

CHAPTER 8:

For-Sale-By-Owner (FSBO) Sellers

To celebrate NAR's 35th anniversary release of the *Profile of Home Buyers and Sellers*, we take a look back to 1981 when NAR started collecting data on home sales by For-Sale-By-Owners (FSBOs). In 1981, FSBO home sales accounted for 15 percent of all sales, and agent-assisted sales accounted for 85 percent. FSBO sales have declined over time and in 2016, FSBOs accounted for eight percent of total home sales. This is the lowest share since the *Profile of Home Buyers and Sellers* data collection began. The same share of eight percent was recorded in the 2015 report. In 2016, 50 percent of FSBO sellers knew the buyers for their homes and 50 percent did not know the buyer.

FSBO sellers that knew the buyer predominantly sold to a friend, relative, or neighbor. FSBOs typically sell for less than the selling price of other homes. For FSBO sellers, those who know the buyer tend to have lower median household incomes compared to those who did not know the buyer.

Where FSBO sellers knew the buyer, the time on market for the home was usually a week, and sellers received 100 percent of the asking price.

FSBO and Agent Assisted Sales, By Location and Over Time

■ Exhibits 8-1 and 8-2

Eighty-nine percent of sellers sold with the assistance of a real estate agent, consistent with last year, and only eight percent were FSBO sales. In 1981, FSBO sales accounted for as much as 15 percent of sales, but have steadily decreased over time. This year, 50 percent of FSBO sellers knew the buyers, (four percent of all sales) and 50 percent of FSBO sellers had no previous relationship with the buyer (four percent of all sales). FSBO sales were highest in rural areas at 16 percent compared to only six percent in suburbs.

In 1981, FSBO home sales accounted for 15 percent of all sales, and agent-assisted sales accounted for 85 percent. FSBO sales have declined over time and in 2016, FSBOs accounted for eight percent of total home sales. This is the lowest share since the Profile of Home Buyers and Sellers data collection began.

Characteristics of Sellers and Homes Sold

■ Exhibit 8-3 through 8-6

The median age for FSBO sellers is 59 years compared to 53 for all agent-assisted sellers. Seventy-three percent of FSBO sellers were married couples that have a median income of \$100,600. For FSBO sellers, those who knew the buyer tend to have lower median household incomes compared to those who did not know the buyer.

A majority of all homes sold were detached single-family homes at 81 percent. While FSBO homes are predominantly detached single-family homes at 69 percent (down from 75 percent in 2015), they are also more likely to be mobile or manufactured homes at 10 percent compared to only two percent of agent-assisted sales. Among agent-assisted sales, 82 percent of all homes sold are detached single-family homes, which is consistent with last year. Thirty-seven percent of FSBO sales where the buyer knew the seller were located in rural areas compared to only 12 percent of agent-assisted sales. Most agent-assisted sales were located in suburban areas at 55 percent.

FSBOs typically sell for less than the selling price of other homes; FSBO homes sold at a median of \$185,000 in 2016 (down from \$210,000 in 2015), and still far lower than the median selling price of all homes at \$240,000. Agent-assisted homes sold for a median of \$245,000. FSBOs typically received 100 percent of their asking price and 98 percent when the seller did not know the buyer, whereas agent-assisted sales typically received 98 percent of the asking price. Sellers who began as a FSBO, then ended up working with an agent, also received 98 percent of the asking price, but had to reduce their price the most before arriving at a final listing price.

The Selling Process for FSBO Sales

▪ Exhibits 8-7 through 8-10

FSBO sellers price their homes using a number of different sources. For FSBO sellers who knew their buyers, the most common ways they priced their homes were by appraisals (40 percent), comparisons to recent home sales in their area (18 percent), by the profit the seller needed from the sale (15 percent), an agent presentation where seller did not use the agent (12 percent), and online evaluation tools (12 percent). For FSBO sellers who did not know their buyers, the most common ways they determined their home price were comparisons to recent home sales in their area (52 percent), appraisals (17 percent), online home evaluation tools (16 percent), and attending an open house in the area to view homes for sale online (14 percent).

