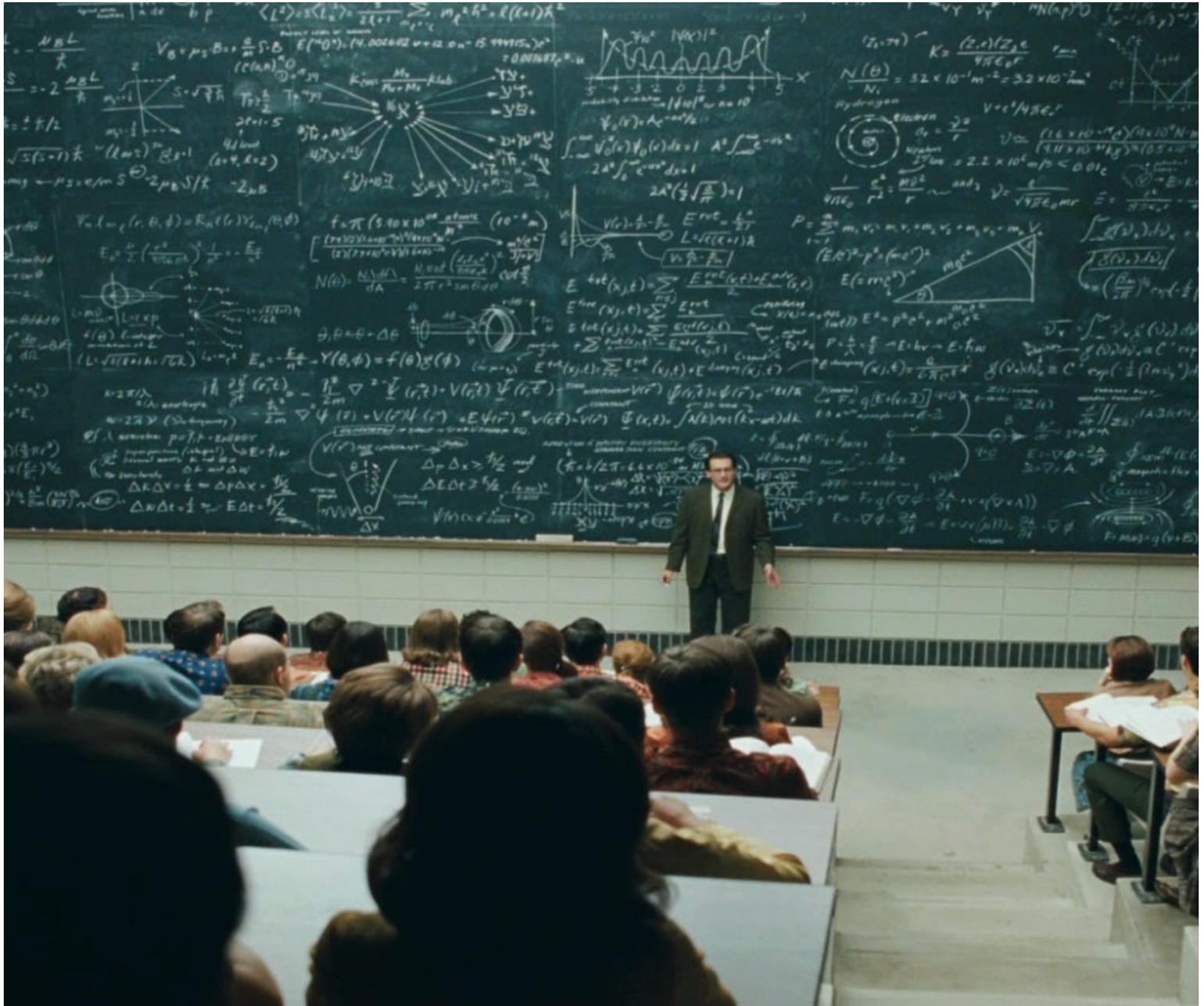


# A Real Estate Refresher Course for Buyers & Sellers

By: Mike Gallagher, Mike Gallagher Real Estate, Inc.



I am going to go out on a limb here and state that I think that the Economy as well as the Real Estate Market is improving although at a slow pace on a road filled with "Pot Holes" and "Detours."

It is for this reason that perhaps now we all should take a Refresher course in the basics of Real Estate Selling and Buying. The following will provide you with the best basics I have found to be time tested and result orientated that can be used to provide you with a path to your Real Estate goals.

## Sellers

As a seller I would first want to get an idea of my property's Market Value. Although this is no easy task, many sellers want to start here to educate themselves on what is happening in their neighborhood and then come to a conclusion about what their home might be worth. For the inexperienced seller, this probably one of the worst things you can do.



