

How to sell in a buyer's market

You've got to be proactive on price, marketing and more. Here are 10 steps to take before you plant the "for sale" sign.

By Dana Dratch, Bankrate.com



If you're selling your home this year, be prepared for a marathon, not a sprint.

In most places, those heady days of putting a property on the market, receiving multi bids, getting more than you expected, and accepting an offer in just days or weeks are over.

Now, for most houses in most parts of the country, it's a buyer's market. That means more houses are for sale, there are longer stretches on the market, and prices have slowed, plateaued or, in some places, decreased.

Sellers "need to be prepared for a sustained effort," says Colby Sambrotto, chief operating officer of ForSaleByOwner.com.

Homes are staying on the market for about four months, according to the most recent averages from the National Association of Realtors.

If you plan to plant your "for sale" sign, here are 10 things you can do beforehand:

1. Recognize every market is different. Your state, town or neighborhood could dovetail with national numbers or buck the trend entirely. "There really is no national market," says Sambrotto. "There's a patchwork of regional markets." Never rely solely on one person's advice or opinion. Talk to a handful of professionals, do your own research and listen to your gut instinct.

2. Get your home inspected. "Before I would even call a real-estate agent, I'd have my home inspected," says attorney Diana Brodman Summers, author of "[How to Buy Your First Home](#)." Some real-estate agents advise against spending the money (basic inspections range from \$200 to \$400, according to a 2004 survey from the American Society of Home Inspectors), because the buyers will get one anyway prior to closing. Others recommend it because it gives sellers an early warning on any repairs they might have to make.

But in this market, says Summers, it's better to be proactive. "I would rather know what the inspector is going to find and able to fix it -- and pick who will fix it," she says. This method also allows you to shop around for the best price instead of perhaps paying an inflated price later on.

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3. Shape up before marketing. A buyer's market means you've got more competition. "You want to put your best foot forward," says Eric Tyson, co-author of "[House Selling for Dummies](#)." If your home isn't appealing and in good repair, potential buyers won't even stop. Some sellers think it's OK to skip this step and take less, but if the house is not appealing you may not get the chance to negotiate. "Six weeks before you want to put it on the market is a great time to get it done," says Summers. You don't need to renovate, but make sure everything looks good and works well. Easy ways to make your home stand out:

- **New paint.** Paint the whole house, if it needs it, or just the trim, shutters and door to freshen up.
- **A clean entryway.** Sweep or pressure-wash the front walk and porch. Polish the outdoor metalwork, clean the windows and glass, and replace any burned-out bulbs in outdoor lighting. And, if you can, add planters with flow
- **Lush landscaping.** Think new mulch, sharp edging, a healthy lawn and beds of flowers.

"Maximize your chances of people being excited about your listing when it hits the market," Tyson says.

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4. Devise a marketing plan. Do you want to use a real-estate agent or would you rather sell it yourself? If you try doing yourself, set a time limit after which you want to enlist the aid of a professional. Selling it yourself can save you the real-estate commission (usually about 6 percent), which can be an advantage in a tight market. But in a buyer's market -- or rapidly changing market -- it can help to have a little professional expertise to price, market and move your property. And don't forget, potential buyers may think that if there's no agent involved, the price should already be 6 percent less. Both buyer and seller can't save the same 6 percent.

5. Check into company relocation assistance. Are you moving to take a new job? If so, the company might offer resources to make selling your house easier, says Summers. Some companies will even provide a list of real-estate pros who will work with you at a discount. If you're selling in a tight market, every little bit helps. Best source: Call your human-resources department.

6. Interview real-estate agents. If you're interested in using an agent, interview several early on about listing your home, says Tyson. "Ask them for their advice," he says. "That's a good way to select an agent." What would they highlight about your home? What would they change before it goes on the market?

Ask to see an activity list -- a list of all the buyers and sellers they've represented, the areas of town and the price ranges. You don't want private details, says Tyson. But you want to see if they've worked in your neighborhood, in your price range and if they have a track record of successful sales.

How old are the comparable sales (often called "comps") they are showing you? A few years ago, you could study comps that were six months or a year old. This year, because many markets are changing, you want neighborhood comps that are no more than three months old, says Summers.

And find out how long each has been a professional. Experience counts. "If you're going to pay 5 to 6 percent, you might well get the best your money can get," says Tyson.

7. Set a price. The rules are different in soft markets. "You don't overprice your house 20 percent to leave wiggle room for negotiating," says Tyson. That kind of strategy might never be a good idea, but it can really backfire in 2007. It's not a matter of being willing to negotiate. If your price is too high, potential buyers may not even look at it. And they may very well see a negative message in such a high price. "Those who overprice their homes in this market are wasting everyone's time," he says.

If you're not using an agent, get your own comps -- from the local paper, from sites such as Zillow.com and Realtor.com -- and see how similar houses in the area are priced. Also find out which newspaper in your area publishes notices when properties are sold. Sometimes it's the local daily or legal paper. Tracking those is a good way of learning actual sales prices, as opposed to asking prices.

Then set a realistic figure. Your goal: to maximize the chances that the perfect buyer will actually see it, Tyson says.

To get an idea of what's going on now, you want recent comps. But you may also want to look at comparables from the past six months. "You will see trends," says Patricia Fitzgerald, broker/owner of Coastal Properties in Jupiter, Fla. Are properties moving? Are prices holding steady or are sellers dropping prices?

Pricing is strategy. And much of it comes down to just how motivated you are to sell -- or how quickly you have to leave.

If you plan to pad the price, it's "an art, not an exact science," Tyson says. "Five to 10 percent is one thing. Fifteen to 20 percent and you have a problem."

Two more points to consider:

- **Modern technology.** Agents and buyers most likely are using computers to search for properties. If you want to sell yours for about \$400,000, consider listing it at \$399,999 rather than \$400,500. That way, a computer search for anything between \$350,000 and \$400,000 will include your listing.
- **Commissions aren't add-ons.** Don't add the real-estate commission to the value of the home to come up with your asking price, says Tyson. If you use an agent, the fee comes out of your share of the profits. Otherwise, "you're going to get penalized for overpricing your house," he says. Instead: Try negotiating your commission with the agent. When the recent seller's market was in full swing, it was easy to get agents to list your property for as low as 4 percent (split with a co-broker). They knew the property would sell in days or weeks and their marketing costs would be low. Now it's reversed. Agents commonly are looking at four to six months to sell a property, which increases their marketing expenses. This makes them hesitant to offer a discount.

Beware of hidden financing costs. Not all financing is the same from a seller's point of view. With some types of financing, such as FHA and VA home loans, the seller pays the points on the loan. Understand the different types and what will be required of you as a seller, because that could affect how much you net in a sale.

8. Understand your price. While you don't want to undervalue your house, many sellers today won't make as much as neighbors who sold last year, says Summers. If you have your heart set on a certain amount and find out that houses are selling for that, you may "have to change your mind and sit on the house," she says.

9. **Get rid of the junk.** This year, it's more important because buyers are going to be more fussy," says Summers. "Buyers are going to come in with an attitude." Throw things out, ship them early or rent a storage locker. But clear out that clutter. Buyers look for space and light. To show it off, you need to be able to tour a group comfortably through the house, as we actually walk into those "walk-in" closets.

10. Stay on top of the market. "You must be aware of market changes," says Summers. That's one reason she recommends using an agent. Stay on top of what is happening with mortgages and finance rates, keep looking at comps; "see trends before they happen," she says. "The real-estate market is still in a time of correction. You have to be so careful with both buying and selling."

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