

FSBO

the challenges of selling your own home



How hard is it to sell your home FSBO (For Sale By Owner)? Some homeowners are able to sell their own homes without the services of a real estate professional. (About one in five, or 22%, are successful selling on their own.) Most of the successful ones are very experienced home sellers. Some are selling their home to a friend, family member or a tenant who's already living in the home. Obviously, these circumstances are the exception. For the other four out of five people, a successful FSBO sale usually doesn't happen.

Here are a few things to consider before attempting the sale of your own home -

- List Price

Homeowners selling FSBO notoriously overprice their home. Most figure they will simply price their home at or above comparable homes and just 'pocket the commission'. However, most buyers today are very savvy and well informed. It doesn't take them long to figure out what the seller is doing. Most buyers figure out that FSBOs cost them the same (or more!) than working with an agent. A good real estate agent can provide valuable information on market conditions, the likely selling price of the home and tips for improving the home's appeal.

- Marketing / Advertising

FSBOs have only a fraction of the resources available to licensed real estate professionals. You can't put your home on the MLS (see below). You can't put your home in Homes & Land Magazine. You can't place your home on any of the prime national real estate websites like realtor.com or HomesAndLand.com. All the prime marketing channels are reserved for real estate professionals. Of course you can put a 'For Sale' sign in your yard and run a small classified ad in the local newspaper, but the home won't get nearly as much exposure as it would through the MLS, Homes & Land Magazine, etc.

- Multiple Listing Service

The Multiple Listing Service (MLS) is available only to licensed real estate agents. This is how the 9,000 licensed real estate agents in the area know what homes are available for sale. You could direct mail a flyer to all 9,000 agents, but how realistic is that?

- Real Estate Agents

Many of the best real estate professionals are reluctant to show FSBOs for two very good reasons. First, they know that many FSBOs are overpriced. They don't want to sell an overpriced home to their buyers. Second, a good agent works very hard for their clients and they deserve to get paid for their work. Even if a FSBO offers to pay a Realtors commission, most agents don't want to go through a transaction with an unsophisticated seller across the table. That means the pool of potential buyers for FSBO homes is limited primarily to unrepresented buyers.

- Buyers

A good real estate professional will always pre-qualify the buyer prior to presenting the offer to a seller. How do you know your FSBO buyer can actually get the financing needed to close the transaction? There is nothing worse than learning your buyers financing was rejected just as your moving truck arrives! Also, without their agent as a buffer, buyers tend to feel very intimidated by the process. Research shows potential buyers spend far less time in a home if the owner is present during the showing. They'll also be less likely to discuss the homes 'pros' and 'cons' with their own agent if the owner is nearby. Buyers will also be less inclined to make an offer if they know they'll be negotiating directly with the seller. Having a professional agent on each side of the transaction creates a valuable buffer between the seller and buyer.

- Security / Legal Issues

Sadly, we live in a dangerous world. You need to be very careful with who you allow into your home. Open houses are your main marketing method, but they are also very dangerous. You'll also have legal challenges you can't even imagine until you get there. Real estate transactions are ripe with potential liability for inexperienced sellers, particularly in states with extensive mandatory disclosure requirements (like Arizona!). A FSBO who overlooks even one required form or legally required disclosure could face an expensive buyer lawsuit after the transaction closes.

If you decide to go ahead and try to sell your home by owner, here are a few tips -

1. Put a limited time schedule on attempting to sell FSBO. Most successful FSBOs sell their own home VERY quickly. It's quite rare for a FSBO to find a buyer 30 or 60 days after putting up the For Sale By Owner sign. The reason is simple - most successful by owner sales are to a buyer watching your neighborhood, just waiting for a home like yours to come on the market. If that buyer doesn't find you in the first week or two, they probably don't exist.

2. Do lots of open houses. Remember, you can't come close to matching the marketing program of a good real estate professional. What you CAN do is hold lots of open houses for that buyer waiting for a home like yours to come on the market. You should hold your home open every Saturday and Sunday until it sells or you list with an agent.

3. Pre-list your home. As noted earlier, only 22% of FSBOs nationwide are successful selling their home without an agent. That means most FSBOs end up listing with a Realtor. Don't burn any bridges with agents. You should select a good real estate professional with an extensive print & online marketing strategy. List your home with that agent with a start date about two weeks away. Be honest and upfront with your agent and tell him or her that you are going to try selling by owner for a couple weeks then you want the listing to kick in on the specified date. This gives you a chance to attempt selling by owner and gives your agent a chance to plan their print & online marketing program for your home. This listing agreement needs to be in writing. Good agents will not commit to spending money on advertising without a written commitment from you.

One last thought - good agents are worth every penny you pay them. Bad agents are overpriced even if they're free. Don't just settle for any agent. Seek out the best. They're worth it!