Kailua Home For Sale-\$550,000

As an inexperienced seller you cannot possibly obtain a good answer to your home's worth by using flawed analysis. I believe this is one of the biggest challenges for Real Estate Agents as I think most sellers do have an opinion on their home's worth that is incorrect.

In most cases, the seller, now armed with a flawed analysis of their homes worth will then seek out a Real Estate Agent to validate their flawed opinion of their home's worth.

The results of this flawed opinion very often cause the seller to move into a defensive position in order to justify their findings as the Real Estate Agent most likely will not agree with the seller's analysis. When the seller is confronted with real, valid comparables that clearly show a difference between the real Market Value of a home's worth and the seller's opinion is where the confrontation lies.



### **Real Estate Agent Training 101:**

**“When on a listing appointment, never provide your seller with the property’s Market Value until you first hear what they think it is worth.”**

This was my first real estate lesson for listing presentations. The reason for this is obvious. Once you know where the seller is on their idea of their homes worth, the Real Estate Agent has two choices:

- 1) Take the listing and price it according to the Seller's market value and hope that you can sell it and or seek price reductions over time. If you are really lucky, you might even be able to pick up a client as the Seller's Open House after you have agreed to taking the listing and sell the Open House Guest a home that is priced correctly nearby.
- 2) Walk away from the listing and explain to the seller that their home's worth analysis is incorrect and that it will be just a waste of time for everyone to market the home under these circumstances.

Believe me Option # 2 is rarely used. Only the busiest Real Estate Agent on Earth would use Option #2. Therefore, Option #1 is almost exclusively used.

Then there is the “Flip-Side” of the Coin:  
 How well do Real Estate Agents Price Homes?

Answer: Not very well.



Above are the Average Percentages of Homes Sold at Full Price Or More. This gets a little complicated because the Honolulu Board of Realtors numbers of homes Sold, Percentage to List Price are wrong and misleading. Many of their homes sold with List to Sell percentages of 100%+ were in fact not sold at 100%+ due to re-listings and price reductions which is not supplied to the Public and only available to members of the Multiple Listing Service.

In the graph for Single Family Homes it was reported by the Honolulu Board of Realtors that 38% of all listings Sold during the Month of January 2012 sold at a List to Sell Percentage of 100%+ but in reality after taking the numbers and subtracting the re-listings for the same homes and those homes that had their list priced reduced, the real List to Sell Percentage for all of Oahu's Single Family Homes sold at 100%+ was **15%**.

The same scenario is true of the Condos Sold in January 2012. The Board reported that **26%** Sold at 100%+ when in reality it was **15%**.

### **So if Real Estate Agents are not good at Pricing Homes?**

Go back to the two graphs above and look at the Days On Market at the bottom of each graph. Single Family Homes Sold Average Days On Market for January 2012 was **65** days. But the homes that sold truly at 100%+, their Days On Market was **24** days. That is a **63%** difference!

