

## Selling Privately: The Four Factors That Matter

Courtesy of Jeff Birchmore, REALTOR® ([moreottawahomes.com](http://moreottawahomes.com))

*Keep in mind I am a professional REALTOR® so “YES” I would love to sell your home for you, but I do understand you may not be ready to **list your home with me** yet. When you are ready to hire a full service broker, I'll still be here for you.*

Keep in mind there are only 4 factors that matter in selling real estate, of any kind. Sure they play off each other, you can compensate for one with the other, but ARE YOU using them correctly?

They are: **LOCATION – CONDITION – MARKETING - PRICE**

### 1) LOCATION, Location, location!

It's what makes one piece of land more desirable, hence worth more than the others; **A better view**, closer to water, *closer to where you work or play*, shop or do chores.

In real estate, houses typically **don't increase in value**, the land appreciates in value; the house and its structure generally *depreciate*. So the location of the land is the greatest factor in determining value. So here are a few simple location rules:

- Houses on or backing onto Busy Streets command less \$ than other locations
- East-West (forward) facing homes command more than North-South facing homes.
- Homes on a hill or with a view command more than those without or with an unobstructed view.
- Homes on water command more than those with simple access.
- The closer to shopping, parks and amenities, without being on the same block as them the higher the value they command. With a slight dip in the last block.
- And finally, larger lots (pie Shaped, Double Sized, Irregular) command a higher value from the Builder and naturally carry through to re-sales.

Once more factor which loosely ties to location is the builder of your home. Different builders have varying degrees of quality and reputation in a community and that affects the value of your home as well. A unique home built by a small builder can increase your price but may be over upgraded or out of character for the area lessening the increase in listing price. In areas where builders partnered to create a community one builder's homes may be more preferable than another's due to quality or design.

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**If you have any questions regarding how the LOCATION of your home affects your sale I would be happy to discuss it with you. Call me at 613.620.2400**

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## 2) CONDITION

When planning an upgrade for your home to prepare for a sale, consider these words of advice, “**Clean, simple and neutral**, will outsell *upgraded to the hilt* any day.”

The FIRST impression a buyer makes of your home is what we call “*The Drive By*”, which may be made even before they first call you or email you about seeing the home. You’ve heard it before (I hope), it’s that **curb appeal that will bring them to your door or drive them away**.

*Myth: Once potential buyers see the inside of your home, curb appeal won't matter.*

**Truth: Buyers probably won't make it to the inside of the home if the outside of your home does not appeal to them.**

Many buyers drive by a home before deciding whether or not to look inside. Your home's exterior will have less than a minute to make a good first impression. Spruce up the lawn, trim shrubs and trees, and weed the garden. Clear the walkways and driveways of leaves and other debris. Repair gutters and eaves, touch up the exterior paint and repair or resurface cracked driveways and sidewalks. Place potted flowers out front, hang a wreath on the door and put out a pleasing welcome mat for added curb appeal.

### **Try This: Curb Appeal Exercise**

The next time you come home, stop across the street or far enough down the driveway to get a good view of the house and its surroundings.

1. What is your first impression of the house and yard area?
2. What are the best exterior features of the house or lot? How can you enhance them?
3. What are the worst exterior features of the house or lot? How can you minimize or improve them?

Park where a potential buyer would and walk towards the house, looking around you as if it were your first visit. Is the approach clean and tidy? What could you do to make it more attractive?

Walk around the home, making a list of the problem areas you discover. Tackle cleanup and repair chores first, then put time into projects that make the grounds more attractive.

- Kill mold and mildew on the house, sidewalks, roof, or driveway.
- Stow away unnecessary garden implements and tools.
- Clean windows and gutters.
- Pressure wash dirty siding and dingy decks.
- Edge sidewalks and remove vegetation growing between concrete or bricks.
- Mow the lawn. Get rid of weeds.
- Rake and dispose of leaves, even if your lot is wooded.
- Trim tree limbs that are near or touching the home's roof.

Upgrade value also extends to the inside condition as well, fresh paint, clean and repaired floors and walls get higher values for homes than an untidy home or a home that has chips and nicks in the cupboards and counters. Some upgrades add more value to your home; **paint is the #1 value adding upgrade** and widely considered the only upgrade that

gives MORE return on the sale price. Then depending on your home and area Hardwood floors, Kitchen upgrades and Bathroom upgrades give the best return on the sale...with the caveat that upgrading for the purpose of selling will NOT give you an equal return on your investment, usually only about 50% or less, but these upgrades can add value to the selling price;

Most properties in an area will fall into a price (\$) per square foot range that holds consistent throughout the area. The range of value is also affected by the age of the structure, with **older homes commanding the lower end** of the structure and *newer homes nearer worth more*. The age of the home also ties in with the condition of the home since you can offset the age drag on price with mechanical and structural upgrades like replacing the windows and doors, re-shingling the roof, residing the outside, replacing the furnace, heat pumps, water tanks, etc.

