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Food for Thought

Once we assuage our conscience by calling something a “necessary evil,” it begins to look more and more necessary and less and less evil.

- Sydney J. Harris

REAL ESTATE SMARTS

Million Dollar Question: *“What are the DISADVANTAGES OF SELLING YOUR HOME YOURSELF?”*

DOUGLAS GRAY, in his book “ Making Money in Real Estate” has expressed his point of view as follows:

You may be tempted to sell the property yourself. There is primarily only one reason for doing so, and that is saving on real estate commission. You may indeed save money. On the other hand the saving could be an illusion. Here are some general disadvantages of selling a property yourself. The following remarks are not intended to dissuade you from attempting to sell your own property, but to place the process in a realistic perspective. In the end, you will have to balance the benefits and pitfalls and make up your own mind.

Inexperience: If you don't know all the steps involved, from the presale operation to completing the deal, you could and probably would make mistakes that could be costly to you.

Emotional Roller-Coaster: Many people tend to get emotionally involved in the sale process because of the direct interaction with the prospective purchasers. Vendors can experience frustration if the prospective buyers reject the house, if there are negative comments or faultfinding, if they don't like the personalities of prospective buyers or people who negotiate aggressively on the price.

Time Commitment: You have to have open houses and show your property at times that may not be convenient for you.

Expense, Nature, and Content of Advertising: You would pay for the advertising yourself. If you use a realtor, he or she would pay for all the advertising costs.

Limited Market Exposure: Self-advertising has limited exposure and clearly, there is direct correlation between the nature and degree of market exposure and the end price.

Potential Legal Problems: The prospective purchaser may supply you with his own agreement of purchase and sale. This contract may have clauses and other terms in it that could be legally risky, unenforceable, unfair, or otherwise not beneficial to you. You may not recognize these potential problems or risks.

Lack of Familiarity with the Market: If you are unrealistic in your pricing and have limited advertising exposure, you could literally price yourself out of the market. You may eventually sell your property, but after several price reductions and after a long period.

No Prescreening of Prospective Purchasers: The end result is that you could waste your time talking to people over the phone or showing people through the house who are not and never will be serious prospects.

Lack of Negotiating Skills: You may lack any negotiating or sales skills, and as a consequence the price and terms you eventually settle for may not be as attractive as they otherwise could be.

Purchaser Wants Discount in Price Equal to Commission Saved: It is not uncommon for the prospective purchaser to determine what the fair market value is, and then ask to have an additional discount equal to the real estate commission you are saving. The primary reason why prospective purchasers are attracted to a “For Sale by Owner” is the prospect of getting a better deal than a property listed with a realtor due to the commission otherwise built into the sale price.

Most Real Estate investors realize the benefits of using a realtor and do so as a business decision, whether for buying or selling.

ESSENCE OF SERVICE REALTY

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