

The Affordability Ranking

Whether your listing has expired or you are just thinking about selling,
Here is how to separate your home from the others on the market

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As seen on ABC13 News and 002Houston Magazine

So, what is this? The Affordability Ranking? Don't worry, you won't hear about it anywhere else but here. You didn't miss the Press Release or anything. It is really just a Marketing Plan that I have put together for my clients and felt that it may benefit you as well. It is the concept that when a home is an Active Listing on the market for sale, your competition is every other home on the market. How do we separate it from others? With Energy Efficiency and other features becoming a serious interest with Prospective Homebuyers it is time to turn away from the Traditional and think outside the box. Now, will this work for everyone? No. But if I sent you here to read it, I think it may work for you. A specific marketing plan is needed for every home that goes on the market. Every home is unique and different and should be marketed as such.

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So Steph, What made you write this?

As I was searching through some **Expired Listings in The Woodlands** today I was absolutely amazed at some of the Gorgeous homes that were on the list. Beautiful! Updated Older Homes that glistened, Newer homes that appeared to be clean as a whistle...

But what shocked me the most, was the fact that at first glance, they did not appear to be incredibly Over Priced. Now, I did not run comps on any of the homes as it would not be accurate anyhow without stepping inside of them and seeing for myself but here is what caught my eye:

- Custom Hardwood Floors
- Central Vacuum Systems
- Granite or other updated Countertops
- Incredible Landscaping
- Some had amazing Pools



- A few had unique floorplans that are somewhat difficult to find

Since this post is not about how the homes were listed, I'll stop there. I often wish I knew how much traffic these homes had while they were on the market, but I don't.

Now, when I filter through listings for potential clients **I try to look at everything that is NOT mentioned** in the descriptions. For Example, the **pictures** (especially the ones that we would typically think are bad), **Builder name and year built can tell you A LOT:**

- Those pictures of the side of the home that show the Compressor for the HVAC system- Wow, That looks like it could be a **15 or 16 SEER!**
- The appliances in the kitchen that are only noted as Stainless Steel or Upgraded appear to be a brand that is likely **ENERGY STAR**
- One home was built by Ryland in 2000: Ryland was one of the few builders that was actively using **Double Pane windows and sometimes Radiant Barrier BEFORE** it was required by Code.
- Another was built in 2006 by David Weekley who happened to use an extremely Energy Efficient Building program before the other builders hopped on in late '07 and mid-'08

All of these features are ones that I consider to be the Sustainable, Greener or otherwise...**more Affordable ones.**

These are all of the features that **often times go UN Noticed by potential, QUALIFIED Homebuyers.**

Would this kind of stuff actually bring the attention to people in the market for a home? They should! And they DO to many of the Buyers that I personally work with.



While explaining it all right here and right now would take a long time, this is the start of a new series of Blog Posts. ~**The Affordability Ranking~**

- How much maintenance will be required on this home?
- How much will it cost me to LIVE in this home?
- How Comfortable will it be to LIVE in this home?
- Why is this home different than all of the others besides the paint, countertops and flooring?
- Overall, how will it affect my pocket book at the end of every Month?

While any home that goes on the market would Benefit from using this, **I am aiming it towards Expired Listings as we are entering the 'Selling Season'** with a higher inventory than recent years with longer time on the market.

Let's take a look through this Series on how to **Maximize Affordability in your home to give it a selling advantage.**

Location - Why It Is More Than Just The Side Of Town Or Community

Unfortunately, it appears that **many features of the home went UnNoticed.** Forgotten. These features are those that right now, **in our Financial climate and increased awareness of what it takes to OWN a home are often times the MOST important to Home Buyers.**

Part 2 of the Series is Location. It's not just about the Proximity to shopping, hike and bike trails, work and other things that are often mentioned. **Location goes WAY beyond that.**

For the sake of this Series I am using The Woodlands as an example. Home Buyers that are looking in The Woodlands are extremely savvy. They know that Grogans Mill is the closest to I-45, however, it is also the Oldest Village. As we work our way back, we have Cochran's Crossing, Indian Springs, Alden Bridge, Sterling Ridge....



The distance towards the front of the Community gets further and further. That is no Secret. Neither is the fact that as we work our way further and further to the back, the homes get newer and newer.

So, let's take for example Grogans Mill or Cochran's Crossing. These locations sometimes tell potential Home Buyers what they may see in a home.

