



OPEN HOUSES

Do open houses sell homes or merely promote agents? The honest answer is yes, and yes depending on a few elements.

It's undeniable that it is beneficial for real estate agents to meet new people. That's how we grow our business and open houses present a great opportunity to do just that.

Unfortunately, some agents may use open houses to solely promote themselves. Here's a few pointers to determine if an open house is right for you.

Two examples when open houses are always appropriate:

First, houses located in high traffic areas and are priced in the "starter home" range make excellent choices for an open house. People who were not interested in buying a home yesterday may become interested immediately when they tour a home in their payment range. Open houses are a great way to attract that kind of buyer.

Secondly, any home located in an area of very low housing inventory may be a good candidate for an open house. By forcing potential buyers to wait until an open house to tour a new listing may create additional demand. Seeing multiple buyers touring the same property will create a sense of urgency to write an offer. To be effective, a property should be listed early in the week (so more buyers are aware of the home) with clear instructions on the MLS (and listing agreement) that there will be no showings until the open house.

And now, two concerns about open houses:

After hosting hundreds of open houses, I have found that most lookers tend to over-shop. That is, they cannot afford the house they are touring. Most of these folks shop at 150% of their budget. A savvy agent knows this and hosts open houses for homes of varying price points. If a buyer cannot afford one home, they may be interested in the other. (That is why many FSBO open houses fail. There is only one house being sold and that person looking at it isn't qualified.)

The other concern - which is far more serious - is safety and security. An agent cannot be in every room at every moment during an open house. Scammers and thieves know it is easy to overwhelm an agent or home owner by engaging them in conversation while another partner continues to "tour" the house, stealing small valuables like jewelry and prescription medications and unlocking basement windows and doors to revisit the house later. Real estate agents regularly communicate with each other about these events and unfortunately it's not uncommon.