

REAL ESTATE

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THE REAL DEAL

Real Estate News You Can Use

BY EVI COGLAN



Real Estate Myths and Facts

In the spirit of interactivity, I thought I would encourage some audience participation in this month's column.

Following are ten statements that are widely accepted as truths. Which are myths...and which are facts?

1. Your listing agent establishes the value of your home. This is a myth. True, your agent will help set your asking price. But the only factor that sets the value of your property is the market – and this may fluctuate based on economic conditions...consumer confidence...and, most importantly, the supply versus demand of similar properties at any given time.

When the number of new listings exceeds the number of properties that go off the market in a particular time period, it is a depreciating market. When the opposite is true, it is an appreciating market. Your listing agent's job is to understand market conditions and the specifics of your property...and to estimate market value based on these. As in all professions, some are more skilled at this than others. When selecting a listing agent, don't just pick the one who gives you the highest estimate – unless s/he can back it up with a convincing market analysis.

2. Your property is worth at least as much as your neighbor's, which recently sold. This contains at least some element of truth – because your location is so similar – but, alas, it is a myth. Two homes on the same street may differ in square footage, condition and/or amenities. One may have significant wetlands that limit future uses of the land and decrease market value. One may be updated, while the other is not. Your neighbor's property may have sold in an appreciating market, while yours is being listed in a depreciating one.

3. When establishing your asking price, you should pick a high number, to leave room for negotiation. Also a myth.

Buyers are more educated than ever. When a house they like is overpriced, they sit back and wait for a reduction. But when one they like is fairly priced, they act fast – usually offering full asking and looking to sign contracts as soon as possible to protect their deal. Sometimes – even in the current market – more than one buyer comes forward and you'll sell over list price.

4. Buyers will make an offer no matter what your listing price is. A big myth, for two reasons. First, your house is not being shown to buyers shopping in the next lower price ranges. Second, most buyer agents discourage clients from making low offers, because they assume you will not entertain them – and it will be a waste of time to get their buyers' hopes up.

5. You shouldn't accept the first offer that comes in. Mostly a myth. There's a maxim I have found to be true – "your first offer is your best offer." That's because a buyer who comes forward quickly is generally well educated, well qualified, and willing to move forward quickly to make a deal. This does not mean you should accept the offer as first presented – in most cases there is some degree of negotiation. But in general, if a first offer comes in at or above 95% of asking price and you don't make a deal, there's a good chance you'll regret it later.

6. If your house sells quickly, you priced too low. Absolutely a myth – see point #3. Underpriced properties tend to generate multiple offers and ultimately sell at actual market value.

7. If a house is on the market a long time, there's probably something wrong with it. This is a myth that might as well be a fact. Most properties with long market times were unrealistically priced at the start, and still are. Once they accumulate market times of 90-120 days, buyers start to worry that they have some fatal flaw – and not all agents work to

convince them otherwise.

8. It's your listing agent's job to bring potential buyers to your house. Myth again. (Notice any pattern here?) Your listing agent's job is to market your house to two audiences – other agents and the general public. This role involves pricing correctly, staging your home for maximum appeal, differentiating versus the competition, and creating an impactful Internet presence. Your listing agent may or may not represent appropriate buyers for your home during the listing period. If s/he does not show your listing to his or her own buyer clients, do not be concerned. That is technically not the job of your listing agent.

9. The commission you pay goes to your listing agent. Myth. It gets split among the listing agent, the listing office, the selling agent, and the selling office. Misunderstanding this distribution may explain why many people think real estate agents are overpaid.

10. It doesn't matter which agent you choose to represent you. This is the biggest myth of all. For most people, their home is the largest asset in their portfolio. Yet people who go to great lengths to find the best doctor, attorney, accountant – yes, even plumber or landscaper – routinely hire "just any old" real estate agent.

When selecting an agent, insist on someone who knows the inventory cold, understands market trends, has a strong marketing background and top negotiating skills, and – last but certainly not least in the 21st century – can give your listing the presence on the Internet that's required to get the attention of today's cyber-buyers. You should not settle for less. And that's a fact.

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