

## Hot Market Makes 'Pocket' Listings and 'Coming Soon' Signs More Common

Every listing agent lives for the opportunity to "double-end" a transaction — that is, to avoid giving up half his or her commission to a buyer's agent.

At, say, a 6% listing commission on a \$400,000 home, that could mean earning \$24,000 instead of less than \$13,000.

Now that listings are selling quicker, we're seeing agents even more eager to reduce the likelihood of paying that "co-op" commission.

Overall, less than 5% of transactions are double-ended. Said another way, listing agents share their listing commission with a buyer's broker more than 95% of the time.

So, how do listing agents increase the chances of selling their own listings and doubling their earnings?

For me, increased direct marketing has been the primary technique. Advertising my listings in this space, putting video tours on YouTube, and offering the free moving truck (and free labor if the buyer has no agent) have worked nicely for me, but once a listing is on the MLS, the chances are that one of the thousands of other agents out there is likely to find a buyer before I do.

Only by keeping a listing off the MLS does a listing agent significantly boost his or her chances of selling a listing.

MLS rules, however, say that a listing must be entered on the MLS within three days of signing the listing agreement. Nevertheless, by inserting a provision in the listing agreement that the broker shall keep the listing off the MLS until a specified date, the listing agent can override that requirement.

When an agent uses this technique, it is called a "pocket listing,"

meaning that the listing is in his or her "pocket" and not available to other agents.

Is such a listing in the seller's best interest (which agents are required to put ahead their own)? Wouldn't it be in the seller's best interest to expose the listing as widely as possible? Absolutely — unless the agent reduces his or her commission when there is no buyer's agent to pay. This is called a "variable commission." Most agents would agree to a variable commission if asked, but most sellers don't know to ask. At Golden Real Estate, our practice is to offer it without the seller asking.

There are good and honorable reasons to have a pocket listing. I just listed two homes in Golden as pocket listings because the seller doesn't want to move until late summer, but at the same time doesn't want to miss out on the current seller's market. I suggested that both sellers let me promote

their home and even show it to prospective buyers for whom waiting until late summer might work. To do that, however, I needed the protection of an exclusive listing agreement — hence, they became pocket listings, at least for now.

With a pocket listing, there is no sign in the ground and no advertising of the listing — or else you'd see my two pocket listings sharing this week's advertising space!

Some agents with pocket listings do something that is increasingly annoying to fellow agents — they put a sign in the ground with a sign rider that says "Coming Soon." This strategy works especially well at a time like now when buyers are scouring their favored neighborhoods for signs and call the listing

agents whose names and numbers are on those signs. A less than honorable agent will gladly show the home to an unrepresented buyer while telling inquiring agents, "It will be on the MLS next week."

The Rules & Regulations Committee of MetroList, on which I sit, has been debating this issue for ages, but has yet to adopt a rule I favor, which would be to require any MLS member who puts a sign in the ground, with or without the "Coming Soon" sign rider, to put it in the MLS within three days, where it can specify when showings will begin. When I have had listings not ready for the MLS, that's what I have done so buyers will know it's going to be available and they can choose to wait for it.

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