

6 reasons homes don't sell

So, you're in agony because your home has languished on the market week after week. Here are some culprits that may be keeping buyers away in droves.

By Bankrate.com

Has your lawn grown up around that "For Sale" sign? Have the wasps moved into the lock box on your front door? Did you just receive an invitation to your real estate agent's retirement party?

If so, chances are your home sale fizzled.

Here are the six most-common reasons why homes don't sell and what you can do about it.

1. Your home is overpriced

Optimistic home sellers love to parrot the old adage, "There's a buyer for every home." But they often leave off the qualifier: "at the buyer's price."

The fact is that buyers, not sellers, ultimately determine the market value of a home. You can ask for the moon and set your listing price well above comparable properties in your neighborhood, but at some point it will be up to you, the seller, to accept what the buyer thinks your home is worth.

Overpricing is the most common reason homes don't sell. When you ask an unrealistic price, it sets in motion a process that often works against you. Here's why:

Most real estate agents, and hence most qualified buyers, will see your new listing within 30 days. If it is overpriced by as little as 5%, it will be duly noted and interest in your property will wane, especially if you show no intention of coming off your asking price. You likely already priced out buyers who might have qualified for financing at a more reasonable price. Even if you manage to find a buyer at your inflated asking price, the property may not appraise at that figure and the financing will fall apart.

Your real estate agent may have approved or even suggested the inflated asking price to secure your listing. Conversely, other agents often use overpriced properties like yours to help sell their own listings ("Here's what they are asking. Now would you like to take a second look at that first house I showed you?")

"If you have a house that really should be priced at \$200,000 and you've got it listed at \$260,000, you are trying to compete against homes that really are worth close to \$300,000 and all of a sudden your home really is not competing well," says Jeri Fisher of Jeri Fisher Real Estate in Missoula, Mont. "You want to compete with what is available out there among homes similar to yours."

If your home remains on the market for too long, agents and buyers may begin to wonder if there are other, perhaps more serious reasons why it isn't selling.

"It becomes shopworn, the same as a jacket hanging in the store week after week," says Fisher. "People are aware that it has been on the market a long time and agents stop showing it."

2. Your home doesn't 'show' well

Your home is competing against shiny new houses in those pristine subdivisions out in the suburbs with their attractive prices, incentives and community amenities.

Face it: Even the best old house needs a little makeover if it hopes to attract a qualified buyer.

The good news is most of the work will be cosmetic and relatively inexpensive: a new coat of paint, a few attractive window boxes, a thorough cleaning of floors and carpets. Voila! The place may look good enough to reconsider.

A good real estate agent can advise you on where your time and money are best spent.

"Price and condition are two things that the seller can do something about," says Fisher. "I always give people my 'honey-do' list. I think paint is probably a seller's best friend because it makes things smell fresh and look fresh. If it's time to paint, it's time to paint. It's the best return on investment."

3. You're in a bad location

Nothing has a greater effect on your home's value than its location. Your humble abode might be worth a king's ransom were it located in Palm Beach, Aspen or San Francisco. It might even jump thousands in value just two streets over in the next (and far superior) school district.

"If you're in one of the higher-ranked schools around here, you're going to add \$50,000 to \$100,000 to the price of the same house," says Lenn Harley, a broker with Homefinders.com Inc. in Maryland and Virginia.

The point is, location rules in real estate.

If your home's location is less than desirable, your options are somewhat limited. A good real estate agent will do his best to help you accentuate the positive and eliminate the negative of your circumstances, say by using foliage to screen off offensive adjoining properties or dampen traffic noise.

The best way to compensate for a poor location is to reduce your asking price or offer attractive incentives such as seller financing or a lease option with rent credit.

4. You have a lousy listing agent

Yep, they exist: Real estate agents who mislead, misfire and misbehave.

Their bad advice can cost you plenty in time, money and the sheer hassle of keeping the place show-ready 24/7.

The agent from hell will allow you to overprice your home ("Here's what I can get for you if you list with me!"), not market it properly, fail to screen for qualified buyers, be unresponsive to interest from other agents (if they sell their own listing, they don't have to split the commission) and keep you totally in the dark throughout the process.

What's more, if your agent is abrasive, arrogant or otherwise difficult to work with, other agents may not want the hassle of showing any of their listings to prospective buyers.

5. You are battling competition or market conditions

We've all heard the terms "buyer's market" and "seller's market." In real estate, market conditions are affected by any number of external forces, some of them predictable (the weather, sort of), some of them unpredictable (the local economy, interest rates, public optimism or pessimism).

In a "hot" or seller's market, homes go fast. Inventory (homes on the market) may be low, meaning less competition for you. Chances are better that you will get your asking price in a hot market; in fact, it is not uncommon to even be offered more than your listing price.

But in a "flat," "cold" or buyer's market, sales slow to a trickle, inventories grow and buyers can find bargains, especially when they know the seller is motivated (i.e., paying on two mortgages).

If you're trying to sell in a flat market, you're not only competing against all that vacant new construction, but against rentals as well. In this case, be prepared to settle for less than top dollar, or wait to sell until the pendulum swings once again in your favor.

6. You have ineffective marketing

Gone are the days when an agent could simply place your listing with the local multiple listing service, hold a halfhearted open house and wait for another agent to bring forth a buyer.

Today's top performers launch a multilevel marketing plan that includes listing tours for area agents, newspaper and even TV ads, weekend open houses, listing fliers and placements in local real estate publications.

Computers and the Internet also have changed the face of real estate. According to the National Association of Realtors, today more than one-third of all home buyers use the Internet for house hunting. The best real estate agents are computer-savvy. They have your listing in color on their laptops to show clients and communicate frequently via e-mail, a particular boon when working with out-of-town buyers.

Suffice it to say that if your real estate agent isn't listing your home online through the company Web site as well as with the local MLS, you may not be getting the exposure necessary to find a buyer.

"There are those who just put the listing in the multiple and pray it will sell and those that put a lot of effort into marketing their listings," says Fisher. "Unfortunately, with this weird system of compensation we have, they all get paid the same, whether they know nothing or have many years of experience."