

Off-Market Transactions Hurt Sellers By Shutting Out Buyers Who Might Pay More

The sale of homes without listing them on the MLS frustrates would-be buyers who were waiting for just such a home. Those frustrated buyers might have paid more than the actual buyer, in which case it's fair to say that both buyers *and* sellers have been harmed.

This is an update of a column with the same headline published exactly a year ago. On March 22, 2018, I wrote that in January and February of that year 4.4% of the sold listings were only entered on the MLS after closing. It's even worse *this* January and February, when the percentage of Denver sales showing zero days on market rose to 6.3%. Another 2% sold in one day, which is still not enough time to expose a listing to all potential buyers.

I have determined that with proper exposure, 4 days is the "sweet spot" for listing a home and getting the highest possible price for it. That is office policy at Golden Real Estate, violated only when the seller insists on selling sooner for one reason or another, such as to a friend.

Analyzing those 101 Denver sales in January and February, the median sale was for full price, which makes sense. However, half the 86 Denver homes which sold after 4 days on the market garnered from 1% to as much as 10% above their listing price. *That can amount to a lot of money "left on the table" by sellers who chose (or were convinced by their agent) to sell without exposing the home to more buyers via the MLS.*

It's reasonable to ask how listing agents may have profited (at their seller's expense) from keeping listings off the MLS. An analysis of the Denver listings that were entered as sold with zero days on market this January and February reveals that 20.8% of them were double-ended, meaning that the listing agent kept the entire commission instead of sharing it with a buyer's agent. Not one of the homes that sold after 4 days on the MLS was double-ended. It seems obvious to me that many listing agents are convincing their clients to sell without putting their home on the MLS so they can increase the chance of doubling

their commission. Putting their self-interest ahead of their clients' is a serious violation of both ethics and law.

This is not to say that zero days on the market is *never* in the best interests of the seller. For example, the seller and buyer might know one another, or otherwise found each other, and simply asked an agent to handle the transaction without seeking other buyers. Or perhaps it was a for-sale-by-owner property where an agent brought the buyer and entered the sale on the MLS after closing as a courtesy to other agents and to appraisers. Or a seller might ask to keep the home off the MLS because he/she does not like the idea of opening their home to lots of strangers.

One would hope, however (and sellers should expect), that when a broker double-ends a transaction, he or she would at least give the seller a break on the commission, rather than keeping the portion (typically 2.8%) that would have been paid to a buyer's agent. This practice is referred to as a "variable commission" and is office policy

at Golden Real Estate. Unfortunately, however, only two of the 21 listings that was double-ended and sold without being put on the MLS offered their sellers this discount. The other 19 enjoyed the windfall of keeping the full commission to themselves, without sharing that windfall with their sellers.

Some agents put listings on Zillow as "coming soon" while holding them off the MLS as a technique of finding a buyer before other agents know about the listing. The Real Estate Commission addressed this practice in a 2014 position statement, stating that "if the property is being marketed as 'coming soon' in an effort for the listing broker to acquire a buyer and 'double end' the transaction, this would be a violation of the license law because the broker is not exercising reasonable skill and care." Further, the commission stated, "a broker who places the importance of his commission above his duties, responsibilities or obligations to the consumer who has engaged him is practicing business in a manner that endangers the interest of the public."

Sadly, that is still happening.

REAL ESTATE TODAY



By JIM SMITH, Realtor®

'Preferential Voting' Is a Great Method for Dealing With Primary Elections With a Dozen or More Candidates

With over a dozen candidates now vying for the Democratic presidential nomination, I have a modest proposal. Let those states holding primaries do what Australia does for most of its elections and employ a preferential voting system.

Under such a system, voters rank the candidates in their order of preference. If no candidate receives at least 50% of the votes, the candidate with the lowest number of votes is eliminated and the second choice of that candidate's voters are counted. If that doesn't produce 50% or more

votes for any candidate, the candidate with the now lowest vote count is eliminated and those voters' next favorite candidates receive their votes. And so it continues until one candidate receives at least 50% of the votes.

If done for the general election, this could encourage third-party candidates. Such a candidate couldn't function as a spoiler, because if the top candidate does not get at least 50% of the votes, the third-party candidate is eliminated and his/her voters' second choices are counted.

Electric Vehicle Event April 20

Golden Real Estate is celebrating Earth Day by holding an electric vehicle round-up on Saturday, April 20th, from 10 am to 3 pm in our South Golden Road parking lot.

It's a national event, called "Drive Electric Earth Day," organized by Drive Electric Week, which is held every September. As with that event, we're inviting owners of electric cars, trucks and motorcycles to show their vehicles and maybe offer rides. You can register online at www.DriveElectricWeek.info as either an EV owner or attendee

As an extra added attraction, I have invited Best Electric Bikes USA (who sold me my electric bicycle a few years ago) to set up shop and bring some electric bikes for test rides. Research has shown that owners of electric bikes ride more often and therefore get more exercise than owners of non-electric bikes. It's true for me!

Affordable Lakewood Condo Just Listed by Andrew Lesko



Check out this sunny garden level condo at **381 S. Ames Street, Unit B-105**, just one mile east of the Belmar shopping district with easy access to downtown Denver. *It was just listed this week for only \$198,000.* This recently updated condo comes with stacked washer/dryer, newer cabinets, granite countertops, and top of the line berber carpeting & ceramic tile floors. It's affordable Lakewood living for the first-time or downsizing home buyer. This end unit comes with 2 reserved parking spaces and low HOA dues (\$157/month) which include heat & hot water, a clubhouse and swimming pool! At this time, this is the only 2-BR, 2-bath condo under \$200,000 in Lakewood. Watch a narrated video tour at www.LakewoodCondo.info. Andrew will hold it open Saturday, 11am - 3pm.



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