Marketing Homes In A Slumping Housing Market

The four variables in marketing a home are **condition, price, terms,** and **exposure**. These four variables are interdependent; for example, the better the **condition** of the home, the higher the price, the lower the price, the greater the **exposure** (number of qualified buyers looking at the home). This paper will discuss the impact of our slumping housing market on these variables and will outline some marketing techniques we have found to be effective.

There are far too many resale properties and new project homes available today for our relatively low number of monthly sales. Proper marketing is essential. The three P's many real estate agents use; put up a sign, put it in the MLS, and pray for a buyer are no longer adequate to get properties sold. In a slumping housing market, homes need to stand out compared to the competition so agents will show them. We need different marketing techniques today in order to make the listings stand out.

Our market abounds with distress sales. Many owners who bought 2-3 years ago now have mortgage balances greater than the value of their homes. Foreclosures and bankruptcies have become commonplace as have owners selling at a loss. As sales **price**s have continued to fall, an increasing number of sellers have had to bring in funds to closing to be able to sell.

In a market where there are many competing homes, property **condition** has become extremely important Your real estate company should be able to assess the cost-effectiveness of making improvements or upgrades to your property. Moreover, they should also have access to economical repair & upgrading services. When a property has been well used, it may be more cost-effective to discount the asking **price** and sell the property in "as-is" **condition** rather than trying to recoup improvement costs through a higher sales **price**.

The **condition** of the property effects value. Unusually poor **condition** has more impact than unusually good **condition**. Unusually good condition can make a home far more sellable but does not normally add appreciably to the appraisal; unusually poor **condition**, though, can subtract substantially from the appraisal. When it appears a property sold for either too high or too low a price, the **condition** may have effected the sale.

Proper **pricing** is important in any type of market, however, in a slumping market, it takes on increased importance. *When **price**s are declining, it is very important to be ahead of the declining market rather than chasing it.* Your real estate company should keep you constantly advised as to what is happening in the market. They should run a new market analysis on your property every couple of weeks providing copies to you whenever there are any new listings, new pending sales, reductions in asking **price**s, etc. If you are not receiving a new market analysis on your property every 2-4 weeks, your real estate company may not be monitoring the market properly for you.

In any housing market, the highest sales price normally occurs when a property is properly **price**d to begin with and several competing offers are submitted on it within the first few days. In such a scenario, the final sales **price** is often above the asking **price** even in this market. **However, most owners establish an initial asking price higher than what they actually expect to receive**. They are willing to exchange the likelihood of additional on market time for the possibility of a higher sales **price**. The mistake made by most owners/agents is to leave the high asking **price** on too long. This results in properties becoming shop-worn and/or owners being categorized as "desperate sellers" when their asking **price** is finally reduced. A far better technique is to have a predetermined **price**-reduction program in place before "testing the market" at the owner's price; e.g., if no offers are received within 3-4 weeks, the asking **price** will automatically be reduced by a preset amount.

There is a very simple rule for pricing . The asking price must support having potential buyers look at the home. If that does not occur; i.e., if potential buyers are not looking at a home, it will not sell. Two statistics your real estate company should provide you are the number of requested showings each week as well as the average number of requested showings over a lengthier period of time. We use four weeks and have found for most listings, if we are not averaging at least a requested showing per week based upon a four week average, the asking **price** is to high.

The **terms** of a deal are very important to the sale of your home. As I stated in an email last week, “It may be time to consider some other options to generate interest and give the buyer incentives to purchase YOUR home. Here are some ideas: (restated from last week)

Consider owner financing of the down payment. This is commonly done in real estate so it is built in to the front page of offer contracts. It works like this: The buyer gets a first mortgage for 80% of the value. You give the buyer a second mortgage for the 20%. The buyer only has to come up with the closing costs. You would get about 9% interest on the 20% down payment you are financing. The worst-case scenario: You get your house back if the buyer defaults. The market will turn soon and you may be able to sell it again for even more. Since you have lots of family and me around here to keep on things, this may be you best option to get a full price offer. Let’s talk more about this option in person please

Consider helping the buyer with closing costs. If the buyer is willing to give you close to a full price offer, you would kick in money for the closing costs. Your net profit for the deal will be higher, and the buyer gets the house they want. It is a win, win situation.

Consider renting the home until the market is better for selling a property.

In an active real estate market, **exposure** is often achieved merely by identifying the desirable features of homes on the MLS or just putting a sign in the yard. However, with all the inventory that is available today, features by themselves do not necessarily create buyer interest. For example, there have been times when there was not a pool home available anywhere in our area. Today, you have your choice if you want a pool home in the area.

Just a decade ago, **exposure** was measured by how many showings your house had. Today, with the Internet, It is much different. According to the latest statistics, about 84% or buyers now look online to find the houses they want to look at. With so many homes on the market, it is difficult to make a home stand out. **Currently, Velie Real Estate Services pays Realtor.com for the Showcase Property status. It provides us with the boarder headline, scrolling banner, ability to create & edit descriptions, ability to add and edit photos, and preferred placement when a buyer conducts a search. Each week, you receive a report that show you the number of views of your home by potential buyers.**

For his reason Velie Real Estate Services takes our own photographs with an 8 mega pixel camera with a wide-angle lens. This creates a feeling that the rooms are larger and captures most of a room in one snapshot. These photos are reviewed and compared to the other photos of that particular room. The best of the photos is then used to upload onto the MLS, Realtor.com, virtual slide shows, and other advertising means.

Your objectives in a slumping housing market is to have your home be easy to show and to compete effectively with whatever else is available given the property **condition**s, features, sizes, etc. For example, in a town home complex where all the units are essentially the same, you should want to have your home always to be among the lowest **price**d in the complex. If an agent is going to show any homes in the complex, you want your home to be included.