FSBO homes sold more quickly on the market than agent-assisted homes. All FSBO homes typically sold in two weeks or less. For sellers that knew the buyer, their homes sold in less than a week (46 percent, up from 28 percent in 2015). The median number of weeks FSBOs were on the market was one, down from three weeks in 2015. Agent-assisted homes generally sold in a median number of four weeks. For sellers that started as FSBO and then were agent-assisted, the median number of weeks on the market was 11.

Forty-one percent of those who were first FSBO, then sold with an agent needed to sell very urgently. FSBO sellers who knew the buyer were more likely to not need to sell urgently (nine percent). It was not common for FSBOs to use incentives to sell their homes (79 percent of all FSBOs did not offer any incentives, down from 86 percent in 2015). Eighty-eight percent of sellers who knew the buyer used no incentives, down from 93 percent in 2015. Agent-assisted sellers offered home warranty policies (23 percent) and assistance with closing costs (17 percent) to help sell their homes, which is consistent with last year.

Reasons of FSBOs, Marketing, and Sellers Experience

▪ Exhibits 8-11 through 8-16

For 61 percent of FSBO sellers that knew the buyer, the main reason to sell via FSBO was because they sold to a relative, friend, or neighbor and 16 percent sold using this method because they did not want to pay a commission or fee. For FSBO sellers that did not know the buyer, 61 percent sold this method because they did not want to pay a commission or fee, and 14 percent because the buyers contacted the sellers directly.

Of all FSBO sellers, 93 percent sold when they wanted to list on the market. Sellers that started as FSBOs and then received assistance from an agent were the most likely to want to sell but were delayed because their home was worth less than the mortgage. Twelve percent of these sellers lived in the home and four percent of these sellers rented their home while living elsewhere. Only seven percent (down from 10 percent in 2015) of FSBOs were delayed in selling their home compared to 13 percent of agent-assisted sellers.

Yard signs, third party aggregators, and open houses were the most common marketing methods for FSBOs. When FSBO sellers knew the buyer, 69 percent did not need to market their home. Getting the right price and preparing or fixing up the home for sale were the most difficult steps in selling for FSBO sellers.

For FSBO sellers who knew the buyer, 33 percent (up from 28 percent in 2015) said they will use an agent to sell their current home. Of FSBO sellers who did not know the buyer, 42 percent (up from 37 percent in 2015) said they will sell their current home themselves. Seven in 10 successful FSBO sellers were satisfied with the process of selling their home.

EXHIBIT 8-1 **FSBO AND AGENT-ASSISTED SALES, 1981-2016**
(Percentage Distribution)

