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Is FSBO the Way to Go?

QUESTION: Kelly on Twitter asks if Dave ever recommends an FSBO versus using a real estate agent to sell a home. Dave says no and explains why not.

ANSWER: No, I don't because you don't save costs. The research says that the average home that sells for sale by owner (FSBO) sells for \$65,000 cheaper. That's the average. The average home in America sells for a little over \$200,000, and the average FSBO sells for around \$150,000. That's the average nationally. The point is many, many, many, many percentage points less.

Why does a FSBO sell for less? One reason is it simply doesn't have the exposure of the Multiple Listing Service (MLS). Were you with a good real estate agent, the property is exposed on the MLS in the computer, and that gets it tons and tons of exposure. Everybody's looking for a house. Eight-nine percent of people who bought a house last year bought it through a broker. That's 9 out of 10. And they're not looking for your little cardboard sign in the front yard. They're looking with a real estate agent, who looked in the MLS and did not see that FSBO listed there. That's thing one.

Thing two is if you don't know everything about the real estate market, which you couldn't if you don't work in it every day, then you can't price the property properly, so you might price it too cheaply. If you price it too cheaply, then you've given the house away. If you price it too expensively, it's not going to sell, and you're going to sit there and pay payments, taxes and insurance until it does sell. It costs you money to misprice the house either way. Pricing the house properly causes it to sell in the most reasonable and efficient period of time.

Lastly, you're going to make mistakes because you don't know what you're doing. When you make mistakes in calculating closing costs or other things, then you might accept the wrong kind of an offer. Those mistakes cost you thousands of dollars.

All in all, all of the studies have proven for many years that a high quality, high octane, high protein real estate agent will make you more than they cost you. I'm not talking about a doughnut eater who never sells any houses. I'm not talking about your Aunt Sally who just got a real estate license three weeks ago. I'm talking about a high octane, high protein real estate agent who kicks butt and takes names. They sell 50, 60, 80, 100 houses, 200 houses, 300 houses a year. If they're not selling a house a month, they're not even in the business. They're not even making a living. You don't want to list your house with that person. I'm talking about someone who's on top of it—someone who moves things around.

GETTING STARTED GUIDE

Sign up for our free step-by-step guide to getting started with Dave's plan. Real stories, practical advice, proven tools you can use via email.

First Name

Email

If you want to find a real estate agent in your area we recommend—they're the best of the best, we vet them for you and there's more than one in every area that we recommend—just go to daveramsey.com and click on ELP (Endorsed Local Provider) for real estate.

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It is a subscription site helping people discover financial peace by walking them through Dave Ramsey's baby step process for dumping debt and building wealth. [Sign up for a Free Trial today!](#)

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