

The West Essex Market Study

How to Sell Your Home Quickly and Save Money While Doing It

My name is Brian McCabe and I am a marketer. In the world of residential real estate a marketer positions houses so they will sell.

It doesn't matter whether the market is appreciating, depreciating or static, the right positioning will sell houses. In fact, a well-positioned house will not only sell quickly, it stands a good chance of selling for list price or even for more than list price...even in today's market!

How do I know that? Well, it's not hearsay, nor is it wishful thinking. It's based on facts that I uncovered when I drilled deeply into 2008 home sales data that I pulled from the eight West Essex (NJ) towns (my primary trading area) of **North Caldwell, Caldwell, West Caldwell, Roseland, Essex Fells, Verona, Cedar Grove and Fairfield**. The result of this work is called *The West Essex Market Study*, and I offer it to you with no strings attached.

Naturally, if you are thinking about selling your home I would like to list it for you. Coldwell Banker's #1 share of market in the West Essex area is well deserved and, when combined with the understandings derived from the *Market Study*, you will have a powerful team working to get your house sold. However, whether or not we do business has no bearing on the value of what you will read here.



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The Study's Two Goals

The West Essex Market Study had two goals:

1. Identify the cost of remaining on the market for an extended period of time before closing.
2. Learn why some houses sell quickly... within 30 days of being listed...at list price or even at more than list price.

The study achieved both of those goals. In short order it will be clear why it makes so much sense to emulate what these fast-sellers did so that you, too, can sell fast *and* save money. As a realtor, my job is to help you do just that.

About the Study Sample

The Garden State Multiple Listing Service (GSMLS) was used to gather information about 2008 single-family home sales. As noted before, the towns included in the study studied were **North Caldwell, Caldwell, West Caldwell, Roseland, Essex Fells, Fairfield, Verona and Cedar Grove**. They share common borders, have similar housing stock and demographic profiles, and are all considered to be fine places to live and raise families. And, from a statistical point of view, by combining the eight town's sales data, there was enough information to paint a clear and reliable picture.

GSMLS identified 513 sales transactions, which went under contract in 2008 and ultimately closed. The average Sale Price was \$540,842.63, which was \$46,081.38 (6%) below the average list price of 586,924.01. The 513 houses averaged 80 days on market.

2008 Single Family Home Sales in West Essex

Total sales	513
Original List Price (av.)	\$586,924.01
Sales Price (av.)	\$540,842.63
Difference \$ (av.)	\$46,081.38
Difference % (av.)	-6%
Days on Market (av.)	80



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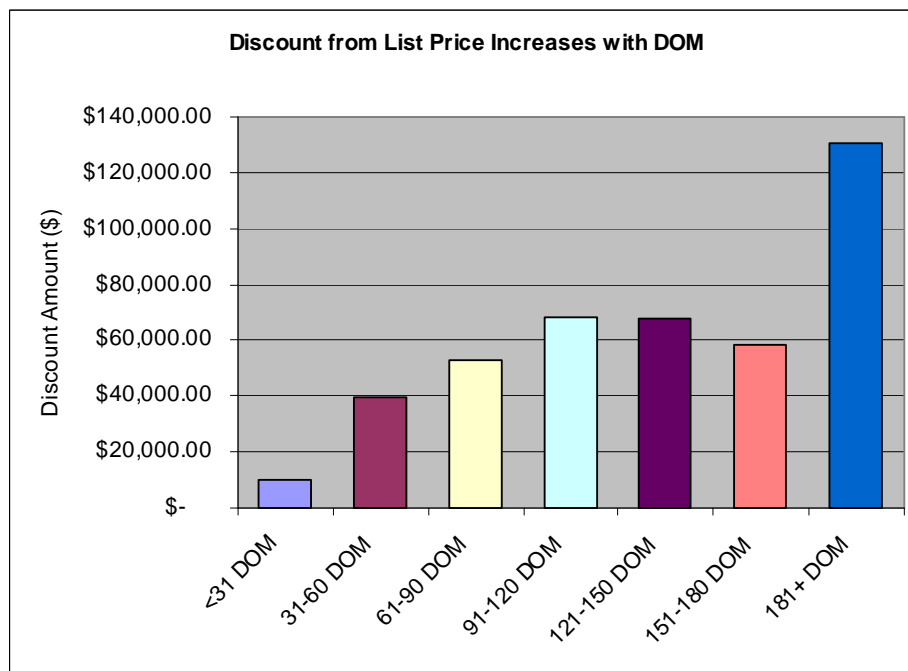