Here's why; when a buyer is looking at a home to purchase they often have a hard time looking past the clutter, dirt, and decor. That is one of the reasons *neutrals are so recommended* in staging. When this buyer sees work/upgrading that needs to be done they usually (in their mind) deduct about x4 what the upgrade might cost (since they don't have an accurate estimate). Now having done the upgrade yourself (say a \$2,500 hardwood floor job) you might only get an extra \$1,250 when selling the home, which makes this seem like a pour investment, unless you consider that those same buyers having seen the old carpeting could have offered you **\$10,000 less** for the same home.

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**If you would like to know what UPGRADES would help sell your home the FASTEST give me a Call today 613.620.2400**

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### 3) MARKETING

The way we look at home marketing is the most likely buyer for your home IS YOU ... when you bought it, for the reasons you bought it. So the *quickest, easiest* way to sell your home is to find someone like yourself (all those years ago). So I ask you:

- How did you find out about this home?
- What publications and websites did you use in your home search?
- What Features of the Home most attracted you?
- What sort of Lifestyle did you feel the home offered?

These are the marketing focuses that will attract the most likely buyer for your home. What can you do to target these buyers? Are they driving down your street, or living in your neighbourhood: Then the professional "**For Sale Sign**" (and great curb appeal) on your lawn will attract their attention and an Open House during their down time should get them in the door. If they are not from your neighbourhood or subdivision but still live in the area, possibly a few blocks away you need to target them where they shop and relax. Some *Property Flyers* posted in the grocery stores, restaurants, and shops in the area might just bring your property to a potential buyers attention. Many **local magazine publications, weekly and daily newspapers** and community information brochures will also sell space to advertise

properties, and many local websites will even allow you to advertise your property for FREE ... but before I suggest any of these I'd like to share with you what a study of 50,000 home buyers found just a few years ago.

As you can imagine in Real Estate we like to know where the buyers are, so we asked them "Where did you FIRST learn about or see the home you ended up buying?"

This chart shows their answers:

\*Less than 1% (around .5%) said they happen to walk into an open house and buy it, while 2% said they saw the home they bought in a FULL COLOUR real estate publication like you can find at most local bus stops and realty offices. There is a star next to these numbers because 10% of these buyers reported the home as the place they met the REALTOR® who eventually sold them a different home.

3% bought a home privately from someone they knew, 5% saw the home in a newspaper or local flyer, 8% bought a *NEW BUILD* and another 8% said that a family member, co-worker or friend told them about the home they bought....

...and now for the **BIG 3**; 15% of people were driving the neighbourhood they wanted to live in and saw the For Sale Sign and called the # or checked out the website...

...24% found the home they bought when searching online, that is they 1<sup>st</sup> saw the home online and then moved forward to see the home as opposed to learning about it and looking up more details online (over 80% of home buyers said they used the internet at some point in their home search)...

...and 36% of buyers surveyed reported that their real estate agent told them about a home that they later went to see.

The only KEY to marketing your home is to make the buyer who's going to buy it AWARE of the home's existence on the market, it just takes a lot of effort, time and money to get the marketing in front of the RIGHT person.

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**If you have any questions regarding MARKETING or PRICING I would be happy to do a FREE Comparative Market Analysis and let you know how I market homes and provide a current market value of your home. Call today 613.620.2400**

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#### 4) PRICE

Some home owners when listing their home for sale choose a price that is too HIGH in hopes of drawing in a buyer who is either uninformed or willing to pay full price for the upgrades in the home.

Some home owners, when the time comes to sell choose a price that is too LOW for the home, because they were in a hurry to sell, didn't research the market properly, or were misinformed as to the TRUE value of the home.

When a home seller chooses a listing price that is too high, despite how nice the home may be many potential buyers feel reluctant to make an offer that they feel is reasonable for **fear of insulting the home owner**. (Yes you heard that right, you may not get offers cause people don't want to insult you.) You may have heard people use this strategy when they say "**I'll put the price up so even if someone offers me Ten Thousand less I'll still be happy with the price.**" What really happens is the home sits on the market, actually *out of the market* for weeks or months, the home owners reduce the price again and again in hopes of finding a buyer and in the end, they either decide not to sell or accept far less than the house is actually worth because they can't get a reasonable offer.

On the flip side some home sellers set a price that is too low when listing their house, usually in hopes of creating competition, or as we call it multiple offers, in hopes of getting buyers to bid more than the asking price to win the home. What happens though when only ONE offer comes in? They take it, or don't, but end up accepting closer to what they *asked* for than what the home might really be **worth**.

When setting a list price for your home, you should be aware of a buyer's frame of mind. Consider the following pricing factors:

If you set the **price too high**, your house won't be picked for viewing, even though it may be much nicer than other homes on the street. You have repeatedly told people to "Bring me any offer, thinking "Frankly, I'd take less." But compared to other houses for sale, your home simply looks too expensive to be considered.

If you **price too low**, you'll short-change yourself. Your house will sell promptly, but you may make less than if you'd set a higher price & waited for a buyer willing to pay more.

