



Top tips for sellers in the current Real Estate market

The current market is a strong sellers' market. With record low real estate inventories in the Greater Boston area, and new construction struggling to keep pace with the city's housing demand, the real estate seller is in arguably the best position he or she has been in since the subprime market boom of 2003-2007. However, selling a home is still a very complex and intricate process. In order to get that top dollar and streamline your selling process, The Wright Real Estate has provided a list of essential tips for you to make the best deal possible.

1. **Preparing to sell your home** – A few things can help you be prepared to sell your home, which will help avoid problems and personal stress down the line. First decide if you are going to sell the home yourself or use an agent. You will want to be aware that there are pros and cons of each. (We have described these in more detail for you in point 5). Next you will need to set your sales price. Do your research and make sure the price you choose is in line with what the market will pay for the property. It is important that you get a home inspection. This is crucial and often overlooked. Any problems that arise, can thus be dealt with before the property goes for sale, which avoids painful negotiations with buyers who will either not want to fix the problems themselves, or will take a chunk out of what they are willing to offer as a result. Also don't forget that presentation is everything. Consider adding a



fresh coat of paint, sweeping the entryway, and trimming those hedges. Remember, potential buyers will make their first impressions from the outside. Finally, keep up to date with market movements. You want to be aware of any events that take place in your market that may have an effect on the sale.



- 2. Identifying the market value of your property** – It's crucial to know what the market value of your property is if you want a quick and efficient sale. With access to technology through the internet and mobile phone apps, it's never been easier to do your homework in terms of what properties are selling for in your immediate area. Sites like Trulia, and Zillow give a wealth of information on property prices, and can be searched based on address and zip code. This way you will have facts about what homes are going for in your area, which can be used as a basis to determine your asking price. In addition, some sites offer free CMA's (comparable market analysis) which puts your property up against other similar ones in your area to determine a very



accurate value. You can of course pay for this service as well, which is generally inexpensive and can pay big dividends down the road. You can also talk to real estate professionals who specialize in properties in your area. They will be the best resource to accurately put a price on your home. Even if you don't want to hire an agent, you can still do a consultation and procure very useful information that can help you determine your sales price. They can also give tips and insight on ways which will help you sell your home quicker. Finally, you can go the more traditional route, by looking through real estate classifieds and searching the local newspaper to make a determination that way.

3. **Home improvements that increase market value** – If you are going to do only one thing before you sell your property then it's got to be to paint. A fresh coat of paint on the exterior and interior does wonders to create a fresh and modern feel about your home. Prospective buyers want a property in good shape, and a good paint job goes a long way to creating that impression. Another inexpensive improvement is to use



landscaping and spruce up the entrance to the property. A beautiful front garden and beautiful walkway or entrance to your home invites potential buyers and will give them a good first impression. In this business first impressions are everything. The next

suggestions are going to cost more money, but can often boost the market value such that you get a good return on investment. You will also receive more offers the more impressive your home is, so they are worth considering. However be smart, and understand what makes sense in your budget.

- Updating and improving the kitchen; modern countertops, cabinets and appliances are desirable.
- Updating bathrooms; modern fixtures and flooring.



- Adding a bathroom; if your property only has one bathroom and it houses more than two persons, you should think about a bathroom addition. Prospective buyers will usually want at least two, and if your competitors have more bathrooms than you it will put you at a disadvantage.
- Finishing unfinished space; you can transform your basement or attic into more livable space. Create an entertainment room or a children's play area. Be creative. Utilizing this space gives the property more depth to it and increases its space. Things which reflect very positively on market value.
- A Deck; if you already have one, think about improving it, with new paint and furniture that is modern and easy on the eyes. If you don't have one, the return on investment by installing one is usually significant.
- Expansion; if you're property has a good deal of exterior square footage; it may be a good idea to add another bedroom or other living space to the property via an expansion. Of course you will need to hire capable contractors to do the job and there will be a time allocation to complete the project. The bottom line, however, can make your property more attractive to prospective buyers and increase the market price in one fell swoop.



Please note, as a seller, you are in constant competition with the other homes on sale in your area. One important thing that sellers often forget to take into consideration is that any potential buyer, as they are



walking through the home, is picturing themselves living there. Personal effects, such as your own family photos, trophies, certificates etc. around the house can detract a buyer, since the home feels occupied. It is best to create a neutral impression, and one which is inviting by removing your personal items and storing them away during the sales process. Buyers want to imagine being able to put their own stamp on the home.



