

Pros and Cons of Selling a Home For Sale By Owner

As a home seller, you naturally want to make as much money as you can from the sale of your home. You may be thinking about selling a home yourself to avoid paying a real estate agent, which is understandable. You may wind up making more money overall.

However, there are some cons to selling for sale by owner without the help of an agent. Make sure you know the drawbacks as well as the benefits to the for sale by owner process before you take the leap.

Pros to Selling a Home For Sale By Owner

1. You may make more money from the sale.

When you sell the home yourself, you don't have to pay for the help of a real estate. Since real estate agents can charge a percentage fee based on the sale price, you could save thousands of dollars by doing it yourself – maybe even tens of thousands, depending on the value of your home. Saving a commission is in fact, the biggest reason why homeowners attempt to sell for sale by owner.

The trick, of course, is making the sale without a real estate agent a reality. This is easier said than done. According to *The National Association of Realtors*, over ninety percent of all for sale by owners fail and end up hiring a real estate agent.

2. You have complete control over the sale.

When you do it yourself, you are in complete control of the sales process. You do not have to listen to anyone's opinions about how you will market the home, how you will price it, how you negotiate, how you prepare the home for sale or any other decisions. It's all up to you. There is, of course, good and bad with this. While you are your own boss, you're losing the valuable counseling and expertise of a potential professional.

3. You can devote your full attention to the sale of your home.

A real estate agent – if he or she is worth hiring – is going to have other clients besides you. That means that you will not be the only concern of the agent. In contrast, when you sell your own home, you can devote all your available time and energy to the sale. Ideally, you have lots of free time to market the home extensively, show at any time of the day and well into the evening, and be available to talk to buyers any time they might call.

4. Additional thoughts on selling for sale by owner.

The one instance where you can dramatically increase the odds of selling a home for sale by owner is when you are either located on a busy road or are located in a neighborhood where there are other homes listed by a real estate agent. When you are located on a main road you have the benefit of a lot of people noticing you're selling your home as long as you have prominent signage.

A for sale by owner can also reap the benefits if their home is located in a neighborhood or subdivision where quite a bit a traffic is generated from other properties listed for sale by a Realtor. You will basically be profiting from the real estate companies ability to draw buyers into the neighborhood from other properties they have listed.

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Cons to Selling a Home For Sale By Owner

1. There may not be as much financial benefit as you imagine.

While you will not have to pay a real estate agent, you are not likely to fetch as high a price for your home as you would if you worked with a professional. An established and respected real estate agent knows how to market your property to the right buyers, price it competitively and negotiate based on the hard facts about your home.

One of the biggest reasons why for sale by owners fail is an incorrect asking price for the home. Without the guidance of a competent real estate agent or appraiser, pricing the home correctly can be extremely difficult.

2. Marketing a home is not easy – especially without an established network.

You can list your home online without much effort. But so can everyone else. Good marketing ensures that your listing is noticed, and noticed by buyers that are a good fit for what you have to offer. Sure, an agent will list your home online. But he or she will also get the word out across a network of agents working for buyers in your area.

This is part and parcel with the multiple listing service (MLS), as well as established online real estate sites such as Realtor.com. Your agent can reach people that your online listing never would, and in a way that is far more compelling than one of thousands of listings on a web page. The best real estate agents have their own websites that are prospect magnets.

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3. Selling a home is hard work.

If you want to do a decent job of selling your home, you are going to need to devote a considerable amount of time to the sale. Your home needs to be inspected, repaired as necessary (but only repairs that will make for a better sale), photographed, filmed, listed, shown and more.

When you do get interested buyers, you will need to be available to answer their phone calls, to show the home when they are available and you will need to negotiate a good price. Plenty of people sell their own homes. Few of them do it well, so you need to be prepared to put in the work.

4. For sale by owner websites aren't that effective.

When selling a home that vast majority of buyers find homes by looking online. Unfortunately having your home on the most popular for sale by owner websites isn't going to help you much.

5. Even with your full attention, you will struggle to replace a good real estate agent.

You may have all the free time in the world, and you may be ready to devote yourself fully to selling your home. Unfortunately, you will still not be able to do many things at the same skill level as an established real estate agent.

6. You need to qualify the buyer.

If you are lucky enough to find a buyer on your own it's going to be imperative to make sure they are actually qualified to buy. One of the problems with selling by owner is not having any skills in determining a buyer's qualifications. Sure you may be thinking all I need to do is get a mortgage letter. Not so fast. There is a huge difference between being pre-approved for a mortgage vs pre-qualified. I have seen specific instances where for sale by owners were burned because they didn't understand the distinction between the two. Often a pre-qualification isn't worth the paper it is written on.

7. You need to be careful to ensure your safety.

Inviting strangers into your home repeatedly carries risks, just as putting up personal information on the internet puts you at risk. Real estate agents have a process for ensuring both their own safety and the safety of their clients, but you will be on your own when working with the public. You need to be extra diligent about what you put in your listing, and especially about how you show your home. Don't show alone, ask visitors to sign a guest book and present id, and remove all your valuable from sight before showing.

8. You need to do your research and ensure you are legal.

Each area has its own laws and regulations related to selling a home. You need to read up on what will be required of you as a seller, and you need to prepare all of the necessary paperwork for making a real estate transaction. This stuff is important, so take your time and make sure you understand how to do things right before you move forward.

9. You will be a target for bargain shoppers.

For sale by owner attracts certain buyers, those looking for a good deal. They assume you are willing to sell for less because you do not have to pay a real estate agent, so you will need to be prepared for dealing with such buyers.

10. You may want to consult a real estate agent or appraiser about pricing your home.

Even if you do not hire a real estate agent for the full sales process, you can still benefit from talking to a professional about pricing your home. The price you set for your home will have a significant effect on the results you get.

Price it too high and you will drive away buyers, and may cause your home to sit on the market for far too long.

11. At the very least offer to pay a buyer's agent who procures a buyer.

You can still save money by selling as a for sale by owner. Instead of paying a full commission which can typically run anywhere from 5-7%, offer to pay just the buyers agent for procuring a buyer. This will save you half a commission and could end up getting your home sold much quicker!

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