Actually it is not necessarily what they may see in a home, **it is the FEAR of what they MIGHT see in a home:**

- Wood Rot
- Foundation Problems
- Water Damage
- Overall luster of a home diminishing with age
- Single Pane Windows
- Higher Electric Bills
- Higher Maintenance Costs incurred throughout the time of owning the home

Now, again, none of this is a secret. **Obviously as a home gets older there is more work to do to the home.** Kind of like owning a car. You pass the certain mileage and you have to replace the Timing Belt, Brakes..sometimes the Transmission and other things that just really cost a lot of money.

In today's Financial Climate, folks do not want to mess with all of that. **They need their money.**

From an Affordability Ranking, how does YOUR home rate versus the ones around you?

Often times an 'Updated' home means that Cosmetically it looks nice. It does not have the Laminate Countertops, the paint is updated..**in other words the appearance is TRENDY.**

But when we look at it a little more closely, the Fascia Board on the home looks like it could be replaced. The roof is only a few years from being replaced, the HVAC system looks like it might be on its last leg.

The cost of all of this can TRIPLE the cost of personalizing the Home INSIDE.

So, back to Location. Where your home is located, how does your Home Rank in Affordability?

- How much MAINTENANCE has been done on your home?
- Was your BUILDER ahead of the pack in products being used to make the home more

AFFORDABLE?

- Are your UTILITY bills less than the AVERAGE home in your Community?

THAT is where Location often comes in to play with Today's Home Buyers. This could also be termed 'Myth Busters'

What does YOUR home have that could be known as a 'Myth Buster'? Let's think outside the Box.

The Roof Is Caving In - But Hey! It Has A Pool!



Now, the following examples are just that. Examples. Every home is different, **these are just to make a point.**

This part of the Series is regarding Advertising FLUFF. We've all seen it. It is those homes that disappoint us. If they don't disappoint us, the Fluff points out the WRONG items.

The Home Buyer views the listing online and just KNOWS that it is the one for them.

"That kitchen! It is perfect! It is exactly what I have

visioned my home to look like!"

But, when we get to the home:

"Oh My! That roof! It looks like it is about to cave in! And look at the wood rot around the doors and siding. This home really needs a lot of work!"

Yep. This really does happen. I call it Fluff. Let's point the Buyers to the nice parts and hope they miss what was NOT done to the home. **This is what starts the FEAR that I mention in the Location part of the series.**

This could also be known as **being the bearer of the obvious.** We as Agents now have the ability to put up to 16 pictures on the Houston MLS, Virtual Tours AND IF WE NEED MORE there is unlimited space on the Internet.

Let's take for example the picture above. It's a pool isn't it. Yes, **anyone who looks at that picture will know that it is a lap pool with a Lush Landscaped yard and perfect if your a wanting low maintenance.** What will potential Buyers NOT know about this home by looking at it?

How about:

- Brick all the way around, virtually no maintenance for many years
- Double Pane, Energy Star windows throughout
- Radiant Barrier in the Attic
- Insulation Above Code
- SEER Rating on the A/C above code
- The appliances are all Energy Star

- The light fixtures are Energy Star
- The Roof has 30 yr shingles and it was put on 2 years ago
- Zoned A/C and Heat

So even though this home has a pool, I would give this home an Affordable Ranking, **on a scale of 1 to 10, a 10!** Other than yard or pool maintenance, the rest is minimal. It should be rather affordable on a monthly or yearly basis.

But, all of these are totally not the Sexy features of a home that many will look at. Wallpaper in the kitchen? So what. **All of the above adds up to over \$40,000** ~ Wallpaper removal and paint? \$2000 at the most maybe? **Want to go a little further? Remove the Wallpaper before listing** the home and completely take it out of the picture. It will cost you less than \$2000 and could **potentially save you over \$5000 in negotiations.**

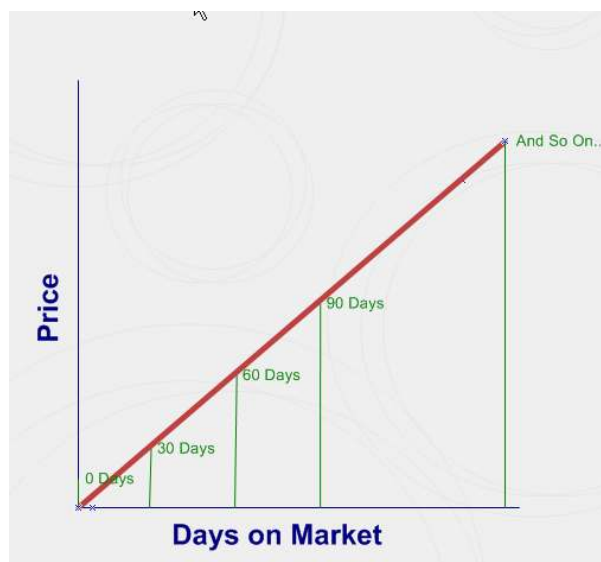
Don't be a bearer of the Obvious. The upgraded features are nice, but let's keep adding to the Affordability Ranking of the home.

