

Are Real Estate Adages True, or False?

By Richard Stanley

Adages, those succinct nuggets of wisdom, abound in real estate, but are they worth storing in anyone's gray matter? Let's take a look at some:

- 1. The three most important things in real estate are: location, location, location. True, generally.** Many aspects of a property can be changed, but some things are immutable. Location is immutable—land stays put, except for earthquakes and landslides! Location is also unique because surrounding influences affect desirability and, therefore, value. For example, an attractive view adds value. Things like traffic noise; proximity to apartment buildings, commercial or industrial properties; the context of the neighborhood (homogeneity of surrounding homes); the school district; the local municipality—even the street trees affect value. Know the things you can change and the things that you can't if you care about a property's value.
- 2. Buyers are liars. True.** This adage in no way disparages buyers as a group. Rather, it illuminates human nature. We really don't always know what we want. What buyers say they want, and what they buy are often miles apart—literally!
- 3. Don't buy the most expensive house on the block. True, generally.** There is more opportunity for investment growth if a person buys a modest house in a great neighborhood, than if a person buys a great house in a modest neighborhood. Surrounding influences pull value up and down more than the attractiveness of the structure alone—which can be improved. When you own the most expensive house on the block, you are more exposed to potentially deleterious influences upon value.
- 4. Your first offer is your best offer. True, often.** When a seller initially places a property on the market, buyer curiosity and excitement peak. Excited buyers equal better offers. There is a greater likelihood of competing offers (the proverbial “bidding war”) when a property is fresh on the market.
- 5. The longer your house is on the market, the lower the price. True.** The longer a house sits unsold, the lower its sale price because buyer excitement wanes, and the likelihood of competing offers diminishes. Buyers wonder what is wrong when a property goes stale on the market. Often the sole thing “wrong” is the price. Lesson here: get the price right at the outset. Don't think that *somebody* will write an offer even if the price is too high—most buyers will move on.
- 6. If you can smell it, you can't sell it. True.** Remember another adage, too: **If you can't show it, you can't sell it.** If buyers rush out the door because of odors, your property is not shown to best advantage. Before you put your house on the market, rid odors such as mustiness (mold?); smoking odors; garlicky cooking odors—and a current peeve: heavy, synthetic-sweet scented candles, which seem to be the eternal flames of every open house lately. These candles are not appreciated by everyone (some buyers wonder what odor is being covered up), they produce indoor air pollution and present the obvious fire hazard. If you must perfume the air, try the old stand-by of baking bread or cookies. Just don't use the smoke detector as your oven timer!

7. **A backup offer seals the deal for the buyer in first position. Not necessarily true.** Keep the goal in mind here: to get into escrow on a property that's already in escrow. Know that the seller can't cancel an accepted backup offer unilaterally, even if a better offer arrives later. Until notified that the backup offer is in escrow, the backup buyer can unilaterally withdraw the accepted backup offer for any reason. If the deal already in escrow fails, the seller does not put the property back on market and the buyer doesn't risk being in multiple offers. The only risk in writing a backup offer is that buyer and agent waste a few minutes filling out a form. Write a backup offer!
8. **You get what you pay for. Not necessarily true.** Put another way, can a buyer overpay? Of course—that's one reason lenders have disinterested appraisers evaluating properties.
9. **Pretty costs more. True.** Houses that are move-in ready, clean, fresh and attractively presented sell for more than dirty, unattractively remodeled and poorly presented properties. One exception could be the classic "fixer with good bones" that has all the right things wrong. These properties are sometimes bid up by speculators competing with owner-users.
10. **Less is more. True.** If you put your house on the market, the assumption is that you plan to move. If you are moving, you need to "**start packing early.**" Without clutter, your house will look better to buyers—and you will, in fact, move.
11. **The house is always there, but not the opportunity. True.** Houses are unique, and we can't control when a property might go on the market. The best way to seize opportunities is to be prepared. If you think real estate values might decline soon, save your money now. In a soft market, loans are pricey and more difficult to obtain. Then, "**cash is king**".