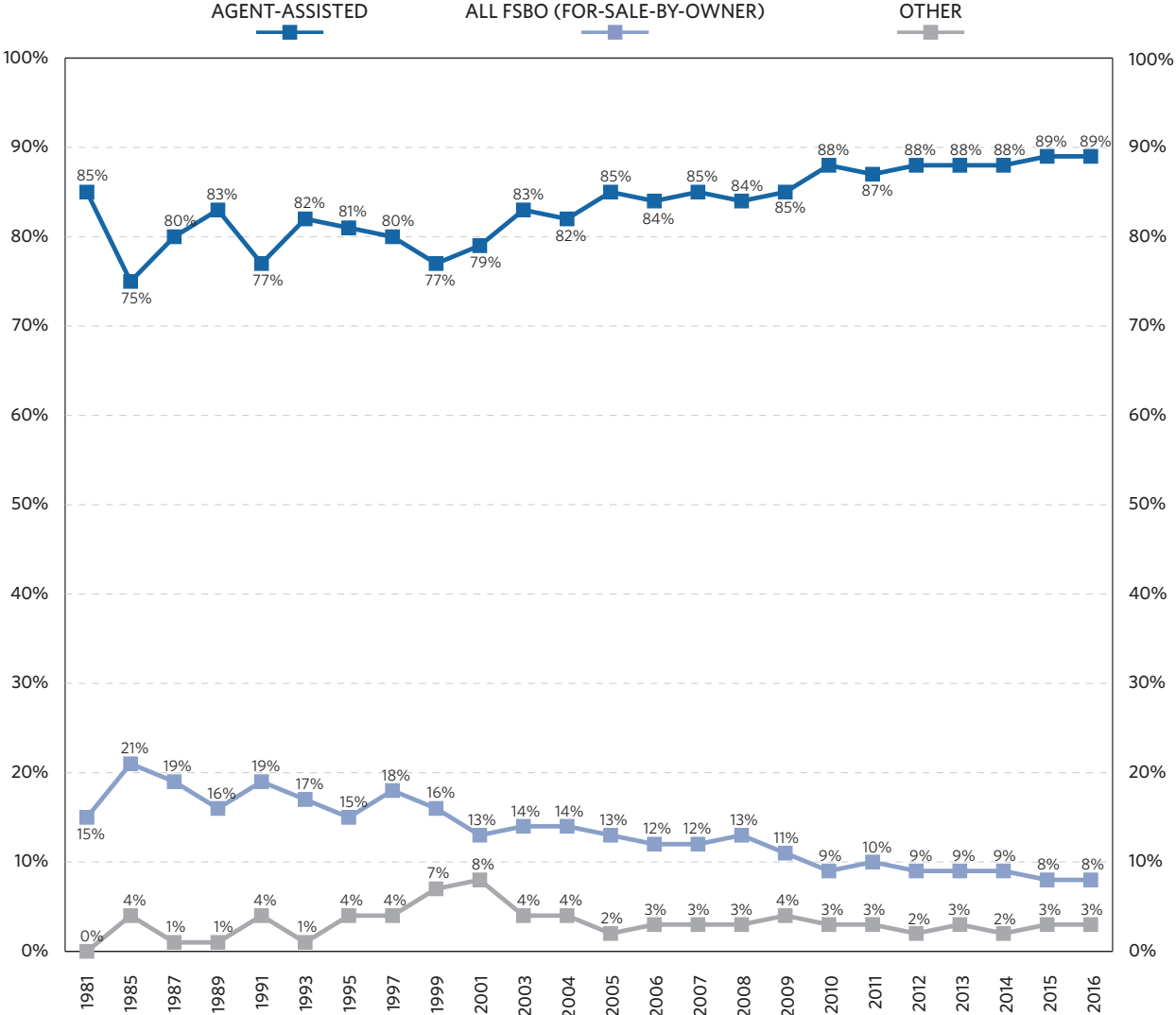


EXHIBIT 8-2 **FSBO AND AGENT-ASSISTED SALES, BY LOCATION**
(Percentage Distribution)

		SELLERS WHO SOLD A HOME IN A				
	All Sellers	Suburb/ Subdivision	Small town	Urban/ Central city	Rural area	Resort/ Recreation area
For-sale-by-owner (FSBO)	8%	6%	7%	8%	16%	8%
Seller knew buyer	4	2	3	4	10	3
Seller did not know buyer	4	4	4	4	6	3
Agent-assisted	89	91	90	89	79	89
Other	3	3	3	3	5	3

EXHIBIT 8-3**CHARACTERISTICS OF FSBO AND AGENT-ASSISTED SELLERS***(Percentage Distribution)*

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median age	54	59	58	59	53	53	56
Median income (2015)	\$100,700	\$100,600	\$89,100	\$103,700	\$101,300	\$102,100	\$69,300
Household composition							
Married couple	76%	73%	77%	70%	76%	76%	82%
Single female	14	11	12	11	14	14	18
Single male	6	9	10	8	5	5	*
Unmarried couple	4	6	1	9	4	4	*
Other	2	1	*	1	2	2	*

* Less than 1 percent

EXHIBIT 8-4**TYPE OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS***(Percentage Distribution)*

	All Sellers	FSBO			Agent-Assisted
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	
Detached single-family home	81%	69%	77%	63%	82%
Townhouse/row house	7	5	5	6	7
Apartment/condo in a building with 5 or more units	4	6	4	7	4
Duplex/apartment/condo in 2 to 4 unit building	3	2	1	3	3
Mobile/manufactured home	3	10	7	12	2
Other	3	8	6	8	3

