

# 2017 REAL ESTATE REPORT **HOME SELLERS**

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**7 Factors Homeowners Must Know  
to Net Up to *18% More Money* When  
Selling Their Home**





# DEAR READER,

Whether you're looking to sell your home now or you're just curious about its value, there are many websites that promise to give it to you. However, using these sites to price your home in today's market could mislead you into giving away tens of thousands in equity, especially if you need to sell your home fast.

Because the market is always changing and your home's competition is too, a proven way to prevent this is to hire an expert who is trained to prepare a Smart Home Selling strategy for you.

A Smart Home Selling Strategy takes into consideration all the factors involved in the home selling process that are proven to sell homes faster and for up to 18% more than the methods of traditional real estate. As you probably know, finding a real estate agent isn't necessarily hard but finding an experienced qualified expert to sell your home can be a daunting task.

This is why we are pleased to share the results with you of our 2017 Real Estate Report for Home Sellers. In our study, we've researched dozens of real estate markets across the country, spoke with hundreds of top agents, analyzed thousands of real estate transactions and discovered 7 Factors that when proactively managed can help you maximize your equity and get up to 18% more money when selling your home. We have included an outline of the 7 factors and how to find a real estate expert that can help you manage these factors in this report.

We hope you find the Report to be a valuable resource in your research for selling your home.

Best Wishes,

**Jay Kinder**  
CEO and Co-Founder  
National Association of Expert Advisors®

**Michael Reese**  
CEO and Co-Founder  
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# EXECUTIVE SUMMARY

In spite of the rising market in 2016, the average home seller left up to 11%\* of their equity on the table when employing a traditional agent to sell their home.

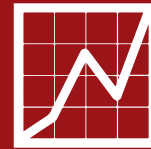
The traditional methods employed to sell residential real estate have remained relatively unchanged in over 100 years. While the traditional core strategies, such as placing a sign in the yard, creating a flyer and listing the property on the area Multiple Listing Service are all still critically important to selling the home, they simply do nothing to add value or increase the ultimate sales price of the home.

Research conducted by the National Association of Expert Advisors™ has determined that there are over 115 variables in the home selling process that, when pro-actively managed, have a direct impact on the ultimate sales price of a home.

Unfortunately, the sheer volume of tasks associated with managing all of these variables has left traditional real estate professionals at a severe disadvantage to be able to maximize homeowner equity upon sale. In most cases, many of these variables are poorly managed or simply left undone causing the average home seller to leave up to 11%\* of their equity on the table.

Our research uncovered 7 unique factors that top agents focus on in order to sell a home at the highest possible price in the least amount of time. The seven factors are: Expert Advice, Differentiation, Market Exposure, Agent Cooperation, Buyer Acquisition, Offer Negotiation, and Operational Execution.

## KEY FACTORS



**Factor #1 - Expert Advice:** The advice you receive on how to position your home on the market is the most important factor impacting the final sales price.



**Factor #2 - Differentiation:** Presenting the home stand out from the competition through upgrades, staging and more can help you sell for up to 7% more



**Factor #3 - Exposure:** Getting maximum exposure requires a significant marketing budget invested in the right places.



**Factor #4 - Cooperation:** 71% of homes are sold by agents other than the agent listing your home. Targeting Buyers Agents can increase showings and sales price by 3%



**Factor #5 - Buyer Acquisition:** Having systems to immediately respond to inquiries on your home can increase showings and drive up demand.



**Factor #6 - Negotiation:** Having a clearly defined negotiation strategy can optimize the sales price from offers received on your home by 3% or more



**Factor #7 - Execution:** With over 100 variables that affect the sales price of a home its important that all of them are tended to to achieve the maximum sale price.



# SELLER BEWARE: THE AVERAGE AGENT WILL UNKNOWINGLY GIVE UP AS MUCH AS \$27,390 OF YOUR EQUITY TO A BUYER

## THE TRUE COST OF AVERAGE

Here are some revealing statistics about the average real estate agent that is entrusted with selling the largest asset you will ever own:

### 0 Training

The average real estate agent has NO formal training in negotiation.

### Average Experience 5.4 Sales

The average real estate agent only sells 5.4 homes per year.

### Average Professional Education 90 Hours

The average real estate agent has as little as 90 hours of professional education.

