The FSBO Option: Yes or No?

By Patricia Meyers

For homeowners considering selling, the “for sale by owner” option may seem appealing. The advantage may seem clear: a seller can eliminate – or partially eliminate – the broker commission and keep the maximum possible profit from the sale. Particularly in a sellers’ market, FSBO may seem like a simple and lucrative option.

But the hoped-for money benefits are not always realized by FSBO sellers. Data from the National Association of REALTORS show that in 2015, the median FSBO home sold for $210,000 compared with $249,000 for an agent-listed home. (It’s fair to note that FSBO sellers tend to reside in markets with lower housing costs). In addition, a FSBO property takes longer to sell than an agent-listed property – generally about 19 days longer.

Why? In general, real estate brokers have exceptional access to market data, web-based marketing tools, negotiating expertise, and contacts with many brokers and buyers. In addition, more and more buyers use buyer agents to help them find new houses – so while you may succeed in bypassing a seller agent, you will likely want to meet with a buyer agent who has an interested client. And if so, you’ll need to negotiate with that buyer agent.

For your home to compete with comparable agency-listed properties, you’ll need the same tools and talents as a broker. You’ll need access to current market data to help set the best price for your property. Unless you are a superior photo bug, you will need professional photography to present your home beautifully in print and online advertising. You will be in charge of the logistics, schedules and finances of paid advertising – and for best exposure, you will need generous budget. You may also need to manage a full-time job, family and other responsibilities during this labor-intensive effort, which can also carry the normal stress and emotional strain of selling your family home.

Many FSBO sellers will wind up hiring professionals to help with these set-up logistics: paying a professional photographer, paying for a market appraisal or comparable sales data, paying for a website dedicated to their own house. These out-of-pocket costs can add up quickly, whereas a REALTOR’s commission covers these and other costs. While some FSBO owners are successful – often they will sell to a buyer they know -- other FSBO sellers learn after a few weeks that they need professional help to assemble the marketing puzzle just right.

In addition, there is the matter of safety. REALTORS – not all real estate licensees are REALTORS -- receive regular training in ethics and safety aspects of buying and selling residential property, and they are prepared to act as a screening and buffer between you and your prospective buyers. As part of REALTOR Safety Awareness Month, this September, some REALTORS are working to alert FSBO sellers about various scams and dangers from con-artists representing themselves as “buyers.” Some scammers will arrange to view a property with a crime in mind – returning later to break in and steal valuables; others may attempt to arrange fraudulent financial transactions with the seller.

Perhaps due to the increasing importance of technology in home sales, the number of sellers using a broker rose from 79 percent in 2001 to 89 percent in 2015. That is a record low for FSBO sales.

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