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Agents snubbing listings with unrealistic prices

WASHINGTON — Top-producing real-estate agents in soft and glutted markets around the country are using a daring new technique to stimulate sales: They're turning away new — and refusing to extend expiring — listings if sellers decline to price their homes realistically.

Nation's housing

KENNETH HARNEY

The same agents are also shifting to new ways of bringing home-sellers in touch with often-sobering pricing realities of their local markets. Rather than holding seminars to attract and motivate potential buyers, they're conducting "seller forums" aimed at showing home-owners what it takes to sell in this year's market. The forums bring sellers together into one room to show them that they're not alone, the market is tough for many, and that the key to selling is correct pricing.

Other agents are trying a two-step technique: They tell potential home-sellers they'll take the listing at the seller's proposed price only with a time limit. The home-owner has to agree in advance — in writing — to drop the price, to the level proposed by the listing agent, after the property has been advertised and shown for two to four weeks.

Interviews with three dozen brokers, agents and lenders in soft markets — chiefly in New England, mid-Atlantic, Southeastern and

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Midwestern states during the past three weeks — reveal that there is a major "straight-talk, get-tough" movement among brokers in dealing with sellers. It's also clear that the movement is having an impact: Realtors say that the more realistic pricing-and seller-motivation techniques are producing sales and pushing some recalcitrant sellers out of the marketplace. Some firms even claim to be increasing their market share of total sales by using these new methods with sellers.

"It's the only way to do business intelligently right now," said Caroline Weber, vice president of Century-21's Northeast region. "Taking an overpriced listing isn't going to get that house sold. So now we just say no."

"Why should our people waste time and money if sellers don't understand that a house is truly like gold," said Schweppe. "It's valuable, of course, but its value doesn't only go up. It can go down, too. If I bought gold at $485 an ounce a few years ago — sure, I can show you my receipts that I paid $485. But that's not going to persuade a buyer to pay me $485 an ounce right now in a $365 market.

"The same is true for the house that was bought or appraised at $300,000 three years ago," said Schweppe. "It may be worth $260,000 or $280,000 in today's market — not $350,000. And nothing that a real-estate broker can do or say will change that."

Christina Knowles, a top sales associate with metropolitan Washington, D.C.'s Long & Foster Realtors, gets the same point across using the two-step method. Knowles' sales territory is Potomac, Md., an upper-bracket market glutted with unsold homes. She tells her sellers the price she believes will attract buyers. Then she takes the listing at the seller's proposed price, but with the agreement the price will be cut in two weeks. The house is then aggressively marketed, including open-house showings on weekends and TV. Each real-estate agent who visits the house, however, is asked to fill out a brief questionnaire prepared by Knowles.

(Kenneth R. Harney is a syndicated columnist.)