

# JUST SAY NO TO OPEN HOUSES!

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Especially for new real estate agents, it can be a real challenge to get started in the business and find sellers and buyers to work with. If the agent (new or otherwise) does not have a large center of influence of friends, relatives, and associates from whom to extract referrals to potential clients to work with, other activities have proven effective over the years. One of these activities, perhaps the most popular, is commonly known as holding “Open House”.

Along with Open Houses, real estate companies, brokers, and managers encourage the use of a variety of activities to generate leads and potential clients. The quality of the incoming leads, i.e., the likelihood of actually evolving from a prospect to a customer, to a client and to a past client (having successfully completed a transaction and collected a commission) varies with the method of generation.

Perhaps the second most popular activity for newer agents is “Floor Duty” (actually sometimes called, “Opportunity Time”) which is the act of working an assigned schedule of a few hours length, in the broker’s office to receive walk-ins and phone calls from prospective customers (that aren’t already working with another agent). These visits and calls generally come into the office as a result of general marketing and advertising efforts of the company, for sale signs on properties, the internet and any other place someone finds the office’s address and phone number.

There is a huge difference in these two prospecting activities: floor duty is accomplished in the relative safety of the brokers’ office; open house is conducted in an empty house. Despite the obvious risk associated with doing an open house, new agents are often so desperate to find new prospects to work with that the danger is ignored or minimized.

Agents are told to “just be careful”. There is even “safety” training offered about what to do and what not to do.

Sellers sometimes insist that open houses are held because they have been led to believe that they work and that “if people could just see how nice their home is inside”, they would jump at the chance to buy it. Sorry, it just doesn’t work that way. If it did, every real estate agent (new or experienced) would be holding open house every week - if not every day.

The truth is that there are 3 things that are responsible for the successful sale of a home – or any real estate for that matter: LOCATION, CONDITION, and PRICE. It really is just that simple – nothing else matters. You can have a property in a lousy location, in horrible condition, but with an appropriately low price and it will sell quickly. Conversely, you can have a property that is in the best possible location, in superb condition, with an unrealistically astronomical price that will never sell. The three factors must be aligned and appropriate to each other.

Beyond that simple fact, there are other things that are influential and important – very important. Having really competent representation by an experienced and reliable REALTOR® is key to success. A good agent will be able to objectively identify the current fair market value or “Price” based on the “Location” and “Condition” of the property by using comparable sales data within appropriate parameters (ideally within the previous six months and a two mile radius). And, the REALTOR® will be able to assist with and advise about the appropriate steps to manage the entire sales process – and all of the stress that accompanies it.

There are a few more facts to consider as well. Lots of data has been accumulated, studied and reported on over the last few decades about the behavior of sellers and buyers and what actually is responsible for much of that behavior. The National Association of REALTORS® (NAR) is the largest trade organization in the United States (approximately 1 million members currently). Their data and studies have shown that in today’s world, the vast majority of home buyers begin their search for a new home and ultimately identify the home they end up buying on the Internet.

Various studies put that number anywhere between 80 and 92 percent. The NAR and other sources say that yard signs – FOR SALE signs – are responsible for another 4 to 8 percent of the ultimately effective influence.

So, if those numbers are to be believed, there are only a small percentage of buyers who learn about or identify the home they ultimately purchase from other sources. There are lots of other potential sources: newspaper ads, magazine ads, flyers, brochures, bulletin boards, agent networking, word of mouth, social media, neighbors, friends, newsletters, and open houses, etc., etc. Which of these continue to be effective and worth the time and expense in today's online world? Hard to say – but one of these “old time” vehicles stands out as having the potential for at least as much risk as it does benefit.

Open House – as it is typically conducted – delivers very little if any positive result for the home seller, and may produce a random few potential buyers for the agent holding the open house - buyers of other homes that is. This is why newer agents often hold the open houses for their office listings. Most listing agents – the more senior agents - wouldn't dream of doing an open house – it's a waste of their time and it is extremely unlikely to benefit their sellers. But, many sellers insist on having an open house held because they believe that it may just bring in the perfect buyer. This is just a very unfortunate myth that persists from 30 or 40 years ago when the world (and the people in it) was very different.

Beyond literally throwing the front door to your house open for anyone to come in and snoop around – anyone, from nosey neighbors, competing home sellers, plain old “looky-loos” that spend their weekends looking at open houses because they think it's fun, financially unqualified dreamers, to sellers of products and services using the opportunity to make their pitch. There are actually people that go to open houses just to get decorating ideas. There is no screening process for visitors to open houses. All are welcome to come in and become familiar with your living space and all of your visible possessions and perhaps make an assessment of what might be hidden away to could be available during a later burglary that will now be much easier to plan and execute – maybe even by unlocking a window.

Incidentally, there are always plenty of real estate agents anxiously waiting for you to ask for a private showing at your preferred time on any property listed for sale – in the multiple listing service (MLS) – and even for sale by owner (FSBO) properties.

Let's just hope that the open house doesn't bring in something very bad and dangerous – for the seller and/or the agent at the same time. How about some of the more than 2 million prescription drug addicts currently alleged to be running around among us? What of all the other criminal elements out there looking for opportunities to burglarize and cause harm?

Too paranoid you say? Want some real life examples of the risks? Just Google: *REALTORS® Killed at Open Houses* – and see what comes up.

Tragically, as this article was being revised - just a little more than a year after its first publication in October 2017, a real estate agent working as a site representative for a builder sitting in a model home (effectively the same thing as an open house) on Thursday afternoon, December 5, 2018 was brutally murdered.

Steven Bernard Wilson was a licensed REALTOR® who was happily married with two daughters living near the Hanover, Maryland location of the Ryan Homes model home where he welcomed potential home buyers. So sad. Wilson was killed by an 18 year old punk that planned to rob the agent because he was alone and unprotected – an easy target. He shot him for his laptop computer and cell phone. Shortly thereafter, the murderer sold the stolen cell phone on the street. Pictures of Wilson's family were found on the phone that matched ones shown on the news which prompted the purchaser to notify the police. Based on this evidence, a description of the suspect, and surveillance video that was in the model home, police were able to identify the phone as having belonged to Wilson and soon after made the arrest of the killer.

Let's be fair though. Life is full of risk and danger. Many, if not all workplaces and activities have some risk and danger. We should endeavor to reduce risk and avoid / remove hazards wherever and whenever possible. All of the risk and danger potential can be totally eliminated:

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## **DISCLAIMER**

**John P. Hale is a licensed real estate agent in Maryland and Pennsylvania. He is affiliated with Coldwell Banker Residential Brokerage in Westminster, Maryland. John has been licensed since 2000 and also practiced in Tucson, Arizona for many years. Mr. Hale holds the following designations and certifications awarded by the National Association of REALTORS® (NAR) and other authorized institutions: ABR-Accredited Buyers Representative, AHWD-At Home With Diversity, CNE-Certified Negotiation Expert, CRMS-Certified Risk Management Specialist, CRS-Certified Residential Specialist, CTA-Certified Tourism Ambassador, e-PRO-Online Real Estate Practice, GRI-Graduate of Realtor Institute, MRE-Master of Real Estate, MREP-Mortgage Real Estate Professional, and MRP-Military Relocation Professional.**

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