



FSBO: Should You or Shouldn't You?

You want to put your home on the market – should you sell it on your own or contract with an experience real estate agent? Before you decide, consider these unbiased pros and cons of going the home sale process alone.

NAR (National Association of REALTORS®) does yearly, extensive research on the subject of FSBOs. Clearly, it is in their best interest and the interest of their members to understand the decision-making process of home sellers that choose not to use a licensed real estate agent for their home sale. Regardless of why NAR gathers this information, the facts they discover can be of great use to you as a home seller.

Here is some interesting data that NAR uncovered during their FSBO research about why some sellers opt to sell their homes independently:

1. To avoid paying commissions

The NAR estimates that 51% of home sellers simply want to avoid paying agent commissions. Although, some say that number should be much higher – more like, 80% or more.

Yet in 2005, research showed that homes sold with agent representation actually garnered 16% higher sales price on average with an agent on the deal.

Why such a significant difference? It all comes down to numbers of prospects. Licensed agents normally have a wide and varied selection of sales tools at their disposal. Factored into any commission a seller might pay are the agent's costs of advertising the property and reaching the widest array of potential buyers.

FSBOs can't compete with the amount of exposure an agent can bring to the equation. More potential buyers, mean more interest in a home, more competition from buyers, which normally translates into a higher selling price.

Why FSBO?	2004	2005	2006
Commission savings	61%	53%	51%
Sell to friend, relative, neighbor	17%	22%	22%
Buyers contacted seller	9%	9%	12%
Avoid dealing with agent	6%	8%	8%
Seller has real estate license	2%	2%	2%
Agent unable to sell home	2%	3%	3%
Couldn't find agent	1%	NA	1%
Other	2%	3%	2%

Data from the NAR Profile of Home Buyers and Sellers, 2004, 2005, and 2006 editions, NAR Research. *Graph courtesy NAR

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So in many cases, by avoiding to pay a 5-6% commission, the seller actually forfeited 10-11% in additional sale money. In fact, according to NAR data, homes sold with the assistance of a licensed agent garnered a 32% higher sales price than those sold independently.

2. A matter of trust or control

According to the NAR, 1 in 10 FSBO sellers had a bad prior experience with an agent or simply do not trust salespeople. Perhaps their home failed to sell or it sold for less than it should have.

The obvious “given” here is that not all agents are good agents. And unfortunately in any sales business, one bad apple can sometimes ruin the whole barrel. That said, those “bad apples” normally don’t last in business for very long.

Don’t just pick any agent. It is imperative that you pick the *right* agent. Do your research, ask former clients for their opinions, look at the agent’s sales record, find out how long the agent has been in business, ask questions and listen to the answers, and above all, choose an agent that you “feel” good about. After all, you’re trusting this person with what is perhaps your largest investment.

A good REALTOR® will understand your needs and wants. If you had a bad experience before, share it with your new agent and let them show you that they are different. Quality representation means hiring an agent who will be your partner in the deal, you have to be completely comfortable with them. Finding the right agent will pay off in a successful home sale.

3. A buyer waiting in the wings

In 2006, the NAR says that 22% of FSBOs successfully sold their homes to a friend, neighbor or family member. Having a buyer in hand may be one of the more valid reasons for not employing a licensed agent.

Yet there is a marked difference between an “unrepresented private sale” (40% of the 22% total) – such as one arranged between a seller and someone they know well, and an “unrepresented open-market sale” (7% of the 22% total) – one between a seller and an unknown buyer.

	SELLING PRICE (MEDIAN)
Agent-assisted	\$250,000
First FSBO, then agent-assisted	\$192,000
FSBO/don’t know buyers	\$187,200
	<i>Data from the NAR Profile of Home Buyers and Sellers, 2006 edition, NAR Research. *Graph courtesy NAR</i>

Beware however of selling to someone you know. Are you really getting the best possible price? And how will the relationship fare once the transaction is completed? Buying and selling between friends and family can complicate and even ruin relationships should one or more of you be dissatisfied with the sale price or with the home purchased.

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Selling your home to someone you don't know is equally hard, and also time consuming. FSBO sellers are often surprised at the behavior of people who say they are interested buyers. Prospects who say they want to see the home then don't show up. Prospects who say they are ready to buy then don't make an offer and in fact, disappear. Then there are the window shoppers and the ones who "really want the house", but can't afford it.

An experienced agent has seen it all – and can usually tell a good prospect from a not-so-good one. When you have an agent on your side, these unreliable prospects are usually weeded out beforehand.

Financing, paperwork and other FSBO concerns

Got the right buyer, got the right price – what about financing and paperwork? What if your buyer wants 100% financing with closing costs factored in? Do you have the legal and financial assistance you need to make sure this deal is done correctly?

Even if you ultimately decide to sell your home on your own, you should consider bringing an experienced REALTOR® with access to the services you need to tie up the deal and help with the paperwork.

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Selling a home is a time consuming, often complex process. There are seemingly limitless details to consider. There are some cases when it makes sense to be your own representative, but in the majority of home sales its to the seller's benefit – financially and emotionally – to get help from an expert.

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Ready to sell or just thinking about it? Consult our team to find out all you need to know to prepare your home for sale, determine the correct pricing, and get your home sold for the most amount of money in the least amount of time.

Call us at (239) 261-9050 / toll-free (800) 562-0233 or visit us online at: www.NoSnowNaples.com

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