

# Selecting Your Selling Method: Agent vs. FSBO

for link and support information, go to: [www.SayHomeSell.com](http://www.SayHomeSell.com)

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## Going the agent route —

by selecting this method, you will utilize the services of a real estate agent or broker to sell your home.

- **pros:**

the agent or broker will handle all of the work and selling issues for you. They will screen buyers, market your home through their agent network, show the house and negotiate with the buyers on your behalf.

In addition, depending on the agent, they will have access to a vast network of other agents and brokers who represent buyers.

- **cons:**

it costs money for their services — real estate commissions can average between 5-8% of the home selling price.

This means that if the agent sells your home for \$300,000, their commissions will range anywhere from \$15,000-\$24,000.



## Going the For Sale By Owner (FSBO) route —

by selecting this method, you choose to sell your home on your own without using an agent or broker:

- **pros:**

cost savings — anywhere from 5-8% of your total selling price.

In addition, you control the selling process without contractual obligations.

- **cons:**

time, commitment and your possible lack of experience and real estate networking — do you have the experience to show the house, screen buyers, and negotiate the contract?

Going the FSBO route means finding buyers for your home. Agents belong to a network of real estate brokers who represent buyers and sellers. You will need to tap into that network to reach the majority of buyers, which can cost you time and money.

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## Agent or FSBO: how to select which option —

- number of factors can favor one option over another, namely:
  - your time commitment
  - your knowledge of the real estate market
  - your ability to screen buyers and negotiate contracts
  - your need to protect your interests
- another big factor is the type of housing market that is in play. The FSBO strategy works better in a "sellers" market than in a "buyers" market.

## Combination route —

a lot of homeowners are using the combination route, which means that you will use a combination of agent-type services and FSBO strategies:

- most common agent-type services to use:
  - MLS listing: [www.SayHomeSell.com/mls-service.html](http://www.SayHomeSell.com/mls-service.html)
  - co-brokering relationship\*
  - settlement services

the parties that provide these services:

- discount brokers
- "paid-for-services" agents
- settlement agents / lawyers

\* co-brokering refers paying commissions to agents who represent buyers

- most common FSBO strategies to use:
  - pricing your home
  - marketing materials
  - prep work plans
  - screening buyers / home showings
  - contract negotiations

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## Working in a buyer's market:

- **What is a Buyer's Market**

a "buyer's" market has more sellers than buyers. You will find many homes similar to yours listed at one time.

You should expect a longer selling time for your home. Buyers will visit, often revisit again to make comparisons, and negotiate concession terms from the seller.

- **Start with a Comparable Market Analysis (CMA)**

it would be advisable to run a Comparable Market Analysis (CMA) among homes that are within your area. This would give you the timing of home sales in your neighborhood and at what price.

Items to compare include in the CMA:

- age and condition of similar homes in the neighborhood
- homes that have sold within the last six months
- list of comparable sales in the neighborhood

Have your agent run this list, or generate your own list online:

What's the value of your home?

Order your home valuation report: [www.SayHomeSell.com/market-values.html](http://www.SayHomeSell.com/market-values.html)

- **Individual home appraisals**

You may want to hire an appraiser to look at your home to get an independent appraised value based on market conditions. This will substantiate your selling price when listing your house.

You want to avoid overpricing your home in a "buyers" market; it can cost you money as your home sits on the market while buyers find better values.

Likewise, a home that hasn't sold over an extended period, or whose price has been reduced several times, raises questions among buyers.

The appraisal can run anywhere from \$200-500, depending on how fast you want the appraisal done.

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## Find an Appraiser:

Get matched with the right pre-screened appraisal service in your area:

- FREE Service
- No Obligation
- Service Guaranteed

[www.SayHomeSell.com/market-values.html](http://www.SayHomeSell.com/market-values.html)

- **Which route in a buyer's market: FSBO or agent?**

This depends on your individual circumstances. Needless to say however, if you need to sell your home quickly, the services of an agent will be helpful under these market conditions.

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## Working in a seller's market

- **What is a Seller's Market:**

you can expect your home to sell fast in a seller's market (if it is priced correctly). Home prices are firm and many homes sell quickly even before reaching the MLS listing.

Homes in a seller's market receive multiple contract offers and buyers will compete for top price. It's important that you screen buyers and contract offers. You don't need to accept the first offer — others will follow quickly.

Make sure the buyer has the financial capability and mortgage pre-approval to complete the sale. If no, you have the luxury to wait for another buyer.

- **If homes in your neighborhood are selling quickly, plan to negotiate favorable terms.**

Run a Comparable Market Analysis (CMA) among homes that are within your area. This would give you the price of home sales in your area.

Items to compare include in the CMA:

- age and condition of similar homes in the neighborhood
  - homes that have sold within the last six months
  - list of comparable sales in the neighborhood
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Have your agent run this list, or generate your own list online:

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- **Which route in a seller's market: FSBO or agent?**

This depends on your individual circumstances. However, FSBO selling can work favorably under these market conditions.

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## What determines "buyers" vs. "sellers" market

Certain market conditions dictate the kind of real estate market in your area, namely:

- **Economic conditions:**

generally, if the area economy is good, real estate markets are strong. Consumers have high confidence in their income situation that translate into real estate investments.

- **Interest Rates:**

when rates are low, housing markets are strong. As interest rates rise, sellers may be forced to reduce price and/or pay a portion of the closing costs.

No one can predict how economic conditions or interest rates will move or impact your market. But you can get a good idea of what might change these factors by understanding elements that drive economic conditions. These may include:

**Gross Domestic Product:**

measures the output of goods and services.

If GDP grows too much, the economy is strong. But the Federal Reserve may intervene with higher interest rates to slow growth.

**Consumer Price Index:**

measures the change of price (rate of inflation) for a fixed market basket of consumer goods and services.

If the CPI increases more than expected, rates tend to move up. Likewise, if the CPI decreased more than expected, rates tend to move down.

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## **Producer Price Index:**

measures the change of price for goods and supplies used in the products of consumer goods and services.

The increase of the PPI eventually is reflected in the price consumers pay for domestic products, which in turn increase CPI

## **Employment:**

measures the level of employment and earnings estimate. The Unemployment indicator measures the level of unemployment.

Rising levels of employment increases consumer confidence but puts pressure on salary levels, which tends to be inflationary and can impact the rise of interest rates.

## **Housing Starts:**

measures the number of new housing permits. An increase of housing starts is a sign of a good economy. But too many housing permits in your area can saturate the housing market.

- **Homeowners should monitor neighborhood trends to protect their investment.**

If the neighborhood is weakening, or if some zone changes allow for some undesirable growth, it might be time to sale.

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## **General conditions of your neighborhood and community:**

Some neighborhoods deteriorate faster than others. This can be a factor of location and changes in zoning laws.

If the zoning board allows development of a factory or retail shopping outlet that increases traffic, home prices in your neighborhood may start to move downward.

Keep informed of zoning changes at local governments:

[www.statelocalgov.net](http://www.statelocalgov.net)



## **Crime is another factor of determining markets.**

If crime rates or police action is on the rise in your area, real estate prices can be depressed.

Some areas where real estate markets have been soft may see a strong demand as new growth moves into the area. Your market may enter into a "seller's market" as new suburban communities begin to develop.

The strength of the school systems may help or hurt markets. You may be in a good market that suddenly turns downward because of a school board decisions that rewrites the boundaries.