EXHIBIT 8-5**LOCATION OF HOME SOLD, FSBO AND AGENT-ASSISTED SELLERS***(Percentage Distribution)*

	All Sellers	FSBO			Agent-Assisted
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	
Suburb/Subdivision	53%	42%	35%	48%	55%
Small town	16	14	12	16	16
Urban area/Central city	14	14	14	14	14
Rural area	14	27	37	19	12
Resort/Recreation area	3	3	2	2	3

EXHIBIT 8-6 SELLING PRICE, FSBO AND AGENT-ASSISTED SELLERS
(Percentage Distribution)

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Median selling price	\$240,000	\$185,000	\$168,300	\$200,000	\$245,000	\$245,000	\$182,000
Sales price compared with asking price:							
Less than 90%	10%	8%	9%	7%	9%	9%	19%
90% to 94%	14	13	12	13	15	15	8
95% to 99%	37	22	8	35	38	38	50
100%	26	51	67	39	24	24	15
101% to 110%	10	3	4	2	11	11	*
More than 110%	3	2	*	4	3	3	8
Median (sales price as a percent of asking price)	98%	100%	100%	98%	98%	98%	98%
Number of times asking price was reduced:							
None	59%	69%	79%	61%	57%	58%	36%
One	22	17	11	23	23	23	43
Two	10	7	5	9	10	10	4
Three	6	4	1	6	7	7	18
Four or more	3	3	3	1	3	3	*

* Less than 1 percent

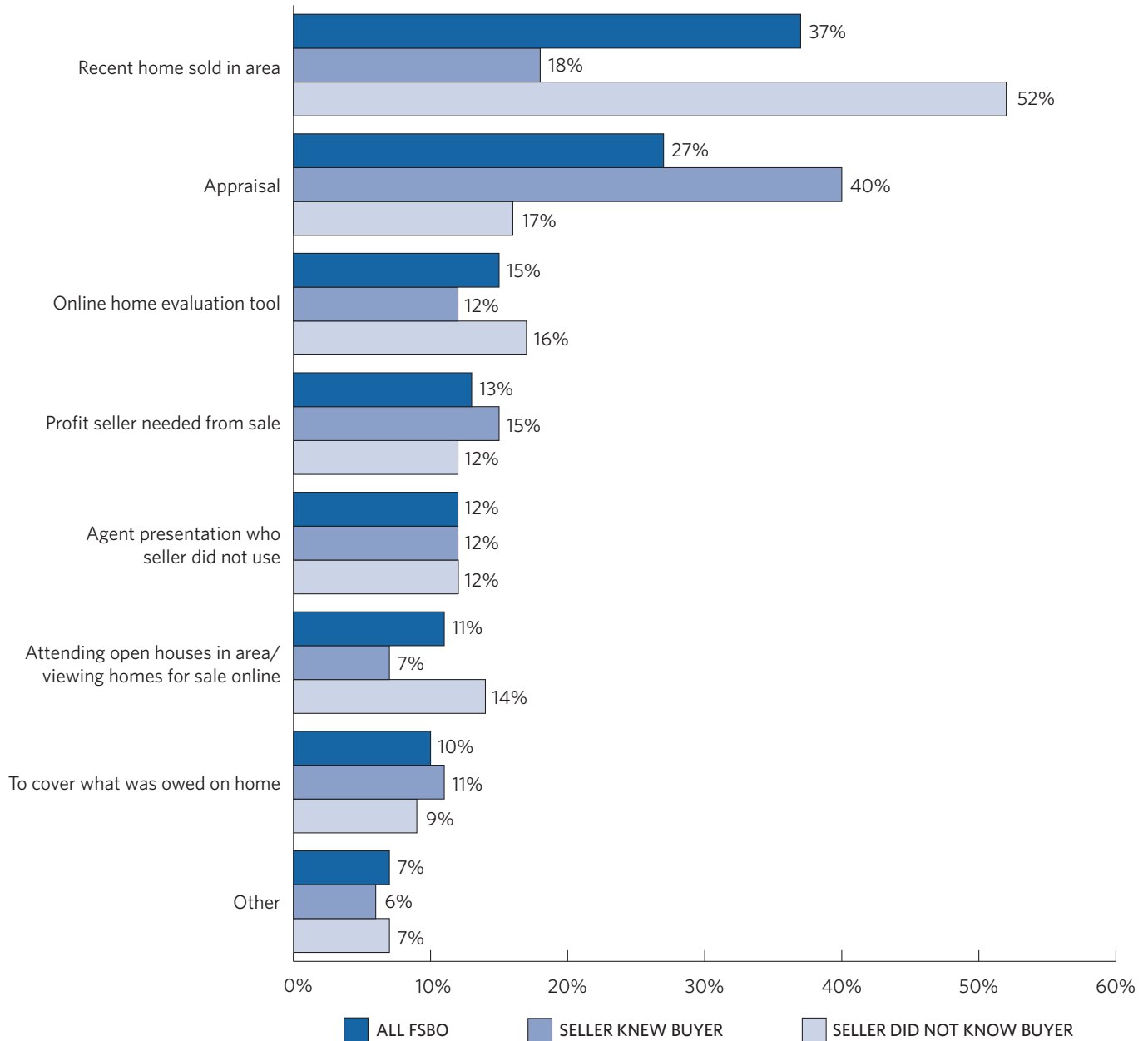
EXHIBIT 8-7**HOW FSBO SELLER DETERMINED ASKING PRICE OF HOME SOLD***(Percent of Respondents)*