### Average Marketing Budget

\$89/mo\*

The average real estate agent spends less than \$89 per month\* on the marketing and advertising of their client's listings.

### Average Equity Lost

Up to: \$27,390\*

The average accepted offer an agent will negotiate is up to 11%\* below the original asking price (up to \$27,390\* in higher priced markets).

\* Per NAR (National Association of Realtors) Profile of Home Buyers and Sellers



# THE REAL ESTATE INDUSTRY: EXPOSED

*“The consumers general perception of a real estate transaction is that it is a fee inflated event to perpetuate an inefficient industry.” ~ Alan Dalton, Industry Analyst - RIS Media*

The untold truth about the real estate industry is that due to the minimal education requirements for licensing, the majority of the industry is made up of unskilled, inexperienced agents. The net effect is that it is an industry where 89% of the licensees turn over every 5 years and homeowners lose up to 11%\* of their equity upon sale.

Although the Real Estate industry is state licensed and regulated, there has never been a widely recognized credential or designation to indicate an advanced level of experience or expertise among licensees. The commonly known designation, Realtor, established by the National Association of Realtors, is available to any licensed agent that joins a local real estate board. It demands no special education other than the state issued license which requires as little as 90 hours of training.

Other finance related consumer industries such as accounting have advanced designations such as CPA (Certified Public Accountant requires 150hrs+) providing consumers with the confidence that the professional they are entrusting their financial affairs to has undergone rigorous training and testing and has achieved a level of professional skill and acumen worthy of the fiduciary role they serve.

Founded in 2011, the National Association of Expert Advisors®, set out to raise the bar of professionalism and performance to better serve consumers and bestowed the title, CEA (Certified Expert Advisor™), upon select professionals within the industry. Consumers now have an alternative to hiring a traditional agent or Realtor and can have the same level of confidence that a skilled professional is representing them.

## THE ALTERNATIVE:

### Hire a CEA (Certified Expert Advisor):

- An Expert Advisor™ is a trained negotiation expert
- An Expert Advisor™ sells on average over 100 homes per year
- An Expert Advisor™ has over 100+hrs per year of ongoing education
- An Expert Advisor™ spends 30-50 times more on marketing than the average agent to get maximum exposure for their clients listings
- An Expert Advisor™ is in the top 5% of agents in their marketplace

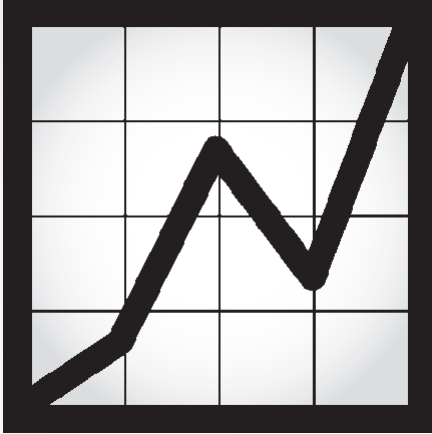
The defining gap between an average real estate agent and Expert Advisor™ exists in the areas of training, experience and resources. An Expert Advisor™ also has a specific focus on the 7 factors that can net up to 18% more when selling a home. The 7 factors will be outlined in remainder of this report.



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## FACTOR #1:

# Expert Advice

While the technology that is used in the real estate industry today is extremely effective in helping buyers find and research homes for sale, the same thing can't be said about the strategies traditionally employed to help sellers determine the best price at which to sell their home.

**“The average sale-to-list price of a home across the country is only 89% - a full 11% less than the asking price.”**

Traditionally, agents price homes using the same protocol that's been used for over a hundred years, a comparative market analysis, also known as a CMA. This establishes the value of your home by comparing it to historical sales. What most agents don't realize is that historical data alone doesn't determine how you should position your home in today's market to attract the highest offer.

In fact, using a CMA is so detrimental to sellers getting top dollar that, historically, the average sale-to-list price of a home across the country is only 89% - a full 11% less than the asking price and worth as much as \$27,390\* to Home Sellers in higher priced markets.

The inherent problem with a CMA is that it only takes into consideration the sale of a small sampling of homes in your competitive range, without considering the reason why those homes may or may not have sold at a specific price. For example: What if the home that yours is being compared to was a rental property occupied by college kids? What if the home was packed wall to wall with junk? What if the home sold low because it reeked of offensive pet odors? Or worse, what if the seller was motivated because of a divorce or death and had to sell quickly and for less than market value?

