

# Valley of the Sun Real Estate Update

June, 2003

## Why use a Real Estate Agent?

### This Month: Advantages for Sellers

Last month we looked at several of the advantages that Buyers enjoy when they choose to work with a licensed agent. These included professional representation, access to the Multiple Listing Service, money-saving negotiating skills, and the security of having someone guiding the purchase contract through the escrow process.

Sellers, of course, will enjoy many of these same advantages, but there is a big difference: In almost all cases, it is the Seller who will actually pay for the services of the agents in the transaction—both their own Listing Agent, and the Buyer's Agent as well. As a result, the Seller has a pretty big financial stake in the selection of an agent. What can an agent offer to justify that expense? Is it possible that working with an agent can actually save you money?

First off, let's look at just what the costs are likely to be. While Federal law prevents agents from establishing uniform fees, many agents here in the Valley will charge a 6% commission for listing a home. The Listing Agent will typically keep 3% for themselves, and offer 3% to the Buyer's Agent. Many agents will also discount their fee to 5% if you use them for both the sale of your current home and the purchase of your new home, keeping just 2% for themselves while still offering 3% to the Buyer's Agent.

In an attempt to reduce these costs of sale, some Sellers will try to sell their home by themselves. However, most Buyers will still be working with agents, and the Seller will need to figure 3% for that into the list price. So selling on your own will likely only save you 2-3%, not the full 6%. Another option some Sellers choose is to work with a so-called Discount Agent, who will take a listing for 4 1/2%, again with 3% going to the Buyer's Agent. The risk here is that a cut-rate fee will get you cut-rate service. Additionally, as we will see below, the apparent savings on commission may not really net the Seller any additional funds by the time the deal has come to a close.

In both of these scenarios, the Seller takes a big risk by not securing the best possible marketing for their home. If a home is not exposed to the marketplace, Buyers won't know about it, and it may take many months to sell. Additionally, a Seller who does not have a solid grasp of the market can easily list their home for too little or too much.

The danger of under-pricing is clear—you could have gotten more for your home if you had priced it correctly. The dangers of over-pricing are less obvious, but potentially even more severe. An over-priced home will not sell in a timely fashion, and that will negatively affect the Seller in two ways. First, every month the home does not sell means another month of expenses—mortgage payments, insurance, HOA fees, etc. It is easy to see that the "savings" of selling on your own or through a discount agent can be rapidly eaten away if your home languishes on the market. Secondly, this effect is magnified by a related dynamic: the

longer a home is on the market, the less it sells for. Nationally, a home that sells in a month or less averages about 98% of the listed price. From one to three months, that figure drops to 96%, and to 94% from three to six months. So, the longer it takes to sell your home, the more it will cost in continued expenses, and the less you will get in net proceeds when it finally does sell.

Here in the Valley, the average home sells in 57 days, for 97% of the list price. At Lucas Realty Group, our listings average just 39 days on the market, and our average sales price is almost 99% of the list price. With a quicker sale at a higher price, our clients can actually net more on their home sale than Sellers who try to save a few percentage points on their listing costs.

While price is always a significant factor in a real estate deal, it is not the only factor. For many Sellers, it can be important to have the peace of mind that comes from top-notch professional representation. We can deliver this level of performance because of our experience in the marketplace, our full-service staff, our negotiating skills, and our broad exposure in a variety of media. Our listing coordinators will work with you to establish the appropriate list price for your home, ensuring that it will be competitively positioned in the local marketplace. Our veteran agents will explain the lengthy sale process to you, and negotiate the best possible terms on your behalf. Once we have a contract in place, our transaction coordinators will help you stay on top of all the details of the sale, and ensure that the title company gets all the necessary documents in a timely fashion. Through it all, your agent will serve as the primary point of contact for the Buyers and their agent, allowing you to focus on the many other demands on your time while the sale process advances towards a successful close of escrow. So, using a good agent can save you time, money, and hassles as you sell your home.

## On the Home Front

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## Recipe of the Month

### Pasta with Shrimp in a Cream Sauce

2 cups heavy cream  
2 Tbs butter  
½ Tbs corn starch  
¼ tsp nutmeg  
½ cup grated Asiago cheese  
6 oz fettuccini  
½ lb shrimp  
4 Roma tomatoes, diced  
1 Tbs olive oil

This recipe is somewhat more challenging than the ones from earlier in the year, but it is well worth the effort. Once you have worked with the ingredients a few times, you will be able to dazzle your friends with the array of cream sauces you can create. This basic formula can easily be modified to use chicken breast instead of shrimp, and a little experimenting will let you mix in a variety of other flavors.

1. In a medium saucepan, combine 1 1/3 cups of cream, butter, nutmeg, and corn starch; thicken over medium-high heat for 10-15 minutes. Note: be sure to mix corn starch into cream before heating to prevent clumping. Stir frequently to prevent mix from sticking to the bottom or boiling over.
2. In a large pot, bring to a boil enough water to cook the pasta. Boil the pasta for 10-12 minutes, or as per directions on the package. Stir periodically to ensure even cooking. Remove from heat when done.
3. Meanwhile, heat the olive oil in a large skillet over medium-high heat. Sauté shrimp for 5-7 minutes, or until almost cooked & tender. With about 2 minutes left, add tomatoes and continue to sauté. When done, drain excess liquid from skillet and set aside.
4. When pasta and shrimp are ready, finish the sauce by stirring in the grated cheese. Add the remaining 2/3 cup of cream to thin the sauce to the desired consistency.
5. Drain pasta, and split portions into large bowls. Add shrimp & tomato mix on top, and spoon cream sauce over everything. Enjoy!

This recipe is designed for 2 hearty portions. Serve with garlic bread and a strong white wine. Add a spinach salad if you want a larger meal. For a different style, add 4 oz sausage to the sauté mix, and serve with red wine.

## Culture Corner

### Quick reviews of some recent favorites

#### Books:

**Food:** Sunday Brunch at the Phoenician. Wow. It's not cheap—about \$55 per person—but the food is incredible. Eggs in every variety, shrimp, crab, and salmon galore, freshly grilled meat, a room full of desserts, complimentary champagne, and that's just scratching the surface.

**Movies:** "Dogtown and Z-Boys" documents the rise of skateboarding from a quaint hobby to a counter-culture phenomenon to a mainstream sport in just a few decades. Extensive interviews and film clips show how a small core of amazing competitors gave birth to a new sport. On DVD.

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## How much is my home worth?

**If you would like a free Current Market Analysis of your home, please fill out this form:**

\_\_\_\_\_ I'm not thinking of selling my home. I'm just curious about value. Please send me a complimentary current market analysis.

\_\_\_\_\_ I'm thinking about selling my home. Please send me a complimentary current market analysis plus a Home Seller's Handbook with information about Lucas Realty Group, our "Common Sense Commission Plan", "Aggressive Marketing Plan", and other money-saving tips.

#### Home Description:

Stories: \_\_\_\_\_ Sqft: \_\_\_\_\_ Beds: \_\_\_\_\_ Baths: \_\_\_\_\_ Pool: \_\_\_\_\_ Garage Size: \_\_\_\_\_

Other features and upgrades: \_\_\_\_\_ Condition of home: \_\_\_\_\_

**Send this form back:** fax: 480-940-7111 mail: 9880 S. Rural Rd. #8 Tempe AZ. 85284 e-mail: Ken@LucasRealtyGroup.com

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