4. **Things that decrease value** – As a seller you should be aware of which of your property's attributes actually take away from its market value. Having this knowledge makes you better armed to negotiate with potential buyers before they bring these points up.
- No garage or a small garage; street parking is not appealing to most homeowners. Most home buyers want at least a two-car garage. So anything less puts you at a disadvantage.
 - An inconvenient floor plan/layout; floor plans that are modern are laid out to be convenient to access the different areas of the property. Older ones, or properties that have gone through various remodeling's can have an inefficient floor plan that is unattractive to a potential buyer.



- Old appliances and systems; nobody wants antiquated appliances and electrical plumbing or heating systems. Buyers will justify that these things need to be replaced which will be reflected in the offer price for your home.
- Too many personal items and touches that may not be attractive to the average buyer. Be aware that your own tastes and preferences may not be shared by the general public. It is useful to consult an interior designer or stager for a professional opinion on this and it can make the difference in your sale.
- Faulty roof; buyers expect a working solid roof over their heads. Roofs are expensive to replace, so if yours isn't in pristine condition, your home's price tag will take a big hit.
- Poor maintenance; a home in disrepair, especially from the outside, won't get much positive attention. Peeling paint may indicate to potential buyers that your home has gone neglected.



- Environmental hazards; lead, mold, and asbestos are as dangerous to a home's value as they are to its occupants. Removal can be expensive but doing it before a sale can save problems down the line.

- Fixer uppers; most buyers in the market for are not looking to inherit a long to-do list of home improvements. If the home needs help just to be livable, your selling price will have to drop and may still scare away buyers.

5. **For sale by owner vs. using an agent/broker** – For sale by owner (FSBO) or “fizbos” as they are known in real estate vernacular have various advantages and disadvantages in the current market climate. The obvious advantage of selling your own home is that you can potentially save thousands of dollars in commissions to an agent. The



average commission in Boston is 5% split equally between the buyer's agent and the seller's agent. The relevant question, therefore, is whether the services that an agent can provide are worth the dollar figure you will forgo in the process. The answer: depends on the individual. But let's make a case for both sides. If you are going about it yourself you will need to have the following: An accurate sales price. Something that the market is willing to pay but will still give you top dollar. Many FSBO's hire an appraiser which will run you about \$300 to \$500. You can also make a best estimate based on comparable properties sold in your area.

Next you need to market. A for sale sign on your front lawn is great, but some print or online ads at a minimum is



recommended. After that you will be fielding several calls from both agents trying to represent you and from potential buyers. We must caution you though. Do not underestimate the time commitment involved in selling a home yourself. Fielding those calls will require a lot of negotiation and patience. One of the disadvantages of being a FSBO is that it can be difficult to screen potential buyers. A real estate agent will only bring pre-approved or pre-qualified buyers to you, whereas you will, on the other hand, often have to field calls from “looky-lou’s” who will take up your time but have no real intention of making an offer.

Note, if you aren't a shrewd negotiator then get a family member or friend who is one to help you. The only way to get the best value for your home is to be able to sell it right and out-negotiate buyers who will try to knock down the price. An advantage today is that it's



currently a seller's market. This means there is a lot more demand than supply so you may be successful on your own and may not have to do much marketing.

If you don't hire an agent, however, we insist that you get a great real estate attorney. The sales contract and obligations are complex and there are many pitfalls a FSBO can fall into that can break the deal.



The biggest advantage of agents is that they can provide insight to maximize your sales price. So in some cases, they pay for their own commission. They also bring qualified buyers to you quickly, and handle all the negotiation and paperwork involved, which in effect takes away the biggest chunk of the stress.

When you add up the personal cost in marketing your property, doing the legal work, putting in the time and negotiation, and dealing with the personal stress, it really comes down to how much you value your own time and stress. Some sellers can handle the intensity and view it as a challenge, whereas others feel a lot more comfortable having someone who has conducted sales time and time again in an agent to handle things for them. Think about your own preferences and make the choice that's right for you.