All of these homes would be used against your home's value in a CMA and as you might imagine, they should have absolutely no bearing on how to price and position your home in today's market. So, if an agent presents you a CMA, be aware that he or she may not be able to position your home in the market to sell for top dollar.

To properly position your home in today's market, an Expert Advisor™ will consider as many as 27 additional variables when pricing a home.



Understanding all of these economic variables and knowing how to communicate them to you is a crucial part of the pricing strategy an Expert Advisor™ employs when getting your home priced and positioned properly on the market.

Once your home is on the market, an Expert Advisor™ will regularly review supply and demand as new competition comes on the market. Plus, they will employ an ongoing system to re-evaluate market conditions until your home sells.

## EXPERT TIP ASK ANY AGENT YOU INTERVIEW:

- 1) “What is the inventory and absorption rate like in my area and how will that affect how you price and position my home in the market?”

## ADDITIONAL VARIABLES INCLUDE:

- **Economic Indicators** – What’s happening in the local and state economy and what effect does it have on the current housing market in your area?
- **Trends Analysis** – Is the market trending up or down? To ensure a successful sale your home should be priced AHEAD of the trend.
- **Absorption Rates within Local Market** – How many homes a month are being purchased vs. How many homes are coming on the market? Is supply increasing or decreasing?
- **Inventory of Short Sale or Foreclosure Properties** – How many homes are distressed sales, like short sales, in your area and what effect are they having on the overall prices of homes in your market?
- **Rent vs. Buy Trends** – Are people more inclined to buy a home or rent property in your market and if so, what is the ratio of rents to purchases in your area?
- **Job Stability/Unemployment** – Is there a stable job market in your area or are major employers coming to or leaving your area at the time you want to sell your home?
- **Interest Rates** – Are rates going up or down? Rising rates decrease buyer purchasing power and exert downward pressure on prices.



## FACTOR #2: Differentiation

Having a specific strategy to make your home stand out from other homes on the market can get you up to 7% more money on the sale of your home.

To attract the highest possible offer, a home must be positioned to attract buyers who will perceive its highest value. Expert Advisors™ understand that there is an ideal buyer that would be willing to pay the most money for your home. They attract these ideal buyers by differentiating your home from other homes on the market by employing 5 Key Tactics:

- 1) **Expert Staging Advice** - Enlisting the support of a professional stager can help you to determine what paint, furnishings and accessories will help make your home show the best while on the market. Market research shows that over 90% of professionally staged homes sell in 21 days or less and for up to 6-10% more money than homes that are not staged, thus staging is a critical first step in the differentiation process.
- 2) **Upgrade Analysis** - In order to increase the market value of your home as high as possible, an Expert Advisor™ will also provide an upgrades analysis, along with specific recommendations as to which upgrades will pay a 200%, 300% or 400% return when selling the home. They will then recommend any vendors necessary to complete the required upgrades.
- 3) **Professional Pre-Inspection** - Uncovering potential problems with a property inspection and getting them resolved prior to listing a home for sale gives a potential buyer the comfort that they are buying a quality home and positions your home to attract the highest possible offer

Additionally, pre-inspecting your home before putting it on the market can prevent unwanted surprises in negotiation and save you as much 400% on repairs as opposed to negotiating repairs with a buyer after you have accepted an offer. This is because a buyer will typically request a credit of \$400 to fix something that might only cost \$100 to fix if repaired prior to sale.

“Having a specific strategy to make your home stand out can get you up to 7% more money on the sale of your home.”



- 4) **Home Warranty**- Research shows offering a home warranty to prospective buyers helps your home sell faster and for up to 2.2% more. Additionally, by getting coverage on the major mechanical systems in your home while it's on the market, you are protected from any unexpected issues that might arise during the listing and selling period.
- 5) **Professional Pre-Appraisal** - Leaving it up to the Buyers agent to determine the value of your home when receiving an offer can be a risky proposition. As stated previously in this report, most agents use a CMA approach to determine value and look at only past closed sales to come up with a price for your home. With the rapid rise in prices recently, using past sales to determine your home's value would likely result in an offer coming in low.

