

Top 10 Mistakes Sellers Make When Choosing a Realtor

Selling a home should be like any other business transaction, but all too often sellers make emotional or impulsive decisions that cost them money and time. Choosing the right Realtor to market a property and negotiate the sale is the most important step in the process.

“My friend (or family member) sells real estate.”

Friendship alone isn't enough to establish a professional's credentials. Use tough standards when selecting an agent, just as you would when hiring an attorney, a doctor, or an accountant to handle your taxes. A true friend will understand and appreciate that this is a business decision and will offer their credentials and expect to compete for the listing. Besides, if a problem or challenge develops while selling your home, do you want to risk damaging a friendship or family relationship?

“Your presentation sounds good. I'll list right now”

Look at more than one presentation and consider the advantages and disadvantages of each. Making an impulsive decision when caught up “in the moment” could be difficult to correct later. Since you normally contract to list your house with the agent for a specific period of time, you may find yourself unable to “switch” to another if you find yourself unhappy with the service you receive.

“You're the only agent who agrees with my selling price.”

Some agents tell you what you want to hear. In the real estate profession, this is known as “buying a listing” and is employed by shortsighted agents who are more interested in themselves than they are in you. However good it works as a short-term “sales tactic” in getting your listing, it is an extremely poor strategy in selling a home at the highest possible price.

You see, your house gets the most attention from other agents when it is a “new” listing. If priced properly, lots of agents will show it to their buyers. If you price it too high, no one will show the house and it will sit on the market for some time. When you finally drop your price to reflect its real value, your house is “old news” and buyers may think you are growing desperate. Therefore, the prices you are offered will come in lower and lower – and you may find yourself accepting a price that is below what you could have received had the house been priced properly to begin with.

Besides, pricing your home too high will only make similar houses for sale look that much better.

“I don't need references. I'm a good judge of character.”

A snap judgement isn't good enough. You also need to determine if the agent is competent and the best way to do that is to check up on references. Ask for references on *recent* sales -- check up on references of *recent* customers. Find out how an agent's customers feel about their selling experience.

Remember that how long an individual has been in real estate isn't necessarily all you should look for. Experienced agents can grow jaded and not work as hard – newer agents sometimes make up with enthusiasm and effort what they lack in experience.

“I'm going to list with the agent who has the lowest commission.”

You get what you pay for. Paying a cut-rate commission will often get you a sign in the front yard and placement in the Multiple Listing Service, but little additional effort from your agent.

Realize that agents and real estate companies put up their own funds to market and advertise your home. Marketing and advertising costs money -- the lower the commission, the less incentive for an agent to put up his or her own money to market your home.

Incentive plays a very important role in sales. A “full service” agent earning a full commission will often “drop everything” to handle any challenges that come along – an agent earning a small commission does not have that same incentive.

Incentive is also important to the buyer's agent. Since there are almost always two agents involved in every sale, they split the commission according to the listing agent's instructions. One agent is your listing agent. The other agent is the buyer's agent. When your listing agent dropped his commission, did he also reduce the commission that will be paid to the buyers' agent? If so, you won't find as many agents willing to show your house – they'll be showing houses that offer a customary commission to the buyer's agent.

Finally, negotiating ability is an important skill in a listing agent. Are you willing to put your faith in an agent who can't even negotiate his or her own commission?

“The agent is what counts – not the company.”

Agents who work for large well-established companies with lots of agents do have some advantages. Large companies generally have longer office hours, so someone is always available to answer an ad call on your home. Large offices often have larger budgets and can spend more on advertising. The ad space for your particular home might not be huge, but because the total ad is so large it gets lots more attention.

Large real estate companies often have lots of agents. This is important because when your house is newly on the market, the company may stage an “office preview” where every agent in the office comes through and tours your home. Every agent who views your home and is impressed is another agent on your sales team.

Additionally, larger companies are often better at offering ongoing education to their agents. As a result, your agent may be better qualified and prepared to offer a quality service. Although most states require real estate agents to enroll in “ongoing education” to keep pace with changes in the real estate market, many agents only take the “bare minimum” in ongoing education courses. Sometimes, large offices are better at convincing their agents to go beyond the minimum.

There are exceptions to every rule, of course. Some very effective agents go off on their own and open private offices or “boutique” agencies.

“All realtors passed the same test so they must know the same things.”

The real estate profession is constantly changing and, as mentioned above, the best real estate professionals stay abreast of those changes by continuing their education. Some go beyond the required minimum requirements. Many agents acquire “professional designations” that show they took additional specialized courses.

“This agent will hold an open house every week.”

Open houses can and do sell homes, but usually not your home. Only a small fraction of the homes held open are sold as a direct result of the open house. More often, “open houses” are a way that real estate agents “prospect” for potential clients. If they develop a rapport with those visitors to your open house, they can find out about their housing needs and sell them the home that most closely matches those needs. Meanwhile, the person who eventually buys your home may be visiting someone else’s open house.

Good agents know better than to pin all their selling efforts on an open house. They use their time in more effective marketing methods. The most effective marketing is not directly to the public, but to other agents. By getting other agents interested in your home, your listing agent multiplies your sales force beyond just one individual.

“I want an agent who lives in my neighborhood.”

Knowledge of the local market isn’t only acquired by living in the immediate neighborhood. Sure, your agent should have intimate knowledge of recent sales, models, schools, businesses, and so on, but that is easily achieved through extensive research. Convenience shouldn’t be the primary reason for choosing an agent.

“This agent sold more homes last year than anyone else.”

That should only be the beginning. What is more valuable -- an agent who listed 32 homes and sold 25 – or an agent who listed twelve homes and sold all twelve? So you need to ask some questions. How many of their listings did not sell? How many were reduced over and over before they sold? How long were the houses on the market? How smoothly was the process handled? How accessible was the agent when there were questions or problems?

Quantity is important, but only if all of the quality questions have been answered satisfactorily.

The best agent is the one who will do the most effective job of marketing the property, negotiating the most favorable terms and conditions, and communicating with the seller to make the process as smooth as possible.

When You're Ready To Visit With An Agent, Please Give Me A Call Any Time!



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