

Nail That Sale

To sell your home today you have to market hard, price it smart and make it look irresistible. We showed two owners all the right moves.

BY KATE ASHFORD AND DONNA ROSATO



TAKE THIS HOUSE—PLEASE

We helped Athena Gu, daughter Deanna, 4, and husband Britt Skrivanek spruce up their home. It sold within two weeks.

FORGET THE AIR OF DOOM AND GLOOM hanging over the real estate market. If you're trying to sell your home or are thinking about selling anytime soon, take heart: Homeowners sold nearly 6.5 million houses and condos last year, and the National Association of Realtors expects almost as many will sell this year too. True, the bubblicious days of bidding wars, quick sales and hefty gains are over—for now at least. But if you've lived in your home for a few years or more, chances are good that you'll still walk away with a tidy profit. And if you devise a smart game plan that takes into account today's tougher market conditions—without being cowed by them—you'll greatly increase the odds of a relatively speedy sale at a satisfying price.

To show you how to put together a winning approach, MONEY sought out two families who'd had their homes on the market for more than six months. We then brought in a team of experts—home stagers, appraisers and real estate consultants—to advise them on everything from cosmetic changes that would help show these homes to their best advantage to savvy marketing strategies. You can see the handiwork of the stagers and judge the results on the pages that follow. Then apply the lessons learned to put together your own successful sales plan.

> STILL WAITING Neighboring homes have sold for more than \$700,000. But the Leochas haven't gotten an offer in nine months.



PROBLEM:

**Too Soft
a Sell**

HOMEOWNERS Joe, 55, and Jeannie Leocha, 60

LOCATION Fairfax, Va.

THE HOUSE 3 to 4 bedrooms, 3.5 baths, 2,600 square feet

ORIGINAL LIST \$729,000

TIME ON MARKET Nine months

MARKET INTELLIGENCE So far this year the typical home in the Fairfax area has taken nearly four months to sell—that's more than twice as long as houses sat on the market last year.

Jeannie Leocha lights up when she talks about the house that she and her husband Joe plan to build in Winter Haven, Fla. The 3,000-square-foot structure will have three big bedrooms and a huge lanai with a lakefront view—the perfect place to enjoy Joe's retirement from his job as a lease-disposition specialist with the Navy Federal Credit Union. (Joe's last day of work was March 1.) "I know what the house is going to look like and feel like," says Jeannie. "I'm dying to get going."

But the Leochas can't give their builder the go-ahead until they sell the home they're in now. And after nine months on the market, the house hasn't elicited a single offer. The couple, who are trying to sell the property themselves, have spent about \$6,000 to make the house look more appealing—painting most of the rooms, cleaning carpets, refacing the kitchen cabinets and installing new light fixtures. They've held three open houses and dropped the price twice, from \$729,000 to \$696,000, then again to \$676,000. Still no offers. And the financial pressure is building. Since Joe retired the couple's health insurance bill has risen sharply, and the cost of living in Fairfax is far higher than in Florida. "I think if we could just get more traffic, the house would sell," Jeannie says. "It's frustrating."

AFTER

> **LET US ENTERTAIN YOU** Help buyers imagine themselves relaxing with friends: Stagers here opened the bar cabinet, set the table and added colorful accents.



BEFORE

> **NOTHING TO CATCH THE EYE** The living room had no flashes of color, no focal point and no plants or homey touches to bring warmth to the room.

SOLUTION:
6 Ways to Get into the Game

1



Get aggressive about marketing

In a tough market, you need all the help you can get.

Since the Leochas aren't working with a realtor, they have to be especially assertive about bringing their property to the attention of buyers. Toward that end, they paid \$900 to list the house on ForSaleByOwner.com and put it on the multiple-listing service so realtors representing buyers see it. But, says David Lawrence, author of *For Sale by Owner*, "they have to be a lot more aggressive than that." He suggests they advertise in the local newspaper (cost: less than \$250 for an eight-line weekend ad), distribute fliers at local realtors' offices and hold an open house for buyer's agents. They should also add a virtual tour to their Web listing and update their MLS description or add new photos every 30 days, since realtors sometimes sign up their clients for automatic e-mails of new and updated MLS listings.



AFTER



BEFORE

➤ **ROOM REDUX** A finished basement is worth more than a below-ground bedroom: Stagers took out the bed and moved in den-like furniture.

