

## **Selling Your Home in a Buyer's Market**

### **By Kathryn A. Walson**

Like many people in today's real estate market, you may be thinking about selling your home. And like many prospective home sellers, you're probably kicking yourself for not having moved sooner, before the housing market took a nosedive.

Still set on selling? Take heart. Sure, you may take a hit on the sales price on your house compared with the market's peak, but you're also likely to get a good deal. "Selling in the down market is a good thing because you get to buy in the down market," says Nate Martinez, a real estate agent in Phoenix.

And depending on where you live, your larger suburban home may be holding its value better than some houses. For instance, house prices in Pittsburgh, PA, Raleigh, NC, and Richmond, VA have held steady or increased slightly over the past year, according to Zillow.com, an online real estate service. Meanwhile, home values in other once-hot markets in Miami and Fort Lauderdale, FL, metropolitan area have plummeted by more than 20%.

If you decide to sell, you must do a lot more than stick a For Sale sign in your front yard. In this buyer's market, you need to hire top salespeople, set a fair price, see that your product stands out from the competition and be prepared to negotiate.

You'll also need to change your mindset a bit. Forget the extra profit you would have gotten a year or two ago. "My clients have lived in their homes so long that even though they're seeing some loss, they still have a lot of gain overall," says Lyn Dippel, a certified financial planner in Columbia, MD.

That was John Farmer's situation when he and his wife, Rosemary, put their Glenwood, MD, house on the market in May. They were ready to downsize from the four-bedroom they'd live in for 32 years. Their home sold in just over two months. "We thought it was going to take a long time, predicated on what we'd heard," says Farmer, a consultant for a utility company.

The Farmers got \$15,000 less than what they were hoping for, but they still did well, given that the house had appreciated by 80% since they built it. Plus, the couple was able to negotiate a \$100,000 price cut on the three-bedroom house they're building 20 miles away, in New Market, MD.

**Sell now or later?** It's impossible to time this real estate market. If you can wait, you can hope for a rebound. "It's like the stock market," says Kimberly Kirschner, chief executive officer of Kirschner Realty International, in Miami. "If the market is down, unless you really need the cash, it's better to hold until the market goes up."

But the market could get worse before it gets better. And once it begins to rise, it could take a long time before it reaches its earlier peak. So if you want, or need, to sell, go for it.

William Jordan, president of the Sentinel Group, an investment-management firm in Laguna Hills, believes that the bottom is still 12 to 18 months away in his part of Southern California. Then, he predicts, the market will stay flat for several years. Jordan recently advised a couple with a beach house worth \$1.4 million to sell. "The value has fallen some," he concedes, "but if we sit around and wait a year or two, they could lose 10% to 20%."

Jordan says homeowners can sell and then rent another house for a year or two. "It's a good way to test-drive an area," he says. "Then, at a leisurely pace, they can buy the right property at a lower price."

In Phoenix, Martinez says the area offers deals for buyers from higher-cost areas. For example, a four-bedroom house that sold for \$580,000 several years ago is back on the market for \$345,000.

**Price it right.** Forget what your neighbor's house sold for last year. Homeowners who want to sell today need to set a realistic price for this market. "The market price is going to be less than your dream price," says Fanny Chu, a San Francisco real estate agent. "When you sell, you must be a little bit detached."

The first step in setting a price is pinpointing recent sales prices of houses that are comparable to yours. Allyson Bernard, owner of Danbury-based Real Estate Professionals of Connecticut, evaluates comparable sales from the last two to three months, as well as asking prices for homes on the market, within three to five miles of a client's home. "If comparable properties have sold for \$250,000, you know that is a realistic measure of that property," she says.

A modern bathroom, renovated kitchen or a deck could give your home an edge over the competition. But Bernard might still set the price at \$240,000. "I want to be in the middle or lower end of the competition to sell the property quickly," she says.

Avoid setting a high price for your house with the plan of lowering it if it doesn't sell. "People will say, 'It's been on the market for 60 days? What's wrong with it?'" Martinez says.

George Boswell and his wife have little choice but to cut their asking price. Their house in Blairsden, CA, in the Sierra Nevada mountains, has been on the market since May. In October, they're closing on a home 60 miles away in Reno, NV. Prospective buyers who have come by are holding off on selling their own homes. "It's nerve-wracking," he says. "We want to get relocated before winter arrives."

If the Boswells don't sell their home before they move into the new one, they'll have to take out a mortgage on the new house. "We're lowering our asking price to stir up more action," says Boswell.

To sweeten the deal, you can offer possible buyers a home warranty that covers the heating, cooling and plumbing systems and certain appliances. The warranty typically lasts a year and covers service, repair and replacement. It usually costs between \$300 and \$400. You can also offer to pay some of the buyer's closing costs, perhaps the appraisal fee or points to reduce the mortgage rate. Some lenders won't allow cash to change hands, so check with your loan originator first.

**Find a good agent.** Selling your home on your own isn't as good of an option as it was during the housing boom. Don Nicholson, Jr., a financial planner in Wilmington, DE, says most sellers need a real estate agent who "can do marketing and open your house up to a wider group of people."

But not any agent will do. "They need to know where to market the property," says Bernard. "If it's lakefront property in Danbury, CT, we'll probably market it in New York city."

Home buyers are scouring the Internet, so make sure your agent uses the Web extensively. Martinez's postings include a virtual tour, floor plans and photos for each house. "The more my listing stands out, the more I'm going to get a buyer to spot it and tell their real estate agent about it," he says.

Resist the urge to go with the agent who suggests the highest asking price. "Some agents," says Bernard, "tell sellers what they want to hear and lock them into a contract. Then the house sits on the market."

**Spiff it up.** You may love your glass elephant collection, but most prospective buyers won't. Your goal is to "stage" your home to make it as appealing to as many buyers as possible. "A majority of people have trouble visualizing their personal items in somebody else's home," says Bernard. "You can see your possessions in homes that are clean and organized."

Real estate agents recommend placing old-fashioned furniture in storage, getting rid of clutter and tchotchkes, hiding family photos and organizing closets. They also suggest painting the walls and installing carpets in neutral shades.

It's not necessary to do a complete remodeling before selling, says Dorothy Geringer-Munson, an agent in Charlotte, NC. "I've seen people spend \$100,000 on a kitchen, but I don't recommend doing that," she says. "You're probably going to get the money back but there's no point if you're not going to be able to enjoy the kitchen."

The Farmers painted their walls light beige. They put some items in storage and gave a lot to their kids and to charity. The couple also removed posters and trinkets from trips to Ireland that had decorated their basement. "It made it a homey environment for us, but it could look like clutter to someone else," says Rosemary Farmer.

On the exterior, consider planting flowers, trimming the bushes and painting the shutters. Martinez recommends looking at your house from across the street, so you can see what prospective buyers see when they pull up. "In a market with an oversupply of property, curb appeal is very important," he says.

You can hire a professional home stager to do the work for you. Ask your agent for a referral or find a local member of the International Association of Home Staging Professionals ([www.iahsp.com](http://www.iahsp.com); 800-392-7161). A stager

could cost anywhere from a few hundred to a few thousand dollars. "You probably would get the money back because your home would show better," says Chu, the agent in San Francisco.

*If you would like to learn more about the advice contained within this article and how it could benefit you, please contact the professional who provided your subscription.*

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