Days-on-Market Analysis Yields Valuable Insights

Using the total number of 513 sales as the baseline, the study sought to illuminate the effect that the number of days on market had on sale prices. The assumption was that the longer a house remained on the market the more likely it was to sell at a steeper discount to its list price. To test that assumption, seven DOM ranges or groups were defined, each one spanning 30 days except for the last range of 181+ DOM. Each of the 513 sales transactions, then, fell into a DOM range.

Days on Market Ranges	<31	31-60	61-90	91-120	121-150	151-180	181+
Percent of 513 Sales	31%	21%	18%	8%	8%	3%	10%

As the following chart shows, the DOM assumption...that the longer a house remained on the market, the more likely it was to sell at a steeper discount to its list price...was held to be correct. The height of each bar represents the average discount from the list price that houses sold for in a DOM range. For example, sales of houses in the 31 to 60 day range (2nd bar from left) required sellers to trim about \$40,000 off their list prices.



The following table provides detail on each DOM Range.

DOM Range	<31	31-60	61-90	91-120	121-150	151-180	181+
Percent of 513 Sales	31%	21%	18%	8%	8%	3%	10%
Original List Price (av.)	\$563,908.56	\$584,828.83	\$556,554.34	\$567,323.26	\$587,079.95	\$509,225.25	\$775,228.28
Sales Price (av.)	\$553,837.50	\$545,079.44	\$503,757.07	\$499,100.23	\$519,412.14	\$451,187.50	\$644,783.00
Difference \$ (av.)	-\$10,071.06	-\$39,749.39	-\$52,797.27	-\$68,223.02	-\$67,667.81	-\$58,037.75	-\$130,445.28
Difference % (av.)	-2%	-6%	-9%	-12%	-13%	-11%	-16%
% selling at or above list	41%	7%	3%	0%	0%	0%	0%



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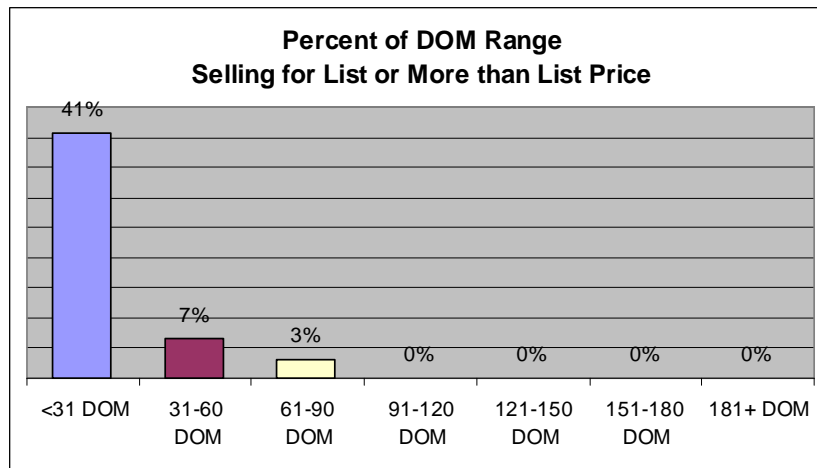


Fast Sellers, Up Close

The dramatic contrast between the 30-or-fewer-days group and the other DOM groups makes it clear that if you want to sell a house in today's real estate market this is the group to emulate.

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First, the group represents nearly a third (31%) of the houses sold in West Essex in 2008. Now, check out the bottom figure in the <31 column. Among the houses that sold in 30 or fewer days, 41% of those houses sold for list price or for more than list price. In comparison, only 7% of the sales that took place between 31 and 60 days sold at list or at more than list price. This chart below displays the bottom row of data in the above table.



