

Sellers, their agents suggest one-two punch

Invest in face-lift, they say, and keep your asking price moderate

Marni Leff Kottle, Special to The Chronicle
Sunday, June 1, 2008



BANK OF THE WEST
FOR DETAILS AND
TO FIND A LOCAL BRANCH
[CLICK HERE](#)
MEMBER FDIC

Before putting their Outer Richmond condo on the market, Megan Christoph and her husband, Scott Davis, repainted the entire apartment. They replaced the faucets and showerhead, replanted the yard and had the hardwood floors refinished.

The couple borrowed plants and artwork from friends and bought a new dining room table and chairs on Craigslist. Then Christoph and the couple's two children moved out for several weeks to keep their home pristine for the open houses and tours.

"We were very nervous to be selling in this market," said Christoph, who worked in real estate from 2002 to 2004 before returning to social work. "Out by Ocean Beach is a great place to live, but it's not necessarily where the 20-somethings and 30-somethings want to go. We felt like we had to make it look really good."

While real estate agents say that in any market sellers should put their best face forward by repainting, investing in landscaping and cleaning up the home, they say it's especially true in a down market. The other key to selling a home quickly that becomes even more critical in a slow cycle is pricing, according to agents including Cynthia Cummins, who helped Christoph sell her home.

Evaluating similar homes that sold in the neighborhood, Cummins said Christoph and Davis could have priced the house as high as \$625,000.

"They opted to list it for \$589,000 to make the price as attractive as possible," said Cummins, an agent with McGuire Real Estate and Christoph's boss during her two-year stint in real estate. "That may have been the single most important thing."

After a little more than two weeks on the market - what Christoph said felt like an eternity - the couple received two offers. They agreed to sell their home for \$577,000, less than the listing price, and settled on a 30-day close.

"I didn't feel like I could say no to that," said Christoph. The sale closed May 23 - well before the end of the school year for her children. "I didn't feel like I could ask for those extra 14 days and still close the deal. All I wanted was to close the deal."

The family's experience underscores that it's anything but business as usual for sellers in San Francisco, where home prices zoomed up during the first half of the decade, and year after year of double-digit

growth fueled a housing market where it took little more than placing a "for sale" sign out front to start a bidding war.

But San Francisco sellers say those days are long gone.

The median price of an existing single-family home in San Francisco was \$850,000 in April, unchanged from the same period a year earlier, according to DataQuick Information Systems. The median price of an existing condo was also essentially unchanged at \$783,000 for the same period. The number of single-family homes sold in April 2008 dropped 12 percent, while the number of condos fell 6.3 percent compared with April 2007.

Bleak statistics

The annual totals for each of the past three years present an even grimmer picture. The number of homes sold in San Francisco hit an all-time high of 9,304 in 2004 and has fallen every year since then, according to DataQuick. Just 6,294 houses and condos sold in San Francisco last year, a 32 percent plunge from the 2004 peak.

"When housing prices are going up, everybody wants to buy a home and owning a home is the best thing in the world," said Christopher Thornberg, co-founder of Beacon Economics, a consulting firm with offices in Los Angeles and San Rafael. "When prices go down, no one wants to buy and owning a home is the worst thing in the world."

Unlike the stock market, where a big fall is often followed by a quick rebound, home prices recover slowly, Thornberg said. "Prices hit bottom and stay there for some time," he said. "Housing markets aren't very liquid and they don't recover quickly from the psychological damage done to home owners."

Ken Rosen, chairman of the Fisher Center for Real Estate and Urban Economics at UC Berkeley, echoed Thornberg's sentiments about the role that psychology plays in the housing market.

'Psychological uncertainty'

"While housing prices have dropped a little, the Bay Area is still a very expensive place to live," Rosen said. "It's a big purchase and there is a lot of psychological uncertainty still in the market."

Rosen said that another significant challenge for sellers is finding buyers with enough cash - a down payment of at least 10 percent and in many cases 20 percent - to satisfy lenders and secure a loan.

"Credit is the problem for buyers today," he said. "If you're the seller and the buyer is in a prequalified situation, then that's something you can feel very good about."

Homes are still moving rapidly in certain neighborhoods where supply is always limited, but even homes in the far corners of the city are getting sold, agents said, as long as the sellers are willing to play by a new set of rules.

"To sell a home in today's market, you need either immediate emotional appeal or immediate value appeal," said Avram Goldman, president and chief executive of Pacific Union GMAC Real Estate, who

wrote a report for his agents last month on the topic complete with acronyms - IVA, or immediate value appeal, and IEA, or immediate emotional appeal - to drive his point home. "If you have both, you are guaranteed a sale. If you have one or the other, it could happen."

Goldman and others in the industry say the No. 1 way to create that emotional tug is to put on a fresh coat of paint, invest in the landscaping and stage the house.

"Putting the best possible face on a property is always a good idea," said Cummins, the agent who sold Christoph's condo. "It makes a big difference. It used to be that staging led to a difference in price. Now it might make a difference as to whether or not you get an offer."

New kitchen and prayers

For Gracie Lee, who recently listed a home in Silver Terrace that belonged to her sister's estate, that meant putting in a new kitchen, cleaning up the yard, painting and then hoping for the best.

"Because of the market, we just didn't know what to expect," Lee said. "We knew we had a decent house and that would help it sell. We just prayed a lot."

The home sold in four days for its \$579,000 asking price. "The price was really right on and you have to have that for quick success," said Joske Thompson, the agent at Pacific Union who sold Lee's home. Coming up with the right price is the other item on Goldman's list.

"If you have a house that hasn't been touched in 50 years, you have to price it at a level that will attract enough people," he said. "You do that by looking at the current market values, and if you go \$50,000 to \$100,000 below that, you will create enough enthusiasm around the property that buyers will come in and outbid each other to get the opportunity to work on the house."

Robert Merryman, an agent at McGuire, agreed that pricing low is a key component to reeling in would-be buyers.

The 5 percent solution

Merryman advocates a strategy of checking out similar homes on the market or nearby homes that have recently sold and then listing the house for 5 percent less to garner attention.

"If my phone doesn't ring in the first two days, then there is something wrong with the price," Merryman said. "When I'm showing the property three or four times a day, then I know I have a hot property."

For Christoph, whose family is relocating to Oregon to be closer to her twin sister and buy a home in a more affordable location, selling her Outer Richmond condo was anything but a pleasant experience. Since she and her husband did all the work except for the reflooring themselves, there was also a physical toll.

And then there was the fact that her downstairs neighbors got almost \$20,000 more when they sold just 15 months earlier, even though that unit had lesser views and the disadvantage of having upstairs neighbors.

"The market has definitely changed," she said.

Marni Leff Kottle is a San Francisco freelance writer. Comment at realestate@sfchronicle.com.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/06/01/REL01105AJ.DTL>

This article appeared on page **K - 6** of the San Francisco Chronicle

San Francisco Chronicle Sections

© 2008 Hearst Communications Inc. | [Privacy Policy](#) | [Feedback](#) | [RSS Feeds](#) | [FAQ](#) | [Site Index](#) | [Contact](#)