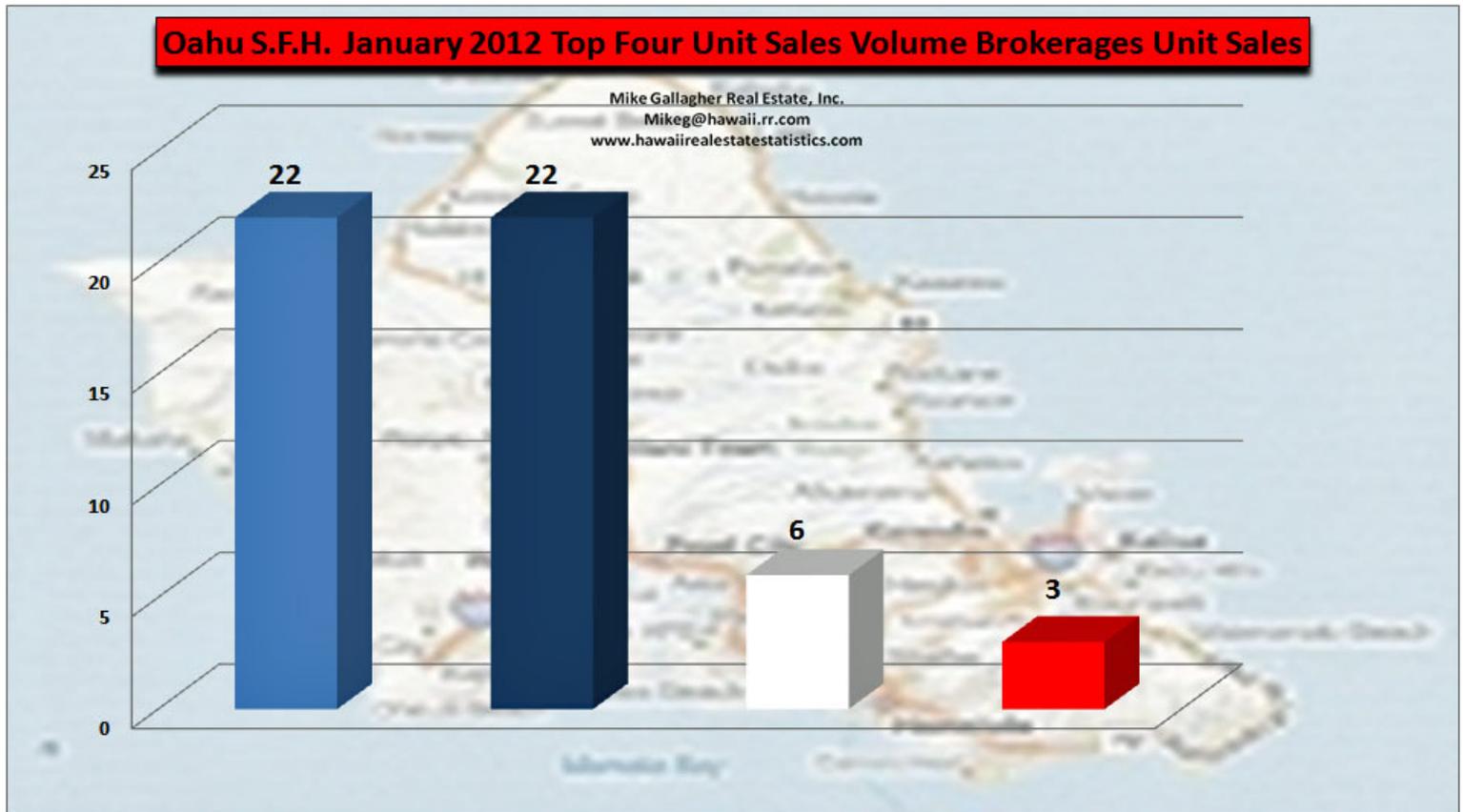
For the Condos the same thing is true. Average Days On Market for Condos in January 2012 was **73**. For those Condos sold at 100%+ it was **34** days, a **53%** difference.

**Homes that are priced correctly Sell FASTER and for More Money!**



So now you know as a seller how to find the right comparables to arrive at your home's Market Value. Look for the homes in your neighborhood that sold quickly that are like your home in size, bedrooms, amenities, etc. and verify through a Real Estate Agent if there were any listing price reductions or re-listings for those homes. Now you will know what your home is worth.

It is a little more complicated than that but now you have the correct basis in which to use to find a home's worth. You are still going to most likely interview Real Estate Agents to sell your home so get their opinions of your home's worth.



Here are the Top Four, largest Unit Volume Brokerages **Listing** sales for January 2012.

Some time ago I wanted to track my competitors and see just how well and not so well they sold their Listings and whether or not they sold them with or without re-listings and Listing Price reductions. The answer was amazing. I have withheld the names of these Brokerages and I will only share this data with current clients.



The largest percentage of these Brokerages Listing sales in January 2012 sold at 100%+ of Listing Price was **36%**.

100% - 36% = 64% Sold for less than 100% of Original Listing Price.

I do not know about you but this just does not inspire much confidence in finding the right Brokerage to sell your home.

Remember **Option #1** and **Option #2**? If you go with Option #1, you might want to listen to several agents opinions of what your home is worth and why. They are the Professionals in the Real Estate Industry. Let them explain their reasons to price your home a certain amount and the strategy involved in selling your home in the shortest time period and for the most money.

Out of everything you have learned so far there is one more method to choose the Right Selling Agent: **Ask for the Agent's Sales Report**. This sales history of the Agent will show all their Listings of homes they have sold since their very first sale, how much they listed each home for, what price reductions were taken, how long was the home on the market before you accepted an offer and the area they sold the home.

You see, it is **not** as much about Advertising, Great Photos, and Email-Announcements to other agents with your listing, Open Houses, Post Cards to your neighbors, fancy Ads in some Luxury Home Magazines as it is about price.



### **One last word for Sellers:**

It is great to obtain referrals from friends you know who have used Real Estate Agents they were pleased with but I also consistently see where these Agents who have sold their 'friends' home comes at a dear cost to the Seller-Friend. I see very often where a home is listed, two, three times, consistently taken off of the market and re-listed, has gone through multiple price reductions and culminated with a high Days On Market and a 90% or less Sold Price versus Original Listing Price. When Agents only sell at 36% of the time at 100%+ of Original Listing Price, this can mean a whole lot of money lost to the Seller.