EXHIBIT 8-8 TIME ON THE MARKET, FSBO AND AGENT-ASSISTED SELLERS*(Percentage Distribution)*

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Less than 1 week	7%	29%	46%	17%	4%	4%	*
1 to 2 weeks	34	38	34	39	34	34	7
3 to 4 weeks	13	3	3	4	14	14	7
5 to 6 weeks	7	1	1	1	8	8	4
7 to 8 weeks	7	4	3	5	7	7	15
9 to 10 weeks	4	3	3	3	4	3	15
11 to 12 weeks	7	6	4	8	7	7	4
13 to 16 weeks	5	2	*	4	5	5	*
17 to 24 weeks	7	5	3	6	7	7	26
25 to 36 weeks	4	5	3	6	4	4	*
37 to 52 weeks	4	2	*	4	5	5	11
53 or more weeks	2	2	3	2	2	2	11
Median weeks	4	1	1	2	4	4	11

* Less than 1 percent

EXHIBIT 8-9 SELLER URGENCY, FSBO AND AGENT-ASSISTED SELLERS*(Percentage Distribution)*

Sellers needed to sell:	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Very urgently	16%	12%	9%	15%	16%	15%	41%
Somewhat urgently	41	34	37	30	42	42	11
Not urgently	43	54	54	55	43	43	48