When time is not on your side...

...marketing your house at the right price is very, very important! And remember, selling fast reduces the pileup of carrying costs such as existing debt service, insurance, taxes and maintenance and doing so avoids the impact of any further price depreciation. So, the point is that the cost of time can be mitigated by a sound pricing strategy and smart marketing.



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The Fast-Sale Story Gets Even Better

Based upon the findings of The West Essex Market Study I believe that any serious seller's interests are best served by selling as quickly as possible. But, if there are any lingering doubts, the following facts should dispel them.



To review, 31% of the 513 sales in the study (160 sales) sold in 31 or fewer days. That means that they were priced such that they more accurately reflected the market than did the other houses in the study. How do we know that? Look at spread between list and sale prices for all *fast-sale* houses (\$10,071.06 below list) versus all 513 sales (\$46,081.38 below list). That's more than a \$36,000 difference!

Now, take note of the green bar on the right. The houses which sold for list price or for more than list (41% of the *fast-sale* group total of 160 houses) did so for an average of \$20,246.67 per house. As you know, this wasn't too remarkable a few years ago when aggressive buyers bid up house prices, but today it is and it proves the power of right pricing.

Another Important Way to Think About Right Pricing

If 41% of the *fast-sale* houses sold for list price or more than list price, then 59% sold below list. In fact they sold for an average of \$26,552.32 below list. That's not good. But how bad is it?

While these *fast-sale* houses sold for an average of \$26,552.32 below list price, the average for all 513 houses in the study was \$46,081.38 below list. That's a big difference. It means that potential buyers did not perceive the list prices of these *fast-sale* houses to be so out of line with fair market values that they stayed away.

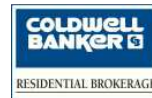
Had the perceived difference between list prices and fair market values been much greater, realtors and their buyer customers would not have paid any attention to the offerings. The reason is, quite simply, that there are too many houses on the market to be worth the bother. That is why it is so important to begin marketing at a realistic price. To do otherwise means your house will generate little or no interest.



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The First Two Weeks Tell the Story

The connection between right pricing and potential buyer interest underscores one of the under-appreciated realities of marketing houses. Its importance cannot be overstated:

The greatest amount of buyer activity will take place
within the first two weeks of marketing.

This is when realtors have the most impact. If they believe a house represents a good value...that it is priced in accordance with the market...they will bring out their buyers. You'll feel it at your broker open houses (whether or not your realtor serves shrimp or peanut butter on Ritz Crackers) and you'll feel it at your buyer open houses. If you don't feel it, your house badly positioned.

This is going to come across as self serving, but if you are thinking about trying to sell on your own...or you are already doing so...you should reconsider. One reason is pricing strategy. Creating a pricing strategy that will get your house sold in today's market takes skill and experience coupled with a solid understanding of the market.

The other reason is leverage. Every realtor works with multiple, pre-qualified or pre-approved buyers who all want to buy houses. Without that kind of leverage...the leverage that only realtors can provide...it is very, very difficult to sell houses in this market.

Three Reasons Why I Did the West Essex Sales Study

The first was to gain, for myself, a deeper understanding of what was going on in the West Essex market. Being armed with facts is better than being armed with assumptions.

The second reason is that homeowners, many of whom are under considerable pressure to sell, deserve a factual basis for the pricing and marketing recommendations that I provide. After all, this is not the time to *hope* you are making the right decisions. You need to *know* that you are.

And lastly, for those who would consider doing business with me it's important to have a clear understanding of how I approach my business. If you found value in what you have read doesn't it make sense to get together? When we do I will give you a set of recommendations that will give you a good chance of selling your house quickly and at the best possible price.

To learn more about how I do business, visit my Web site at www.wessex-homes.com where you will see one of the ways I bring buyers into the market. Also, if you know anyone who is thinking about selling a home, my Web site offers a .pdf version of *The West Essex Market Study*.



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