This can easily be avoided by ordering an independent appraisal before receiving any offer on your home. When you as the Seller are ordering an appraisal, you can request that appraiser attempt to justify your target sales price if there is market data to support it. This favorable appraisal can be made part of the disclosures and documents provided to the Buyer and their Agent and can positively influence their opinion of your home's value, giving you the best chance to get the highest possible offer. This can positively affect the offer price you receive by as much as 5%.

The combined effect of these 5 key tactics makes your home stand out on the market and has been proven to increase the final sales price of the home by as much as 7%.

## EXPERT TIP ASK ANY AGENT YOU INTERVIEW:

- 1) Do you require I get my home inspected and staged before I sell? If not, why?



## FACTOR #3:

# Exposure

Exposing your home to the largest number of qualified buyers ensures you get the best possible price for your home. This requires you to be especially careful when selecting a professional to represent your home and bring it to market.

Here's why. Most agents invest only 10% of their income on marketing and the systems to run their business. With the average local real estate agent is making about \$45,000 a year as of 2015, he/she only allocates about \$89\* per month toward marketing and advertising their listings, which is certainly not sufficient to get your home the necessary exposure to attract the highest offer.

**“An Expert Advisor invests up to 30 times what an average agent does on marketing.”**

Conversely, an Expert Advisor™ invests a significant portion of his/her commission dollars back into marketing and advertising, spending up to 30 - 50 times what an average agent does on marketing. Not only does an Expert Advisor™ have more resources to invest to get your home maximum exposure, but more importantly, they have the knowledge of where to invest advertising dollars and employ a deep, not wide, marketing strategy to get your home the exposure you need.

The key to a smart marketing plan for your home starts with a clear understanding of where buyers are going to search for homes.



## AN EXPERT ADVISOR™ KNOWS:

- 95% of buyers search for homes online and have a strategy to get your home exposed to both local and nationwide buyers alike.
- For National exposure: How to achieve featured placement on the top 4 most visited national real estate websites (Zillow, Trulia, Yahoo, Realtor.com).
- For local exposure: How to dominate search engines with a Buyer-Centric website providing local homebuyers instant access to the MLS.
- How to leverage Facebook to expose your home to the 400+ contacts the average homeowners know through their social networks.
- How professional photography must be used when marketing your home because the first showing of your home will be online.
- How to use professional copy writing strategies to hit the hot buttons that make buyers want your home and then take action to see it.
- The best ways to target buyers based on their lifestyle, occupation, family, school and safety/security needs.
- How to track online impressions, inquiries and showings that come in from marketing your home and then report that information to you in a useful, structured and meaningful manner.

When executed properly, an effective marketing plan with a sufficient marketing budget invested in the right places will expose the home to the largest number of qualified buyers. This drives up demand and can increase the final sales price from 2-4%.

### EXPERT TIP ASK ANY AGENT YOU INTERVIEW:

- 1) **What is your marketing budget and how and where you will invest those marketing dollars to ensure my home gets maximum exposure?**
- 2) **What reporting can you make available to me that shows how many unique visitors are seeing my home and on what websites?**



## FACTOR #4:

# Agent Cooperation

Agent cooperation simply predicts that there is a greater than 70% chance that once your home is exposed to the market, another real estate professional, other than the agent that listed your home, will bring a buyer. Since the largest pool of potential buyers are probably under the guidance of another agent, it's critical that your agent has a specific plan to get your home in front of the top agents in the market who represent buyers.

### EXPERT ADVISORS™ ENGAGE COOPERATING BROKERS BY:

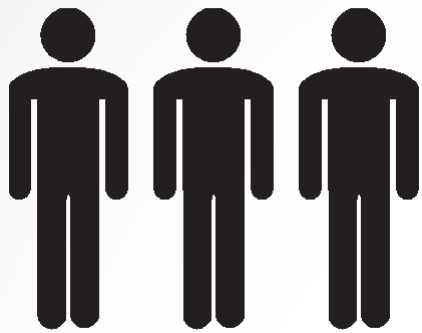
- Sending a weekly e-flyer to all active agents in the MLS showcasing your listing
- Featuring your listing at the local area broker tour and catering or providing food to increase agent traffic as much as 5X
- Posting your property to private or top agent networks to gain additional exposure
- Offering cash bonuses in lieu of price reductions to agents and their buyers to increase excitement about your home

Marketing directly to homebuyers without focusing on their agents can cost thousands in equity and weeks, even months, on the market, so be sure that your agent you hire has a plan that includes tactics like these to get your home attention from other cooperating buyer agents.