**"Friends Are Friends." "Business is Business."**



## Buyers

As a buyer you are most likely more concerned in finding the right property to fit your needs and there is no rush or desire to find a Real Estate Agent. This is normal and most Buyers will do most of their research on their own as a typical buyer today has at their finger-tips tools to help them that were not available ten years ago when Buyer's Agents were needed to find a home for them.

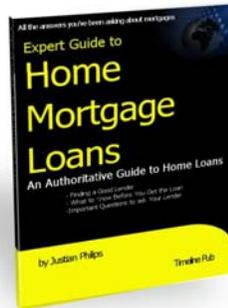


Professionally, I like working with buyers who do their own research. Obviously it saves me time in research, communications, drive time, showings, etc. but I find most buyers to be pretty savvy to Real Estate fundamentals due to the resources on the Internet and their willingness to learn them.

### Where Would I Start First?

- 1) **The Multiple Listing Service:** [www.hicentral.com](http://www.hicentral.com) In a short time you will be able to find what appear to be homes that might fit your needs, but what about you're "Pocket-Book?"

2) **Seek out a Mortgage Broker.** At [www.hicentral.com](http://www.hicentral.com) you can also find a list of all Mortgage Companies doing business in Hawaii, current rates, contact information, etc. Pick one. Pick two or three. Call them and find out in ten minutes on the phone what Loan Amount you can qualify for and whether or not you will be comfortable with the Monthly Mortgage amount.



3) **Open Houses:** After attending several Open Houses you are most likely going to feel frustrated because you probably will be seeing properties that looked real great on the Internet but up close, not so good. Or you might even like the property you see at Open House but are wondering: "What do I do next?" It all comes down to finally having to find an agent and working with one. Do Not Make The Mistake of Trying to Work With More Than One Agent. You need to end up working with only one agent. Failure to adhere to this advice will result in possible confrontations and litigation between the agents over who was the "procuring cause" for your purchase. Trust me it is not worth the hassle. Besides, most agents, if they are smart enough will ask you: "**Are you working with an Agent?**" Of course I can understand that after visiting so many Open Houses you are probably sick of all the Open House Agents wanting to be your New Best Friend and you just might want to scream: "YES! I am working with an Agent!"



**4) Finding That Agent:** This is pretty much the same deal as for Sellers. It will come down personality fit, the agent's communication skills but you will do well to **ask for their Sales History Report**. Just like for sellers asking for a Sales History Report of the Agents past Sold, Expired, Withdrawn Listings, you are to ask the Agent for their Sales History Report on their buy-side. In other words you want to see how many homes they have sold acting as a Buyers Agent, where they sold these homes, what the properties were originally Listed for and whether or not you were able to obtain them a savings off of the Listing Price. I think I would even go one step forward and ask the agent: **"What has been some of largest challenges in finding the right home and negotiating for your clients?"**



Some of the answers to this question might provide you with further insight on just how experienced this agent is and whether or not they might have what it takes to see your purchase through to completion to your satisfaction.

Most agents who have had any experience to mention will prefer to work with Sellers. It is just better business as when an agent works on behalf of a Seller, all the Buyers Agents automatically begin to work for the Sellers Agent in an effort to sell your home.

When your Buyers Agent begins to work for you, they have a ton of work on their plate with no guarantee of success or payment for their time. Some agents profess to be only Buyers Agents or "Certified Buyers Agents." Oh please, I believe these "Certified Buyers Agents" is nothing more than another "Fancy Title." Whatever you do, do not sign a **"Buyers Representation Agreement"** as first, they are not worth the paper they are printed on and I believe you should be able to fire your agent anytime you want.



You are always free to call or email me anytime you have a question. I will give honest advice and of course I will attempt to persuade you to work with me. What the heck, it is always to your benefit to meet with someone, broaden your initial choices and see if there might be a good fit.

### **The Last Word of Advice:**

**Do Not Work with Any Agents Under a Dual Agency Agreement.**

For those of you who are a first time readers of my Articles, I hope that you learned something of use to you and those who are already familiar with me I hope that this article has been a good Re-Fresher for you.

I wish you all much Aloha and I Thank You for all your readership and comments you have sent my way.

Mike Gallagher, Mike Gallagher Real Estate Inc.

808-384-9015, [Mikeg@hawaii.rr.com](mailto:Mikeg@hawaii.rr.com)

If you have the time please visit my website for a wealth of information on the Oahu Real Estate Market and read my Monthly articles on Time/Warners Oceanic Cable: [www.aroundhawaii.com](http://www.aroundhawaii.com)



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