2 See your house as others see it

In this market, buyers aren't going to select a home based on its possibilities. Instead, says realtor Damon Nicholas, "they'll choose what they want to live in now." The Leochas have listed their home as a four-bedroom, but the house technically has only three—the fourth bedroom, in the basement, isn't a legal bedroom because it doesn't have a closet. Moreover, the design isn't as family-friendly as four bedrooms above-ground, and most people

want to use a basement as a rec room. Jeannie believes that a buyer who really wants a fourth bedroom on the top floor could convert the giant master suite into two rooms. But Candace Moe, a realtor and co-owner of Staged Homes of Virginia, thinks prospective buyers may feel misled once they see the house. The advice: Change the listing to a three-bedroom with a finished basement, and turn the downstairs space into the study shown above.

3 Price it right

Nothing counts more than price. The Leochas used the price of other homes in the area as a benchmark to set their asking price. But most of those houses have four bedrooms; since the Leochas' home has only three, it is overpriced by \$50,000, says Joe Grouby, a member of the American Society of Appraisers. Realtor Moe recommends dropping the price from \$676,000 to \$624,900. But the Leochas balk, convinced that they can get more, and drop the price by just \$26,100 to \$649,900. Says Jeannie: "We want room to negotiate."

4



Shower them with extras

Everyone likes to think they're getting a bargain. Even a small incentive can make buyers believe they're getting the better end of a deal and may tip the scales in favor of a sale. While the Leochas can't match the freebies that builders are increasingly offering on new homes—gourmet kitchens and spending sprees at Pottery Barn, for example—they might offer to pay some

of the buyer's closing costs, provide a home warranty covering repairs for the first year (say, if the AC breaks down or the fridge dies) or throw in a washer and dryer for free. To entice more brokers to show the property, their marketing materials should trumpet the fact that they're paying the traditional 3% commission that buyer's agents get. Hey, realtors need a little motivation too.

5



Update your look with smart cosmetic fixes

Of course you hate to spend money on a home you are trying to sell. But a few targeted investments to make the house look better can pay off in a faster sale or a better price. The Leochas' bathrooms are outdated, for instance, so Moe suggests refinishing the cabinets, installing new light fixtures and updating the knobs and faucets for a more modern feel. Cost: \$200 to \$400 per bathroom. If you have a discerning eye, you can figure out the most effective changes to make yourself. Or you can hire a professional stager: A consultation might cost \$200 to \$400; if the stager executes the plan, expect to pay between \$1,500 and \$6,000, depending on the work involved.

6



Make it vanilla

Buyers need to be able to visualize their own belongings in a room, says Moe's partner, Chelle Gassan. If your taste is too unusual, they can't do that. The Leochas, for instance, had teal-colored walls in the master bedroom but repainted them a more neutral color at Gassan's suggestion. The stager also recommended removing a standing glass cabinet filled with knickknacks from the foyer. "People walk in and look at your stuff, not your house," Gassan says. The goal is not for people to admire your home but for them to be able to imagine it as theirs.

THE OUTCOME

The Leochas have made most of the suggested cosmetic changes but haven't done more marketing and are holding firm on the four-bedroom listing and price. They still haven't gotten an offer, in part because so few buyers have come to look at the house. If their home doesn't sell soon, the couple say, they'll hire a realtor to take over the marketing for them.



WALL POWER The original teal walls might put off some buyers. Solution: Repaint a more neutral color.



PROBLEM:

Tough Competition

HOMEOWNERS Britt Skrivanek, 31, and Athena Gu, 29
LOCATION Georgetown, Texas, a suburb of Austin
THE HOUSE 4 bedrooms, 2 bathrooms, 1,800 square feet
ORIGINAL LIST \$163,000
TIME ON MARKET Six months

MARKET INTELLIGENCE Across the main road from Skrivanek and Gu's subdivision, the same builder that constructed their home in 2001 is putting up new ones and offering rich incentives.

When Britt Skrivanek landed a new job in northern Virginia last September, he and his wife Athena Gu were excited. The job—developing software applications for a big defense contractor—meant a fatter paycheck and a promising new career track for Skrivanek, a former artillery specialist who left the Army in 2003 to work in information technology. The game plan: Gu would stay in Texas with their four-year-old daughter Deanna, continuing her job as a data analyst for the University of Texas until their home sold. The couple figured the separation would last a few months.