**“It's critical that your agent has a specific plan to get your home in front of the top agents in the market who represent buyers.”**

### EXPERT TIP ASK ANY AGENT YOU INTERVIEW:

- 1) What is your strategy to attract the most active buyers agents and encourage them to show my home over other homes in the market?



## FACTOR #5:

# Buyer Acquisition

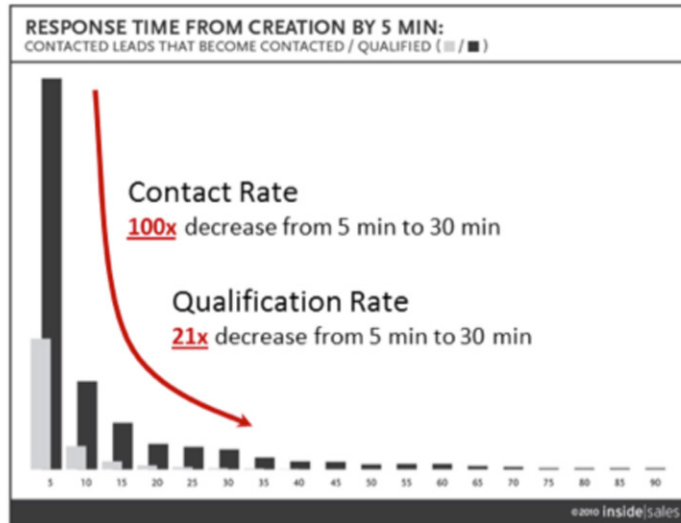
If the market tells us that 7% of the time an outside agent is responsible for bringing the buyer the next question is: What proactive strategies is your agent employing to try and source the buyer themselves?

**“What proactive strategies is your agent employing to try and source the buyer themselves?”**

While traditional listing marketing methods including flyers, yard signs, and listing the property on the MLS to expose your home to the market, all of these tactics rely on a buyer coming across your marketing and finding your property. Conversely, an Expert Advisor employs not only these traditional methods but also understands that over 90% of buyers start their search online and has built an established database of hundreds, if not thousands, of active buyers to promote your home to. The very first thing an Expert Advisor does after listing your home is to immediately cross reference your listing against the ALL of the buyers in their database and then proactively market to them via phone, email and text to see if they would have an interest in your specific property.

The second critical variable in buyer acquisition is how the incoming inquiries for your home (Phone and email) are handled. Research conducted by the National Association of Realtors and the Sloan School of Management at MIT, concluded that the average response time by a Realtor responding to an inquiry about a property was 16 hours. By contrast, Expert Advisors™ have Immediate Response Systems that offer a live response in 15 minutes or less. Research has shown that the faster the response to an inquiry the more likely a sales conversation will ensue. Anything more than 15 minutes lowers the chance of your agent making contact and decreases the chances of actually showing your home by up to 105 times.

## Fast response improves contact rates



Source: 2007 Original Kellogg/MIT Study, Dr. James Oldroyd

Contact rates significantly drop off after 5 minutes

The combined effort to proactively seek out buyers and also respond to their inquiries with an Immediate Response System will ensure your home sells faster and for more money.

### EXPERT TIP ASK ANY AGENT YOU INTERVIEW:

- 1) Who answers the phone while you are busy or with other clients?
- 2) How do emails and website leads get responded to over the weekend or after hours?
- 3) What is your average response time to an incoming lead on a property?



## FACTOR #6:

# Negotiation

Once an offer is received, negotiation is the single most important variable that determines the amount of equity you receive from the sale of your home. Regardless of how well a home is positioned to attract the perfect buyer, buyers will want to order their own inspections, they will want to pay less than full price and will likely make demands you're not comfortable agreeing to. Therefore, hiring an expert who can negotiate an outcome that serves your best interests is of critical importance.