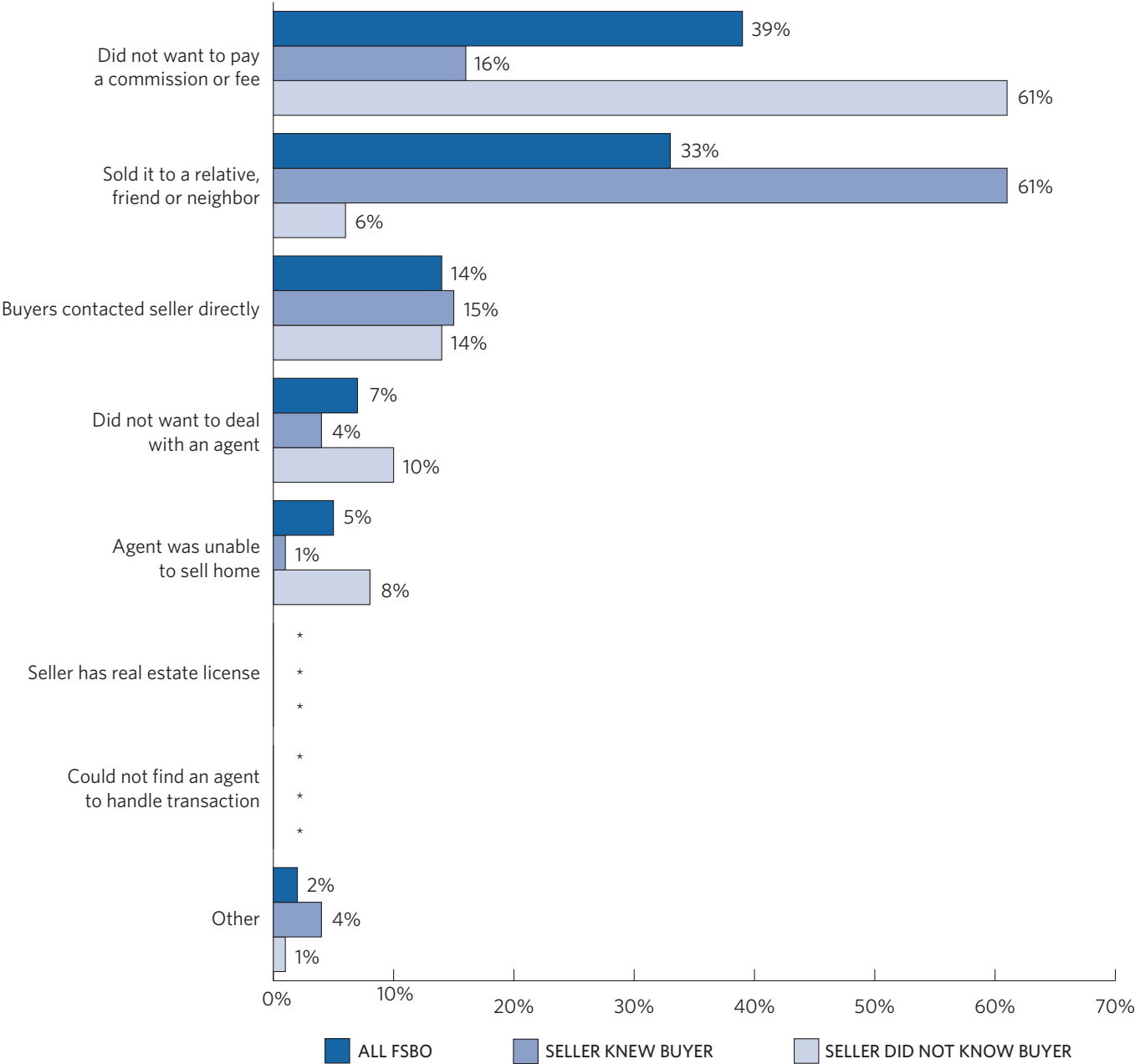
EXHIBIT 8-10 INCENTIVES OFFERED TO ATTRACT BUYERS, FSBO AND AGENT-ASSISTED SELLERS*(Percent of Respondents)*

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
None	64%	79%	88%	69%	62%	62%	50%
Home warranty policies	21	6	1	10	23	23	21
Assistance with closing costs	15	9	6	12	17	17	32
Credit toward remodeling or repairs	6	2	2	2	6	6	4
Other incentives, such as a car, flat screen TV, etc.	5	3	2	4	5	5	*
Assistance with condo association fees	*	*	*	*	1	1	*
Other	3	6	4	7	3	3	11

* Less than 1 percent

EXHIBIT 8-11 MOST IMPORTANT REASON FOR SELLING HOME AS FSBO

(Percentage Distribution)



* Less than 1 percent

EXHIBIT 8-12 SELLER WANTED TO SELL EARLIER BUT WAITED OR STALLED BECAUSE HOME WAS WORTH LESS THAN MORTGAGE

(Percentage Distribution)

	All Sellers	FSBO			AGENT-ASSISTED		
		All FSBO	Seller Knew Buyer	Seller did not Know Buyer	All Agent-assisted	Agent-assisted only	First FSBO, then Agent-assisted
Yes, and lived in home	11%	5%	5%	4%	11%	11%	12%
Yes, but rented home to others and lived elsewhere	1	2	1	1	2	2	4
No, sold home when I wanted to sell	87	93	94	95	87	87	84

