

Fewer Sellers Are Trying "For Sale By Owner" — Here Are Some Reasons Why

There will always be people who are comfortable with selling their home without the assistance of a real estate professional. In 2019, 8% of sellers chose the For Sale By Owner approach. That's an increase from 2018's record low of 7%.

Here are some of the things with which you need to be comfortable if you choose the FSBO approach to selling your home.

Commissions: You will save on commissions, but not as much as you probably think. Listing commissions are negotiable, and the average commission is below the 6% you may think it is, and the listing commission includes the "co-op" commission paid to the buyer's agent. In our market, that co-op commission is typically 2.8%.

REAL ESTATE TODAY



By JIM SMITH, Realtor®

Since most buyers choose to be represented by a buyer's broker, you can expect that you won't be able to save more than about 3% on commissions. Then you need to calculate whether selling without professional representation of your own is worth that reduced savings.

Net proceeds: It's possible that you won't get as high a price for your home without the marketing advantage of being listed on the MLS, which could attract multiple offers and even a bidding war.

Putting aside that bottom-line calculation, here are some other elements to be considered by the unrepresented seller.

Showings: How will you handle showings, including screening those who will be walking through your home? This is handled nicely by ShowingTime, the service utilized by virtually all agents in the Denver market. They make sure that only licensed agents are approved for showings. All licensed agents have been fingerprinted and passed a background check. In two decades of listing homes, I've never had an incident of theft or other crime associated with an agent showing of my listings.

Your time: Another consideration is the

convenience of showings. Yes, you could purchase a lockbox and allow agent showings when you aren't home, but you don't want to give the lockbox code to buyers who don't have an agent. Someone has to let them in.

Feedback: Another service provided by the showing service (only available to agents) is obtaining feedback after each showing and forwarding it to both seller and agent.

Other considerations: Legal requirements, disclosures, negotiation of multiple offers, and pricing are other areas where you will need to be comfortable. I'll cover these on our blog.

"But it's a seller's market": Yes, it's easier in our long-running seller's market to sell a single-family home (condos are stalling because of Covid-19), but that makes it all the more important to get your home in front of the full market to stimulate competition, which only a listing agent with access to the MLS can do for you. It's no surprise that the number of FSBOs has fallen, not risen, because of this dynamic. Your net proceeds, even with a higher commission expense, could be much higher.

Should you move or stop receiving this newspaper, remember that you can get this column by email. Over 1,300 readers already do!

Narrated Video Tours Still Rare in Real Estate

The term "virtual tour" was introduced to the real estate industry a couple decades ago, and early vendors wowed us with 360-degree still photos of each room. The latest "shiny object" is a product by Matterport. I remember getting a demo of it at a trade show several years ago. They call their product an interactive virtual reality tour — still photos in which you can use your mouse or finger to rotate each photo manually left to right or up and down. Gray circles indicate new photo points. You click on them and are taken to that place where you can, again, rotate horizontally or vertically. Thus, you can, at your own pace, navigate around the entire property choosing which room you want to enter and leave.

Still, it's only a collection of still photos **with no narration**. Personally I find it kind of dizzying and nowhere near as useful as being walked through the home by the listing agent pointing out the features of the home.

I have been selling real estate now for 19 years and seen a dozen or more variations of the "virtual tour" concept, but none of them include narration like the video tours we have been creating since 2007.

For this article I studied 50 currently active listings by other brokerages and only half have any "virtual tour." More surprisingly, only one of them had a narrated video tour. The rest were merely slide shows, most of them with music, but 10 were completely silent, which merely duplicates the MLS's own slide show. Two had actual videos but they were drone videos. Eleven had the interactive Matterport slideshows described above.

The one narrated tour was quite good in the detail which the agent shared, but the agent chose to be in half the scenes, which struck me as a little weird. I prefer to feature the home, not myself, in my video tours.

Readers Appreciate Our Free Neighborhood Alerts

Back in April 2019, I offered to set up **Free Neighborhood Alerts** for any reader who wanted to keep track of real estate activity in their subdivision or larger area. The response was overwhelming. I myself have 42 readers who currently receive such alerts for their neighborhood.

I'm not complaining. My broker associates and I are pleased to make this service available to everyone who wants it, and we've become pretty efficient at creating these free alerts.

The MLS allows members to set up an unlimited number of email alerts, designed to assist buyers in searching for homes. We have adapted it to provide neighborhood alerts. Once set up, the alerts are generated automatically by the MLS. Just give us **your address** and the **boundaries of the area you wish to monitor**. The initial alert will tell you all the coming soon, active, under contract, sold, withdrawn and expired listings in that area, going back 90 days or longer.

Future alerts will come to you within 15 minutes of a new or changed listing being entered

on the MLS. You will literally be up-to-the-minute in your knowledge of real estate activity in your neighborhood!

I'm happy to handle every request I get from readers, but feel free to ask any of our broker associates to create a neighborhood alert for you. They are listed below with their email addresses and are more than happy to provide this free service. Send your requests **by email only**, please.

In addition to setting up the neighborhood alert for you, we can also send you valuation reports on your home using two different software packages — Realtor Property Resource (RPR), which is only available from members of the Realtor association like us, and Realist — that you will find are much more accurate than Zillow's "Zestimates," which home owners are used to seeing.

I also like to provide a spreadsheet of active, under contract and sold listings that are comparable to your own home, which serves as a double-check on those two software valuations.

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