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Convincing a Homeowner to Sell

Nationwide, low inventory is a trend within the real estate market that is causing headaches for real estate professionals.

Why Aren't Homeowners Selling?

There are two main reasons homeowners are not putting their property on the market right now.

For one group of homeowners, they are holding on to their homes because they are underwater on their mortgages. The balance they owe is higher than the fair market value and it would not be a smart financial decision to sell. Approximately 5.41 million homes in the United States were still underwater at the end of 2016, according to the property database Realty Trac.

Suggestions and theories exist on how to get out from under this mortgage burden but this is best left to a financial advisor or accountant to coach a homeowner. As a real estate professional you should focus your expertise on selling houses.

Focus your time and attention on the group of homeowners who are not selling for the simple reason that there is no inventory available to purchase when their home sells. Where do they go? There are either too few choices or they have no desire to enter the buying frenzy. Sounds like a chicken-or-the-egg scenario, doesn't it?

Ideal Sellers to Create Inventory

Creating movement within the market will cause a domino effect. Baby Boomers and buyers who want to "move up," could each have a major impact on inventory supplies.

An obvious solution is to have an upswing in new construction of entry-level and mid-level homes. The good news is that nationally there was a 4.6% increase in building permits issued in January 2017. Since permits eventually become dwellings this is positive news for an inventory-deficient market. The bad news is that the surge is led by apartment permits and not single-family construction permits.

Baby Boomers are an ideal target market to convince to sell their homes because they are nearing the phase of life when downsizing is an objective. With less home to care for, they free up their retirement years to travel or pursue other interests. By selling their property many will be able to convert their equity into cash to fund their pursuits. Some will want to sell to avoid costly projects to their existing home that will be needed to assist with increasing physical challenges related to their advancing age.

Another group whose decisions influence the housing market are those who are looking to "move up." They have a family-friendly dwelling to sell and are looking to purchase a larger more expensive home. This group typically benefits from the high-end new construction that contractors will be building. Raising awareness of new construction in the area combined with discussing the length of time until those homes are available and the length of time needed to prepare and sell their current home, is an excellent strategy for turning this group of homeowners into sellers.

Why is the Time Right to Sell?

Without a doubt, the sellers hold the advantage in the market right now. Competition for homes is high with buyers hoping to lock in mortgage rates before they rise and with people feeling more financially secure after the difficult recovery period since 2007.

The numbers prove it is a seller's market so share them freely with potential clients. According to the Northern Virginia Association of Realtor's (NVAR) most recent statistics from January 2017, sellers are in a better position than they were in January 2016.*

	January 2016	January 2017	Change
Listings	3,256	2,730	-16%
Properties Sold	1,007	1,110	+10%
Days on Market	75	68	-9.33%
Average Home Price	\$532,863	\$550,069	+3.23%
Median Home Price	\$460,000	\$462,250	+1%

*www.nvar.com/realtors/news/market-statistics

How to Encourage a Homeowner to Sell

No doubt, numbers and statistics can be dry and rather boring but if they are packaged properly they can be a tool to convince someone to sell. Here are some best practices to be used when trying to acquire inventory for the market.

Social media. There is no surprise with this one. You can communicate daily (and you most definitely should engage daily) with your followers, who in turn can easily share the information with hundreds in their networks. The benefits are far reaching. When you list a house on the market let your followers know and keep them updated on the interest in the home. Was the open house packed? Do you have a showing scheduled every day? Once a home does sell, are you telling your followers how quickly it happened? Neighbors are probably not paying attention to the number of days a house is on the market or the sales price so you need to tell them. This could be the piece of information they need to sway them to sell.

Just like fashion, everything comes back in to style again. Why not be a trendsetter and send a postcard in the good old-fashioned mail? Think about the last time you actually received mail other than a bill or a catalog. Be sure to include the important data like average days a home in the area spends on the market, statistics on rising sales prices, and what percentage of the asking price sellers are getting. Again, all of this could convince someone undecided to take the plunge and list their house.

Finally, another throw-back strategy that some real estate professionals are finding successful is going door-to-door. Making cold calls and talking to homeowners to gauge their interest in selling. Knock on the door armed with the statistics and data we have previously mentioned and make a case for the owner listing the property – and listing it with YOU!

See you at the settlement table!

WITHOUT A DOUBT, THE SELLERS
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MARKET RIGHT NOW