

Dear Gracie: Haunted by My House -- How to Sell in a Buyer's Market

Dear Gracie,

My house has been on and off the market for the past five years. I've lowered it by \$50,000, but I can't afford to lower it anymore. What should I do? Should I cut my losses and get out before the market gets worse, or should I sit on it for a few more years and hope for it to get better? How long do you think I'll have to wait? If I do wait, is there anything I can do in the meantime?

Sincerely,

Haunted by My House

Dear Haunted by My House,

Recent news stories tell us that the housing market is crumbling; that if you're selling a house now, you're going to get ripped off. How true are these assessments? What should someone who is looking to sell do? Should you cut your losses and get out now, or wait and hope for the market to get better? Four real estate experts weigh in:

Real homeowners are motivated by life circumstances, says **Diane Saatchi**, senior vice president at **Saunders & Associates**, a Hamptons real estate agency. People might move for a new job, a new baby, to be closer to a parent or something outside of their original planning. "You can't always buy when you want to and sell when you want to," she says.

"You have to do what is right for you and your family and your own situation," echoes **Kathy Braddock**, co-founder of **Rutenberg Realty**, a New York City residential real estate firm. "Do not make any important decisions like keeping your home in the 'hope' that the market might go up. It all depends on your needs."

So if you're moving from House A to House B, it doesn't make sense to wait for the market to improve. If it's a down market, then you're going to sell low and buy low, and if it's an up market, then you're going to sell high, but buy high too, Saatchi says.

"The smartest thing you can do is try and sell your house for the best possible price," she continues. But it's not just the price of the house that matters, Saatchi adds. Consider equities and mortgage rates too.

Shanna Middleton, owner of **Real-eStage**, a real estate firm and staging company in one, provides advice on how to consider equities when trying to sell: "Homeowners with negative home equity -- meaning they owe more than it is worth after paying Realtor and closing fees -- must consider why they want to sell. If they just want to test the market, my recommendation is for them to hang on for a couple of years."

"If homeowners have equity in their home and a good reason for selling now, and they are comfortable with the fact that they will not receive top dollar, I suggest they go ahead," she continues. "If they wait a couple of years, the homeowner might end up getting more money for their home, but they also might end up losing the equity they currently have due to another drop in the market."

"Don't gamble if you cannot afford to lose," says Braddock. "Sell and cut your losses if you need to get out. We don't always win on every transaction."

According to Middleton, homeowners who must sell now have three options:

- Rent out your house for a couple of years.
- Sell your house and cut your losses.
- Consider a short sale.

"A short sale is essentially an agreement between the bank and the homeowner that the bank will take less than what is owed for the home, so that the homeowner does not need to bring money to the closing table," says Middleton. The downside of a short sale is it negatively affects the homeowner's credit, and the bank might ask the homeowner to repay the difference, she says.

When it comes to staging your house, says Saatchi, depersonalize! "It sounds counterintuitive, but it works 100 percent of the time," she assures. "Your house must look universally appealing." Sentimental value means nothing to potential buyers, so get rid of anything too personal, like family photos or keepsakes.

Before you bring in the brokers, you also need to get rid of the clutter and junk. Have a tag sale, Saatchi suggests. And with the profits, get a landscaper, and get them to remove bushes and branches that block light from coming into your house. Wash the windows and paint. "Keep it clean and fresh looking," she says.

When everything looks spiffy, bring in the brokers. Find a broker via word-of-mouth, or look at who they have worked with in the past, says **Neil B. Garfinkel, Esq.**, real estate lawyer and partner at **Abrams Garfinkel Margolis Bergson (AGMB)** (check out his real estate blog [here](#)). "In a selling relationship, the seller has to commit to one broker. In a buying relationship, the buyer does not have to commit exclusively to any particular broker," he says.

They will give you a range of prices, says Saatchi, but pick the broker with one of the lower offers. Most sellers don't want to price low, thinking that they can price high initially and be haggled down later, but creating competition is key, she says. Not only will you get the honest broker (and not the one who's just trying to get the listing), you'll also be inviting more people to come and look at your house. Pricing low generates excitement, says Saatchi, and buyers will feel like they're getting a great deal.

She illustrates the importance of pricing right with this example: If there are two brand-new cars on the market, with the same performance and amenities, which one will you consider? The car that's priced at market value, not the car that's priced too high.

But how do you know what the real market price is, especially considering the turbulence? "In this marketplace, education is tremendously important," Garfinkel says. "Know the local market." Although the media are touting the market's collapse, it's not possible to generalize. "Some areas are severely depressed, while other places are not," Garfinkel says, and he knows from experience. As a real estate lawyer in New York, he illustrates the inconsistency of home values by pointing out that while Manhattan is a hotspot for real estate, the outer boroughs aren't as energetic.

Resources vary from place to place, but to determine the price of your home, check out local listings and websites, or ask your broker for a **Broker Price Opinion (BPO)** or a **comparative market analysis (CMA)**, he says.

"Before you sign anything or give anyone any money, make sure you know what you're getting into," Garfinkel advises. "Speak to a trusted advisor or attorney."

Hope this information helps. Good luck selling!

Gracie