

“Time is Money”

By Joel Ward

One of the reasons most people give for wanting to be a “For Sale By Owner” seller is that they think that they can end up making more money from the sale of their home than they could if they hired a REALTOR. It’s been my experience that, for most people, it just does not work out this way. One of the reasons it doesn’t is that a private owner does not have access to the most effective marketing tools available: The Champaign County Association of REALTORS Multiple Listing Service, News-Gazette “Featured Home” ads, News-Gazette “Homefinders” publication, News-Gazette Sunday MLS Open House Ads, the “Real Estate Book” publication and on-line listing service as well as REALTOR.COM. This means that, on the average, the number of days it will take a “For Sale By Owner” seller to sell their home is considerably greater than it is for homes listed with a REALTOR. In fact, in Champaign and Urbana, last year the average number of days on the market for homes in the MLS was only 48 days! If you are living in your home during the marketing period, then the money spent produces benefits for you. But, if you’ve already moved, or already purchased another home, then it’s money wasted.

Let’s look at how much money can be wasted in only one month of marketing time. For our example, we’ll use a \$250,000 home. Here are estimated monthly expenses or “holding costs:”

• Mortgage Interest Expense figured at 7% on an 80% loan	\$1,166.67
• Real Estate Taxes	\$ 416.67
• Gas & Electric	\$ 200.00
• Lawn Care or Snow Removal @\$40 once a week	\$ 172.00
• Interior House Cleaning @\$50 twice a month	\$ 100.00
• <u>Lost interest on Owner’s Equity of \$50,000 @7%</u>	<u>\$ 291.66</u>
• Total Estimated Holding Costs per Month	\$2,347.00

Of course, if a home is vacant, there are holding costs whether the seller has chosen to be a “For Sale By Owner” or chosen to list it with a REALTOR. But, if the “For Sale By Owner” marketing period is only three months longer than it would be with a REALTOR, the total wasted money is \$7,041! **In six and one-half months, the wasted money would exceed the total amount of the real estate commission had the owner chosen to list the property with me. And this doesn’t begin to count the money the seller spent marketing his home himself.**

It’s another reason to seriously consider whether being a “For Sale by Owner” seller is the wisest choice for you. When sellers choose to have me market their homes, I do everything I can to produce a rapid sale at the highest possible price. This keeps holding costs to a bare minimum.