

When six per cent is a bargain

(An article for vendors only)

Although REM is a trade magazine, this article is not for agents, but is dedicated to the vendors across Canada who believe that agents' commissions can be negotiated to their benefit.

Let me preface my remarks by acknowledging that I am a real estate broker, but I have no axe to grind. I have not sold a house in many years and most of my professional activities revolve around consulting, arbitration and valuation. I have no self-serving interest in writing this article, because I don't want your listing.

I have, however, been a vendor more than 1,000 times during the past three decades. My first property sale was in 1969 and my last was my family home in 1997.

I have owned a lot of property and despite the fact that I had a licence, I always used a good agent to sell my houses. As an active speculator/renovator and builder, it was in my best interests to achieve maximum dollar for my product.

Here is where a lot of vendors go wrong: they pick the wrong agent. Pure fact — in any active real estate community, anywhere in Canada, each local market is dominated by a select few agents. I only want to work with one of the best. I have also given listings to eager, newer agents who were anxious to make their mark.

I have never given a listing to a relative, a friend, a part-timer or a hack. I wanted results and only a good agent can produce. A good agent knows the neighborhood and has clients who cannot be reached through outside agents.

A well-priced listing is almost always sold the day it appears on MLS. The old and very tired idea that if you list high, they will make an offer is not borne by the facts. Most MLS listings sell very close to their asking price. This is an absolute fact and is easily supported by local board statistics. As an appraiser, I did not value my own property. I was too close to the window and I had the agents prepare the analysis.

If you are a vendor who wants to sell high, you are greedy and you are probably at the same time wanting to cut the agent's fees. You want more money than a property is worth and you want the agent to take a cut to help you reap an undeserved reward. Top producing agents will not work with you.

Recently, I sold my home. The agent I picked was totally unknown to me. I am still a member of the real estate board and could have put it on MLS myself. Instead, I chose a bright young man who worked hard, had built a short but successful track record, and who, at all times, acted as a professional. He said he had a buyer in his back pocket, and not only was he telling the truth, but he made the deal.

Now, here is one more fact. Cutting back an agent may save you dollars and on paper it looks

THE LEBOW REPORT



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good, but many times you cheat yourself out of thousands more. The rules say agents must act in the best interests of all parties, but do you believe the agent you have just chiseled out of their hard earned commissions will truly negotiate in your best interests?

When it is past midnight and there is maybe a chance to go back to the buyer for one more shot and get the highest dollar, the agent may figure, why bother putting my best effort forward? This guy has little respect for me and my efforts. I have seen too many vendors, who pushed their agents in the wrong direction and as a result they received less than maximum price, because the agent was not prepared to go the extra mile. The vendor had poisoned the relationship by cutting commission. Oh, the agent will go back to the buyer, don't get me wrong, but there is a difference between good negotiation and a lackluster effort. Why kill yourself for someone who doesn't deserve the best?

I found another thing when I was an active vendor. Instead of cutting my agents, I rewarded them. I had bonuses, and if the house was sold within 30 days, I raised the commission.

So, if you, as a vendor want to maximize your selling price, find the best local agent, establish a realistic asking price and pay for the quality of the performance. It is not you against them. They work for you and are only in the business to serve. Top producers did not get to their level by working for nickels and dimes. The cost of being an active agent is very high and most people would not put up with the problems and costs. The hours alone would blow most people away.

If you are going to sell, do it right. Find an accomplished agent and act as a competent vendor. Both of you will be rewarded.

If you are a greedy or unreasonable vendor, don't worry about dealing with a top producer — they won't work with you.

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