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### **If You Price High, Set a Schedule for Lowering the Price**

If there haven't been many prospects viewing your home after three weeks, you may need to lower your list price.

If that doesn't bring any prospective buyers, you may need to lower your list price again, plan on doing that regularly until you find a level that attracts buyers.

Make a written schedule in advance, before emotion takes over and you're tempted to dig your heels in.

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Choosing the right Price involves:

#### a) **What have similar homes sold for in your area?**

One of the greatest factors that sets your home's TRUE value are **recent sales**, home appraisers use them to appraise your home, banks use them to figure out if they should give your buyers a mortgage and for how much, REALTORS ® use them to set price ranges for their listings, the city uses them to set taxes every year, buyers use them to figure out if you're asking price is fair, and now you are going to use them to figure out what you should list for. Really this is where everyone starts, *what someone else got for their home* and can I GET MORE.

You can access information on what houses sold for from a few places, in order of believability; there is neighbourhood gossip, sites like [www.Realtor.ca](http://www.Realtor.ca) or [www.grapevine.ca](http://www.grapevine.ca) that show current houses for sale (keep in mind this shows asking prices, not what it sells for), the home owner (who may not want you to know what they really accepted), your local REALTOR ® who has access to all agent related sales data, or the local land registry office that has all records for all sales including private transactions.

Getting access to the sales data is only half the work, you still have to interpret them, for example:

What does a REALTOR ® related sale mean for example? It means someone bought the house AND paid for *agents services*, so if a home on your street sold for \$300,000 **up to \$15,000** of that may have been the agents commission, making the homes true value closer to \$285,000 (NOTE: you may not be able to tell from land registry records which is a private vs public sale).

#### b) **What are buyers comparing your home to?**

Having selected a listing price for your home based on what other houses have sold for in the area is the same as putting the target in the crosshairs; but before you take the shot have you accounted for the wind?

The winds of change can blow quickly in real estate, one day there are next to no houses on the market in your desirable neighbourhood and the week that you offer your home up for sale seven others come up as competition...what if they were listed at a lower price than yours, would the buyers still make you an offer, would they even come to see your home.

The final adjustments for setting a listing price for a home are usually done quickly at the last minute, while the price selected may have been great last week are there any changes needed to make it competitive today?

An area with A LOT of houses for sale will drive in many buyers, starting with the lowest price and working their way up, where does your home fall in that list? You can narrow down the list to homes with one more or less bedroom than yours then rank yourself; do you make it into the top 10? How about the Top 5? The closer you are to the top 5 the more showings you will have and the more likely you are to get a serious offer.

An area with FEW to NO houses up for sale may place you automatically into the Top 5, but then you need to ask the question what are they comparing your house too. You see when a buyer goes out shopping for a home they look at 5 to 10 homes and select the best one for themselves (based on price). If yours is the only home going up for sale or one of a few, the buyers LOSE their frame of reference. It's easy for them to look at your home and the same model down the street and say for \$1250 more I can get your home with the hardwood floors, "I'LL TAKE IT!" However when they look at your home alone there is not a comparison to say "WOW this is a great deal." So they look around, at other areas with similar homes or nearby neighbourhoods with similar prices to compare against yours, then how does your house compare?

Here is a case study that may help you understand this concept better:

Mr. Man wanted to sell his house in Ottawa's Riverside South community. He had a single family home, 3 bedrooms, 2 bathrooms with a partial finished basement on a pie shaped premium lot. He had done his research in the area and with the help of his REALTOR® and selected a price of \$325,000 which made his home the lowest priced 3 bedroom single in the community. Now at the time they listed his home for sale there were 2 other 3 bedroom singles for sale, and the most recent 3 bedroom single sale was \$332,000 and that was a regular lot.

First week 10 showings, even the local Real Estate Expert admitted it was a fantastic price, and he brought 3 of his clients back for a second look in week 2.

Fast Forward – 1 Month: No Offers – 6 Weeks: No Offers

That was when I was called in, and I asked exactly the same question I just asked you, “What can I buy with the same \$325,000?” (Ok yes I asked you **What are buyers comparing your home to?** But it's basically the same question). So we looked, in Riverside South, nothing, there was NO COMPETITION, so why was the house not selling? Then I looked across the river, you see Riverside South is exactly the same distance out of Ottawa Centre as Barrhaven, the same commute, a smaller community but still comparable, and do you know what we found, 18 homes for sale that compared or were larger for the same price. Guess where the buyers who had looked at this home had taken their \$\$\$.

Week 7 the price is lowered to \$319,990 now making it more appealing compared to these homes in Barrhaven, and placing it in competition with semi-detached homes.

Week 8 or 9 the home sells for very close to the listing price.

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**Has this helped? I hope so, but if not and you're ready to engage an experienced, full time real estate professional to help you sell your home quickly for its highest market value please give me a call 613-620-2400.**

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*Courtesy of Jeff Birchmore, REALTOR®*  
*[moreottawahomes.com](http://moreottawahomes.com)*