Expert Advisors™ understand how critical negotiations are to help you maximize your equity and protect your negotiating posture by:

- Using Professional Pre-Appraisal to strategically price your home and elicit multiple offers when appropriate
- Providing a copy of the Pre-Appraisal to the Buyer and their lender to pre-emptively avoid any issues with a bank appraisal coming in low.
- Using Pre-Inspection to avoid any surprises during the escrow period ( As outlined in the section on Differentiation)
- Requiring all prospective Buyers review and acknowledge all disclosures and reports before accepting any offer for your home

These pre-emptive tactics will ensure that you don't get caught off – guard and unnecessarily give up any equity to a Buyer because of surprises in the negotiation process.

**“Expert Advisors™ have been trained in the same Straight-Line negotiation tactics taught at Harvard Law.”**



Most Expert Advisors™ are Certified Negotiation Experts and employ the same Straight-Line negotiation tactics as taught at Harvard Law.

## EXPERT TIP

### ASK ANY AGENT YOU INTERVIEW:

- 1) Have you had any formal training in negotiating?
- 2) Do you have a specific strategy for negotiating with buyers and their agents?



## FACTOR #7:

# Operational Execution

**“When hiring a real estate professional to help sell your home, ask them if they work alone, have an assistant or are part of a team.”**

As stated in the Executive Summary of this report, the sheer volume of tasks associated with managing the 115 variables that go into the successful sale of every home has left traditional real estate professionals at a severe disadvantage to be able to maximize homeowner equity upon sale. In most cases, many of these variables we mentioned are poorly executed or simply not executed at all.

In the cases we studied that had the highest return on equity the consistent pattern observed was that there was a proactive, systematic approach to managing the 115 variables that affect the final sale price. What makes this possible is a division of labor among a team of qualified specialists allowing for operational execution. A qualified expert will be prepared to explain how they work together to get your home sold.

### EXPERT TIP ASK ANY AGENT YOU INTERVIEW:

- 1) Do you work alone, have an assistant or are you part of a team?
- 2) Who is your title company, mortgage lender, photographer, lawyer, professional stager, inspector and cleaning crew?
- 3) How do you communicate and coordinate with these people on my behalf?

# CONCLUSION

After reading this report you have learned that selling a home is a process, not an event. You also learned the 7 Factors experts focus on to maximize your equity upon sale and what to look for in an expert who can attract the perfect buyer willing to pay top dollar for your home.

If you are selling, the next logical step is to request a free no commitment Smart Home Selling Strategy from an Expert Advisor. Expert Advisors™ are members of the National Association of Expert Advisors™ who are trained and certified to prepare a smart home selling strategy that can sell your home faster and for up to 18% more money than the traditional real estate agent.

To find an Expert Advisor near you check the Expert Advisor directory at:  
[www.NAEA.com](http://www.NAEA.com)



# 12 QUESTIONS TO ASK ANY AGENT BEFORE LISTING YOUR HOME FOR SALE

**As you are interviewing agents to help sell your home, ask them these questions:**

1. What's the difference between marketing and advertising a home and how does this difference affect me?
2. What are the specific elements of your home selling and marketing strategy that affect the selling price and the time my home will be on the market?
3. Do you require a pre-inspection and that my home be staged before I sell? If not, why?
4. With the Internet being the first place that most buyers look for a home, can you identify for me the best Internet property marketing methods and why they work?
5. What reporting do you make available that show how many unique visitors are seeing my home on the various websites my home will be marketed on with you?
6. Do you have any information that details what home buyers find the most useful when it comes to a property-marketing ad and what motivates buyers to respond to it?
7. Can you identify for me what buyers on the Internet say is the number one reason they choose an agent for buying a home they found on the Internet? What in your business reflects that you understand this fact?
8. Do you have a marketing budget that outlines how you'll spend your resources to market my home and earn your fee?
9. What is your strategy to attract qualified buyers from the various sources available today and how will you work to attract co-op agents so they show my home over other homes in the market?
10. What is your negotiation strategy and how can I count on you to negotiate from a position of strength than one of weakness? How can you assure me that the home inspection will not "blow up" my transaction at the very last minute?
11. Can you identify how your team will work to handle my listing from the minute you take until the day that it closes? Also, identify for me the different departments of your company and show me how they benefit me in the sale of my home.
12. What do you do, if anything to ensure that the leads you generate are going to be handled in a timely manner so that we don't miss out on any qualified buyer prospects?