need to reduce price decisively to get the most serious buyers interested in your home.
5. Offer agents an incentive to sell your home. If the current commission is 5%, offer 6% or even 7%. For example, if your

home is priced at \$425,000 and you offer a 5% commission, that's \$21,250 in commission split 50/50 between the listing agent and the selling agent – so they each realize only \$10,625 in commission. That \$10,625 is further split (often 50/50) with the agent's broker, reducing their share to only \$5,312.50. If you raise the commission to 6%, that's \$25,500 in commission. You'll net \$4,250 less but your agents will each net \$2,125 more before their split with their broker. When you offer a buyer agent bonus, that's usually paid by the seller in addition to any other commission, further reducing your net. Agents should put their buyer's interests ahead of their own; however human nature being what it is, sometimes agents for a higher commission or a bonus may encourage their hesitant buyers to take action.

Conclusion

The very best homes will continue to sell, but, in a buyer's market it may take longer than you expect, prices may decline, and sellers that recognize the market trends and price their home at or below market are likely to generate strong interest soon after going to market while their competition will continue to sit on the market overpriced and unsold. So, if you're thinking about selling your home or know someone who is, for a confidential, private, professional assessment of your home in today's market, please contact Stephen Howell at 410-923-3217.