6. **Smooth closing strategies** - The key to getting smooth closes is to be prepared. Know your contractual obligations and other important dates and timelines. It is imperative that you understand the purchase and sales agreement in detail, to avoid issues in the future. Have your agent or attorney go through this agreement with you. If there are any



mistakes, or amendments to be made, make sure you communicate this with the buyer early, so that it doesn't become a hurdle later on in the transaction. The purchase and sale agreement includes the following:

What:	A legal description of the property, including the street address
How Much:	The selling price
Mortgage Contingency:	States that the sale is subject to the buyer obtaining a mortgage (if applicable), and covers the specifics of the mortgage—amount, rate and term. Says the application will be made in X number of days.
Deposit:	How much money accompanies the contract and who holds it.
Closing:	When and where the closing will occur.
Inclusions and Exclusions:	What is and is not included in the sale of the property.
Home Inspection:	Contingency for a home inspection to be done in X number of days.
Warranties:	Any warranties included with the house, and descriptions of them.
Condominium:	If the property is a condominium, other provisions will apply.
Well and Septic:	If applicable, they must be tested (and pass).
Termite and Pest and lead Inspection:	States who pays for these inspections and, if there is infestation or damage, who pays for repairs.
Possession Date:	When the buyers take possession of the house—before, at or after closing.
Acceptance:	How long the sellers have to accept, reject or counter the offer.
Arbitration:	Any provisions for arbitration of disputes.
Insurance:	States whose insurance covers the property until the closing date.
Property Disclosures:	Notices of any property disclosures concerning the house.



The nature of Real estate deals is quite complex and there are several areas where one can pitfall. Some examples of issues that arise are: The buyer's mortgage does not come through during the specified timeframe. There is a contractual dispute what is being sold as part of the property purchase, i.e what the seller gets to keep vs. what the buyer believes they are paying for. Title issues, i.e. there may be leans or other stakeholders on the property that you the seller are unaware of. In this case, make sure you get a proper title check before you enter into negotiations for a sale. Another common issue may be structural or infrastructural in nature, for example a leaky roof that needs to be repaired or replaced, or an outdated heating system etc. Either fix these yourself beforehand if you are able. If not, clearly communicate and disclose to the buyer these issues, so they don't become a problem after the purchase and sale agreement has been signed. Always make sure to have experienced professionals on hand to advise you along the way. They can help your negotiations with buyers and often sort out problems before they even arise, as well as safely negotiate unforeseen obstacles.



- 7. How to take advantage of laws to maximize returns** – It is always important to know that with the proceeds from the sale there are several options that will have varying effects on your tax liability. For example, if you purchased your home and have since accrued appreciation, then capital gains tax will be due upon sale. Capital gains tax is usually assessed as the following: $\text{Tax liability} = \text{current sales price} - \text{the cost basis (original price you paid for the home} + \text{improvements you have made since owning it)}$. You are then taxed at your capital gains tax rate from that figure. Take into the consideration the following, however. Based on whether you are single income filing, couple, or other variation you will get a tax exemption which you can



add to your cost basis. You can also subtract the commission you pay to your real estate agent, or any costs incurred in the selling of your home, including staging costs, minor fixes, inspections etc. When all this is taken into account there are often times when the tax liability ends up being lower than you first imagine. You also have a few other options. You can defer tax, using a 1031 exchange, if you are moving into another similar or more expensive home. If you own multiple properties you can acquire the property under an LLC then when you intend to sell there are other options, in which case you are selling a business rather than real estate itself in legal terms. Since there are so many options available The Wright Real Estate strongly suggests consulting a good tax lawyer and tax accountant to inform you of your options. Based on their feedback you can make the right choices to maximize your return from the sale.



8. **Moving guide** - Here are a few tips to remember when moving from one house to another:
- Change your mailing address – Whether your move is permanent or temporary, you should change your address and set up free mail forwarding with USPS so that mail going to your old address will be forwarded to your new one. You should also



change your address with the RMV as well as all your Financial Accounts i.e. bank, insurance, retirement, and credit cards. All of this can be done from the comfort of your couch.

- Transfer all your utilities to the new residence – This includes gas, electric, water and sewage and entertainment such as internet and satellite TV.
- Register to vote – Whether you're new to the area, or you have moved, you'll need to re-register in your new area. You can register at the DMV, with the city or town clerk, or by mail.
- If you are using storage services or a moving service, understand that packing requirements are usually quite specific, so make sure you understand what you have agreed upon to avoid headaches. Also, if moving to a place with strict parking regulations remember to file an application for a moving permit with the city or town you are moving to.

Would you like to learn more?

If you are interested in working with us or would simply like to find out more about our services and current projects,

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