

What About “For Sale by Owners”

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Once again it's home selling season and you are beginning to see for-sale signs pop up in front of houses and on street corners. One little white sign in particular seems to raise a lot of questions. It's the “for sale by owner” sign or FSBO (AKA: fiz-bo). I wanted to address some facts and fallacies about some of the major issues and questions on the subject of FSBOs. I feel, given the time of year, that this issue needs to be addressed. I find some sellers asking themselves the following questions:

Q: What does it mean to sell FSBO?

A: Homeowners that sell by themselves or “for sale by owner” have chosen not to use the services of a real estate professional to market, negotiate, or coordinate the sale of their home.

Q: Why do some sellers choose to sell FSBO?

A: The vast majority of the time it's because the owner is hoping to net more money from the sale by not paying a real estate brokerage fee.

Q: Won't I be better off selling my property FSBO and saving on the brokerage fee?

A: Yes, it's true you don't pay commissions when you sell “By Owner”, and some owners do sell their properties themselves. However, homeowners realize that the more people that know your property is for sale, the more likely it will sell more quickly and at a higher price. Listing with a Realtor and placing the property in the MLS (Multiple Listing Service) provides access to your property to thousands of Realtors and the qualified buyers they are working with. Most times, an owner will net more with a Realtor, even after paying commissions, because more buyers will be viewing and bidding on the property. -Imagine an auction with only 5 people attending versus an auction with 1000 people, which situation would probably result in a higher sale price?

It is also worth noting that over 75% of qualified buyers will use an agent to help them locate and purchase a home. Of the buyers that are not working with an agent, many of them are not qualified to obtain a mortgage and end up wasting a lot of the seller's time. Of the non-represented buyers that are qualified to obtain a mortgage, many of them specifically target FSBOs because they are bargain hunters. They know that a FSBO is not paying a brokerage fee so they lower their offers to reflect the situation.

Q: What does an agent do that's so special?

A: Real estate professionals assist both buyers and sellers with a variety of the details surrounding a real estate transaction. Agents can help a home-seller set a realistic price for the property and ensure the proper paperwork and various inspections are handled correctly. In addition, real estate professionals are experts in marketing properties to attract qualified buyers. A broker or sales associate can show a home more objectively than can a seller who is emotionally attached to the home and who might become unnerved by prospective buyers' critical comments.

There is good reason why the majority of home sellers in today's market rely on the expertise of a real estate agent to assist them when selling their home. The most well known financial advisers, such as David Ramsey, all highly advocate the use of a real estate professional when buying or selling a home. Just as you wouldn't represent yourself in a major lawsuit, why represent yourself in one of the biggest and most permanent financial decisions of your life?

The fact is a good real estate agent will help you properly price your home, protect you from potential lawsuit, screen and qualify buyers, market your home with innovative marketing techniques, use their experience to negotiate in your favor, net you a higher sale price, and save you loads of valuable time and headache.

Just as in any profession, whether it be an attorney, accountant, insurance agent, real estate agent, or even a teacher, counselor, engineer, or manager... there are "good" ones and there are "bad" ones. Good advice and service from a real professional is well worth the fee. Is \$1,000 a lot to pay to make, save, or earn \$5,000?

Q: Do you think owners that try to sell themselves are misinformed in their decision?

A: Yes... Most FSBOs are unaware of all the issues at hand. If an "outsider" were to take a quick look at what you do, he/she might say that they could probably step into your position and do your job. Once they actually stepped into your position they would probably quickly discover that your education, knowledge, and experience allows you to do your job much better than they could ever dream to. **Sellers ought to think in terms of what an educated, experienced, and knowledgeable agent's home-selling abilities/resources are in comparison with their own.**

Q: What if after reading all this I still think there are advantages to selling by owner?

A: I have no problem with it as long as you think you are making an informed decision. I wish all FSBO's the best of luck and wait patiently for the opportunity to be of service.

Q: What should I do and how should I proceed if I want to list my home?

A: Listing your home is not a difficult process. Once you have spoken with and chosen an agent you feel is qualified, then he/she will sit down with you and go over the proper paperwork to get things started. I am confident that if you choose an agent based on their experience and qualifications (not simply because they are a friend or family), you will be very happy with your decision and have a smoother and more enjoyable real estate experience. It's always enjoyable knowing you received the most out of your investment.

Facts About FSBO's

Only 16% of homes are sold FSBO (including sales to family & friends).

Only 3 in 10 sold FSBOs say they are sure they will sell themselves again.

7 in 10 agent-sold homeowners said they will use the same agent to sell their next home.

FSBO's average sale price is significantly less than that of agent sold homes.

The biggest problem FSBO's report when selling their own home is getting the right price.

