

# REAL ESTATE

November 2004/Updated January 2008



## The FSBO Experience

True or false?

- Nationally, over 80% of “for sale by owner” or FSBO properties are eventually listed and sold by a real estate professional.

- Of those successfully sold by owner, more than a third are bought by a friend, family member, neighbor or someone else with whom the seller had a prior connection.

- FSBO transactions are on the decline, representing only 13% of total home sales in 2007 compared to 18% ten years earlier.

- Only 32% of FSBO sellers say they would do so again the next time they have a property to sell.

According to industry statistics, all of the preceding statements are true. This is consistent with the real estate industry’s party line that selling a home on your own is not as easy as it may appear. In fact, the odds of selling your home “by owner” in our local market are even slimmer – with over 90% of Westport and Weston FSBO’s eventually multiple listing with a broker.

Despite this, some homeowners are determined to do it themselves. Perhaps they had prior success selling their own home. Perhaps they’re testing the market, figuring that if someone makes them a good offer, it will be an omen that they’re destined to move. Or perhaps they are simply drawn to the FSBO experience.

The FSBO experience starts out on a high note, with visions of saved commissions, avoidance of pesky agents and – best of all, for some – beating the system. A sign goes up on the lawn. Ads run in the local paper. So far, so good.

The phone calls begin almost immediately. Unfortunately, most of these are from agents who view you as a potential target for their next listing. The others

who call are as likely to be curiosity seekers as bona fide buyers. And then there’s the question of whether the seemingly serious buyers who tour your home are actually qualified to purchase it.

After about 30 days, the FSBO experience starts to lose some of its appeal. Keeping the house clean is a challenge in itself, especially when there are few showings to justify the effort. Scheduling showings is also tricky if you work full time or have a busy weekend schedule. With fewer showings than expected, and no serious interest at this point, you may begin to wonder if you priced too high. And then there’s your concern about that creepy guy who toured your house last week – and who has driven down your street an uncomfortably frequent number of times since.

At some point during the FSBO experience you are also likely to encounter:

- Prospects who make appointments and don’t show (one-third don’t, according to *USA Today*).

- Nagging wonder about whether you’re in compliance with the many government-mandated disclosure requirements for sellers.

- The realization that even though you’re a great salesperson at work, you’re too emotionally involved to be dispassionate about the sale of the family home.

- Frustration that any offers you do receive are disappointingly low. Actually, this is to be expected since buyers who shop FSBO’s are looking for a deal and, considering that you won’t be paying a commission, are apt to lowball you.

At some point, most FSBO’s bite the bullet and include the words “brokers protected” in their ads – hoping to attract real estate agents who represent buyers in their home’s price range. By doing so, the FSBO agrees to pay the portion of a traditional commission – commonly half – that goes to the broker that brings the buyer, while continuing to save the other half that the broker that lists the property would normally earn. The problem with this is that all but the

most diligent agents ignore FSBO properties altogether. It’s just too much work versus selling a multiple-listed home whose owner has already specified the amount of the commission due to the buyer’s side upon a sale.

The lesson learned at the end of most FSBO experiences is that there’s a lot of behind-the-scenes work that agents do to bring about a sale. More importantly, there’s a long list of resources in an agent’s bag of tricks that are simply not available to do-it-yourselfers.

- Agents know how to price your home in light of market conditions as well as the other properties that your home will compete with once listed.

- Agents understand the transaction process...all the necessary paperwork and disclosure requirements.

- Agents provide instant awareness of your property among all potential buyers in your price range, including out of town buyers and Internet shoppers.

- Agents make sure that prospects who tour your home are qualified to purchase it.

- Agents are experienced negotiators who can sell your home objectively and dispassionately.

- Agents can help buyers obtain financing, bringing and holding deals together that could otherwise fall apart.

A good agent will sell your home more quickly and at a more favorable price than you can do on your own. I can only think of one neighborhood in Westport in which a FSBO has a decent chance to succeed.

So if the FSBO experience ever beckons, remember how the story usually ends. After that, don’t hesitate to call a professional.

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