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MORTGAGE CORNER



Home seller resolutions

By Ilyce Glink and Samuel J. Tamkin, Tribune Content Agency, Real Estate Matters

If you sold your home in 2017, you probably enjoyed the process.

Home prices have risen 40 percent in the last five years, so you got a good price for your home. There is only four months' worth of housing inventory (the number of months it would take to sell all the homes that are currently for sale), which is an extremely low number. Consequently, you probably got a fast offer, maybe delivered via a bidding war, followed by a quick closing. And new competition on the agent side meant you might have paid less in commission.

Here's the good news: Homes will continue to be a hot commodity in 2018. There aren't enough people selling (thanks to a combination of factors, led by locking in extremely low interest rates and rising home prices). In some areas of the country, like Denver, you can drive a long time without seeing a "for sale" sign. Homeowners in hot communities receive almost instant offers.

We're starting to see pocket listings, where agents tell their friends or officemates about a listing so it can be sold without ever hitting the general market. Different types of brokerages, where discounted commissions are available. And, more home sellers seem to be trying to sell on their own.

When it comes to pricing your home, we usually talk about the three types of sellers: Someone who is desperate and anxious and must sell as soon as possible; someone who has a "pie in the sky" view of their home value; and someone who is realistic about what the market will bear and is willing to price their home accordingly.

But this year, given how overheated (some economists say) the market is, we're not sure any price a seller could dream up would be too high. Some housing economists, like Nobel Prize winner Robert Shiller, say that general impressions about the inherent risk of buying a home can indicate the presence of a bubble. At a conference in early December, Shiller noted the return of what he called the "buyer's panic," where potential buyers fear that they will be priced out if they don't purchase a home soon. "It's not just interest rates and tax law that drive prices in speculative markets," Shiller said.

Choosing the right price is the key to having a great selling experience. If you price your home too high, even in a hot market, it'll sit on the market, growing stale, until you reprice it. If you price it too low, it should ignite a bidding war. And, the agent you choose (whether he or she is aggressive or more low key) will be an important consideration.

Before you list your home in 2018, you should figure that out. Then, consider adopting my classic New Year's Resolutions for home sellers:

--Overcome any possible objections a buyer would have. Buyers are always looking for a reason not to buy your house. Your job as a seller is to eliminate any potential objections that would stand in the way for a buyer to make an offer.

--Get your home into selling shape. Cleaning your home is a must. After that, you should consider hiring

a stager to give your home the television-worthy polish so many buyers expect today. (Yes, they want your home to look like something they'd see on HGTV.) Assess what other sort of work needs to be done, such as fixing things that don't work, touching up paint, or cleaning or replacing your carpets. Decide if you need to update your landscaping, and paint, clean or tuck point your home's exterior. And if you're selling in January, clear out the holiday decorations as quickly as possible.

--Invite at least three agents to create a comparative marketing analysis (CMA). Often, sellers simply call the agent who sold them their home to list it. While you may wind up hiring that person, you'll be doing yourself a favor if you invite a couple of other agents in from different firms. That's because each will bring different ideas to the table about how much your house is worth and what kind of marketing plan will work. They'll all have different experiences to draw on and have different buyers in mind who may want to make a quick offer.

--Be realistic about the market, even if it's a hot one. Find out what types of properties are selling in your area and how many days they're sitting on the market. Accept the reality of your local market and make sure you price your home realistically. Don't blame your broker if you don't get three offers over your list price within 24 hours of putting your home on the market. Sellers who set sky-high (or even pretty high) prices could wait months or years for an offer (one of my neighbors has been trying to sell his overpriced home for four years) and may wind up with the same price they would have had if they'd priced their home correctly the first time -- or a lot less.

--Read all documents thoroughly before you sign them. Why would someone sign a legal document he or she hasn't read? I'm not sure, but home sellers do it every day. If you're going to sell (or buy) in the coming year, promise yourself that you'll take the time to read and understand the listing contract, offer to purchase, and loan documents for your next purchase. (If you're taking back a loan for the home buyer, have an attorney prepare the documents so you are sure to be protected.) Unless you've got cash to spare, a mistake in these documents and the warranties they contain, could seriously affect your finances.

--Don't get greedy. One big mistake many sellers make is to get a little greedy, particularly if the first offer is above the minimum acceptable price you've set. Then, the negotiation becomes a game of how much you can get.

Remember, a successful sale means everyone walks away feeling happy. If you get so greedy that the buyer walks away, you've let the deal get the best of you. Resolve to be reasonable and you'll end up shaking hands with the buyer at the closing. You should also know that there aren't unlimited buyers out there, and if you lose one it might take you quite some time to find another.

(Ilyce Glink is the creator of an 18-part webinar+ebook series called "The Intentional Investor: How to be wildly successful in real estate," as well as the author of many books on real estate. She also hosts the "Real Estate Minute," on her YouTube channel. Samuel J. Tamkin is a Chicago-based real estate attorney. Contact Ilyce and Sam through her website, ThinkGlink.com.)
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