But nearly six months and more than 50 showings later, they've gotten only one offer, which fell apart in a clash between the buyers and the homeowners association. They've tried sprucing up the place to enhance its appeal by adding a formal table and chairs to the dining room, storing some furniture and personal items to make the rooms appear more spacious, and repairing broken fixtures. Still nothing. Meanwhile, Britt lives in a one-bedroom rental apartment and flies home once a month—the couple can't even think of buying in the more expensive northern Virginia area until they sell their Texas home. And they're desperate to reunite as a family. "We never thought it would take this long," says Britt. "Living apart is really stressful."



> **POINT OF VIEW** To give the room a focal point, stagers moved furniture away from the walls and took out the entertainment center (at right).



AFTER

5 SOLUTION: Ways to Make a Starter Home Stand Out

1



Create a better first impression

Buyers usually seek out large rooms, and clutter is never appealing. To ensure that Skrivanek and Gu's house looks inviting to prospective buyers when they first walk in, Barie Pinnell and Evie Boston, stagers at WRE Interiors, suggest a few visual tricks to make the sparsely furnished living room and den look warmer and more spacious. Among them: Create a focal point in the living room by moving the couches away from the walls and positioning them adjacent to the fireplace.

Then add new curtains and throw pillows to brighten up the room. The nearly empty den would look better with a neater desk and bookcase, artwork on the wall and computer wiring tucked away. Becki Gregg, owner of Home Girl Staging, urges Skrivanek and Gu to clear off countertops and clean out closets to make the house look more spacious. She says, "It's hard for a homeowner to see that items they use every day, such as a calendar on the refrigerator or a coffeemaker, just look like clutter to a potential buyer."

2



Fix what's missing

You have to understand what the competition has that you don't. So visit open houses in the area and do some honest comparisons, advises Vickie Sneed of Hot on Staging. Skrivanek and Gu fall short on landscaping: Although Gu has planted a few bulbs in the yard, it looks bare compared with their neighbors' lush foliage. For less than \$100 they can put mulch on the planting areas, trim shrubs and add colorful annuals to the planters on their front porch.

3



Make it look like a bargain

Skrivanek and Gu, like most sellers, based their asking price on what other homes in their neighborhood were listed for. Instead, they should ask their realtor for the going price on houses that are under contract or have sold in the past month or two. "You have to look at what's actually selling, not what people are hoping to sell their homes for," says Denise Riordan, a vice president at realtor NRT. Then price the home lower than those recent sales so it looks like a great deal. "You need a dramatic number to generate interest," says Riordan's partner, Jay Schweppe. Best-case scenario: The perception of value will attract multiple bids as buyers compete with one another, driving up the price.

AFTER



BEFORE



► **MAKE IT LOOK LIVED IN** The sparsely furnished den was cold and uninviting. Solution: Reposition the bookcase and desk and get rid of clutter.

4



Get past old expectations

Listing your house below what other homes in the area are selling for is a tough emotional hurdle for many homeowners, especially if neighbors sold their homes for much loftier amounts just six months or a year ago. But with a new development going up just across the road—one that's offering powerful incentives to both buyers and realtors—it's especially important for Skrivanek and Gu to undercut the competition on price. Yet they can't bring themselves to go that far:

Although Riordan and Schweppe's formula suggests a deeper cut, the couple decide to lop \$2,000 off their price, bringing it to \$161,000. Riordan is pleased that they've lowered the price but worries that the drop won't be quite big enough. "Sellers still want what their neighbors got two years ago, but that's ancient history in this real estate market," she says. "You have to put aside your emotional attachment to your home and treat the sale like any other business transaction."

5

OPEN HOUSE

Generate more enthusiasm

Aggressive marketing can help a home break away from the pack when there's an oversupply of houses on the market. Riordan urges Skrivanek and Gu to update their MLS listing and hold open houses, both for the public and for realtors who represent prospective buyers. If the agents like what they see, their clients will soon follow.

THE OUTCOME After updating their MLS listing with pictures of their staged home and the reduced price, Gu and Skrivanek held an open house in March and got an offer the same day. The final price, \$159,000, was just \$2,000 below what they'd hoped to get. Most important, they are overjoyed that the whole family will soon be living together again. **\$**

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