Pricing Your Home Properly - Doesn't Mean To Give It Away..But...

Would you buy a \$1 bill for \$10? Probably not. This is **Part 4 of The Affordability Ranking Series** designed to help Home Owners who have had their listing Expire and start fresh...Or just to help anyone considering Selling their home. We are now going to talk about Pricing Your Home.

When you get ready to list your home, the Agent of choice will have **Comparables or Comps** there to show their opinion in pricing. So, what do all of those Comps mean? Well, **there is a High and a Low.** Depending on Size, Location, Condition, etc. your home will generally be some where in between.

Now, where you price your home, **generally speaking, is in direct relation with how long your home is on the market prior to going under contract in comparison with the 'Average'.** Here is a chart:



Typically speaking, **the lower you price your home in comparison to the Comparable Properties the**

quicker it will sell. **The higher you price your home, the longer it will take to sell** your home.

The key here being of course understanding where your home sits within the Comps, and if the Comps are done Correctly to begin with. Honesty from your Real Estate Professional, of course, is the best way to do this.

How exactly do you price your home? Here are some of the main points- The key is knowing where you home sits with the competition. (Other Active and Sold Properties)

- Condition- Flooring, Curb Appeal, Cleanliness- Siding, Paint, Fences, Foundation, Appliances- It should all be taken in to consideration
- Updating- Appliances, Paint, Light Fixtures-
- Upgrades- Larger Master Bathroom, Additional Garage Space, Pools, Additional Bathrooms and Extensive Remodels
- Energy Efficiency- How are your utility bills?
- Affordability- What this whole series talks about
- Location- Does it back up to an 8 lane freeway or is it Waterfront property?

Now, as you go through the list it might be somewhat of a one point up...two points down...5 points up...1 point down..

It doesn't matter. **The price you end up at is what matters most. Often times Buyers are afraid to 'offend' a Seller by putting in an offer that is TOO low, they will just move on or wait for the price to be reduced.** There is a sweet spot in between.

Making sure that your Real Estate Professional can not only do a professional job marketing the property, but helping to price it correctly also is very important.

Last part of the Series coming next? **Marketing. How do we let Home Buyers know the Affordability Ranking of the Property?**

Marketing Your Home - Talk To Your Listing Agent

You may have heard this before, but the days of putting a property on MLS and waiting for a contract are gone. **It takes being ProActive** and doing WAY more than that. **84% of HomeBuyers start their search on the internet.** If your property is **solely on websites that have Every Single Listing in the Houston** area, it is likely that your property will get passed up by a handful of Qualified Buyers.

What I mean by this is let's say your home is in Spring. **At any given time there are several Thousand homes for sale in the area. Very few people will drill down and look at all 280 listings within their search criteria.** Here is what they may look for:

- **Keywords** - Cosmetic, maintenance, etc. The kicker is we don't always know what each buyer is looking for
- **Pictures** - If the pictures for your home are fuzzy, stretched, showing more furniture than feature... the buyer will move on
- **Virtual Tour** - Not all buyers will look at them, but many do. Let's try to appeal to everyone
- **Condition** - They want to know the condition of the property

- **As much information as possible!**

This is where it gets difficult. **If we are only allowed 250 characters or so on MLS, how do we let them know EVERYTHING about the property?** How about a property specific website? www.123mainst.com

How about a list of features in the home?

How about going directly to the type of people interested in your kind of home?

How about proactive Signage in the yard? Many people will drive by a listing prior to seeing it. Let's take them to even more information.

It's all about doing something different.

When you have **features in your home that are not always visible such as Energy Efficiency, etc. It is important to try and get this information to them in any way possible.** Back to being ProActive. This is also where every home needs a different Marketing Plan.

For example, the people searching for listings on my site TurningHoustonGreen.com are looking for **Healthier, Energy Efficient and Lower Maintenance property.** Having a listing on there will likely attract that kind of buyer.

The main point of all of this being, take a strong look at where and how your property is being marketed. If you were a buyer, would YOU look at it? The person that buys your home will likely be attracted to the same features that you like about the property. How is the agent trying to drive traffic to it? Are they pointing out the Not So Easily Noticed features to not only maximize showings but maximize the home's value as well?

I hope that you have found this information to be helpful. If you are needing a marketing plan for your home to get it sold, I invite you to call or email me. I would be happy to sit down and see if the Affordability marketing style is right for you and to design it to where it will get the most exposure.

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