



YOUR PRIVATE SELLERS GUIDE

NAVIGATING THE PRIVATE PROPERTY SELLING PROCESS



PREPARED BY **TRILLIUMWEST** REAL ESTATE BROKERAGE LTD.

BY THE NUMBERS

93%

OF REAL ESTATE TRANSACTIONS ARE AGENT-ASSISTED AND ONLY 7% ARE FOR SALE BY OWNER

[NATIONAL ASSOCIATION OF REALTORS]

OF THAT 7% PRIVATE SALES ONLY 3% WERE ARM'S LENGTH DEALS

SELLERS WHO USE LISTING AGENTS TO SELL THEIR HOMES SEE FINAL SALES PRICES THAT ARE UP TO 11% HIGHER THAN THOSE WHO GO THE "FOR SALE BY OWNER" ROUTE

[SOURCE: RIDDLE]

87%

OF HOME BUYERS USE A REAL ESTATE AGENT

[NAR]

36%

OF WOULD-BE FSBO SELLERS EVENTUALLY TURN TO AN AGENT

[NAR]

UNDERSTANDING PRIVATE SELLERS

THE Why

- PERCEIVED SAVINGS
- BAD EXPERIENCE WITH REALTORS®
- GENERATION DIY
- SOLD TO FRIEND, NEIGHBOUR OR RELATIVE

MOST DIFFICULT TASKS

For Private Sellers

- GETTING THE RIGHT PRICE
- MARKETING THE HOME
- UNDERSTANDING AND PERFORMING PAPERWORK
- SELLING WITHIN THE PLANNED LENGTH OF TIME
- PREPARING/FIXING UP HOME FOR SALE
- HAVING ENOUGH TIME TO DEVOTE TO ALL ASPECTS OF THE SALE

SELLERS MARKET EXPOSURE

I think we can all agree that one of the best ways to get top dollar is to be exposed to the widest buyer audience possible. When you list privately you simply don't get the exposure you do when listing with a professional Realtor® and brokerage. Many private for sale companies advertise that it will be on MLS but what they forget to mention is rarely will it be on the local board where local agents and buyers will see it.

WHO'S REALLY SAVING?

Buyers who shop private for sale sites and seek cash-back deals from discount brokerages are often the same type of people who choose to list privately or seek companies that publicly discount their services. As a Buyer, they too are looking for savings or a deal. They know when you are listed privately or with one of these companies you are 'saving' on commission and they expect a good portion of that savings to be passed through to them.

STEPPING OVER DOLLARS TO PICK UP DIMES

In the end you may end up saving a few thousand in commission but lose out on potentially ten's of thousands in market value.

PROFESSIONAL NEGOTIATION AND SERVICE

Realtors® negotiate real estate deals each and every day. They keep up to date on the pulse of the market and keep informed on latest trends and value add services that at the end of day can easily more than off-set their fee.

LIABILITY

Realtors® carry errors and omissions insurance. Without the advice and protection of a professional Realtor® sellers are exposing themselves to risks in misrepresentation and legal action from buyers.

BUYERS PRIVATE DOES NOT MEAN NO COMMISSION

Realtors® are quick to pass over private sales as they feel the sellers are not willing to compensate. Many private sales are actually coached that they will need to work with buyer's agents and are more than willing to pay a buyers fee.

FOCUS ON THE NET

Remember private sellers are simply looking to save money. If you can show them that they actually net more in their pocket then their neighbour who sold for \$500,000 paying 5% commission and you are bringing them an offer of \$495,000 with 2.5% commission they are actually over \$7500 further ahead.

MORE CHALLENGING DEALS

Do private deals require more work and hand holding on behalf of the Realtor®... absolutely! However Realtors® do this everyday, a private seller might be doing this for the first or second time in their lives. A professional Realtor® will always have the upper hand in negotiations and what better way to help your buyer clients get into the market without the bidding wars and no conditions.

FSBO'S CAN BECOME CLIENTS

Many private sellers list privately because they had a poor experience with a previous Realtor®. By showing your professionalism and treating them with respect instead of the enemy you may be able to covert a once hostile seller to a client for life. Don't use bait and switch tactics. Only show the home if you have a legitimate buyer.

TIMING IS EVERYTHING

Just like any sellers, private sellers are most optimistic at the beginning of the listing when traffic is at its peak and seller fatigue has yet to set in. But give it a few weeks on market of constantly cleaning their home for showings, dealing with unqualified buyers, no shows and sales-y Realtors® hounding them for the listing and they will be ready to call it quits. Enter you.

FORMS TO USE

201 SELLER CUSTOMER SERVICE AGREEMENT - COMMISSION AGREEMENT FOR PROPERTY NOT LISTED

Use for traditional private sellers not listed on MLS

202 SELLER COMMISSION AGREEMENT WITH CO-OPERATING BROKERAGE FOR A LISTED PROPERTY

Use for companies like PurpleBricks or when it is a mere posting

EXHIBIT 8-6: SELLING PRICE, FSBO AND AGENT-ASSISTED SELLERS

(PERCENTAGE DISTRIBUTION)

NATIONAL ASSOCIATION OF REALTORS®

2018 PROFILE OF HOME BUYERS AND SELLERS

	FSBO				AGENT ASSISTED		
	ALL SELLERS	ALL FSBO	SELLER KNEW BUYER	SELLER DID NOT KNOW BUYER	ALL AGENT ASSISTED	AGENT ASSISTED ONLY	FIRST FSBO, THEN AGENT ASSISTED
Median selling price	\$259,900	\$200,000	\$200,000	\$200,000	\$264,900	\$265,500	\$227,900
SALES PRICE COMPARED WITH ASKING PRICE:							
Less than 90%	7%	5%	6%	5%	7%	6%	25%
90% to 94%	13%	9%	6%	13%	12%	12%	16%
95% to 99%	35%	18%	11%	25%	37%	37%	30%
100%	26%	55%	69%	41%	24%	24%	16%
101% to 110%	16%	7%	1%	13%	17%	17%	5%
More than 110%	4%	6%	8%	4%	3%	3%	9%
Median (sales price as a percent of asking price)	99%	100%	100%	100%	99%	99%	97%
NUMBER OF TIMES ASKING PRICE WAS REDUCED:							
None	60%	75%	81%	67%	59%	59%	41%
One	23%	17%	11%	24%	24%	24%	27%
Two	10%	4%	3%	5%	10%	10%	9%
Three	5%	3%	3%	3%	5%	5%	11%
Four or more	2%	1%	2%	1%	2%	2%	11%

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