EXHIBIT 8-13 METHOD USED BY FSBO SELLERS TO MARKET HOME

(Percent of Respondents)

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Yard sign	33%	9%	54%
Third party aggregator	21	4	38
Open house	21	1	16
Friends, relatives, or neighbors	16	17	15
Multiple Listing Service (MLS) website	13	1	22
Online classified ads	10	5	14
Social networking Websites	9	3	15
For-sale-by-owner Website	7	*	14
Print newspaper advertisement	3	*	7
Realtor.com	2	*	4
Direct mail (flyers, postcards, etc)	2	*	3
Other Websites with real estate listings	1	1	1
Video	1	*	1
For-sale-by-owner magazine	1	3	*
Video hosting Websites	*	*	*
Television	*	*	*
Other	*	*	*
None - Did not actively market home	41	69	15

* Less than 1 percent

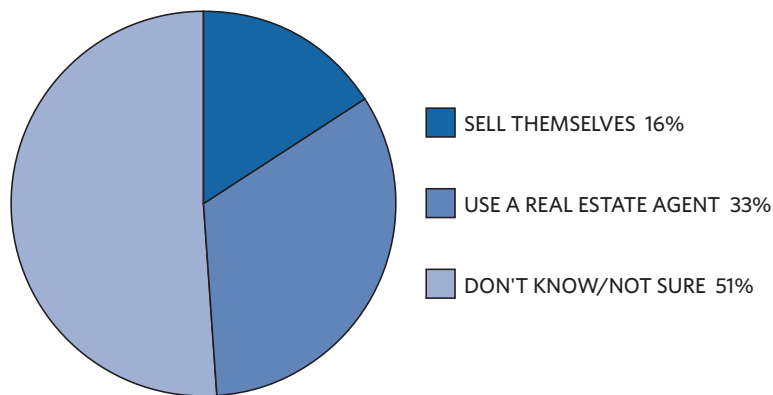
EXHIBIT 8-14 MOST DIFFICULT TASK FOR FSBO SELLERS*(Percentage of Distribution)*

	All FSBO	Seller Knew Buyer	Seller did not Know Buyer
Getting the price right	18%	17%	17%
Preparing or fixing up the home for sale	13	14	3
Understanding and performing paperwork	12	11	12
Selling within the length of time planned	3	1	5
Having enough time to devote to all aspects of the sale	3	*	7
Attracting potential buyers	3	3	4
Helping buyer obtain financing	2	4	*
Other	5	8	1
None/Nothing	40	43	40

* Less than 1 percent

EXHIBIT 8-15 HOW FSBO SELLERS WILL SELL THEIR CURRENT HOME*(Percentage Distribution)*

SELLER KNEW BUYER



SELLER DID NOT KNOW BUYER

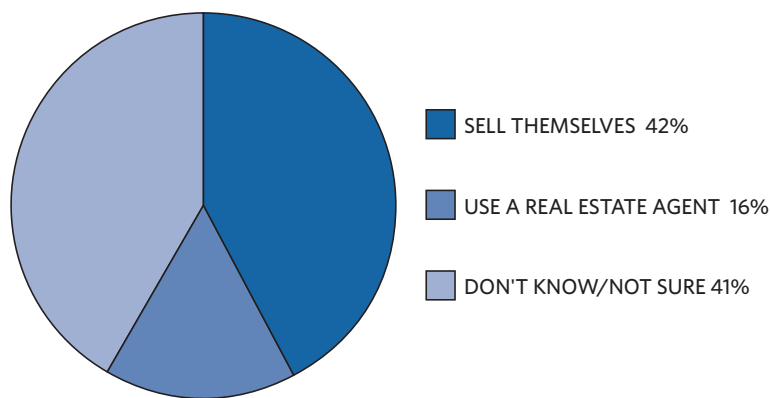


EXHIBIT 8-16 FSBO SELLERS SATISFACTION PROCESS OF SELLING HOME

(Percentage Distribution)

