

TIME TO ENRICH THE HOME SALE PROCESS

by Patrick Moore

Relocation managers are by now fully aware of the impact of the market on loss on sale and carry cost. Inventory levels are triple that of 18 months ago – and time on market has increased by 45-60 days. No one can be certain when the troubled real estate market will improve.

Both third party companies and managers of in-house programs need to make fundamental adjustments to deal with the sea-change underway. It's time to take a comprehensive, end-to-end approach to relocation home sale management. Risk management discipline should begin well before the home is listed.

Using new tools and improved methods will enhance the home sale process, improve amended sale rates and deliver better results on inventory properties - including variance between buyout and ultimate sale price.

Typically, the home sale management process begins when the transferee's home is listed. However, it may be prudent to take steps prior to listing - even during the sales cycle. By gathering more history and market specific data, pre-selecting the best vendors - realtors and appraisers, for example - will better prepare your account team to handle specific real estate markets. And with better information on trends in each market, managing transferee expectations becomes a more constructive exercise.

It does little good to identify an entire state as a "market". Even adjacent towns in the same metro area can exhibit very different market trends. We need to get down to the neighborhood level to really do our jobs well. Fortunately, there are new tools and methods to help.

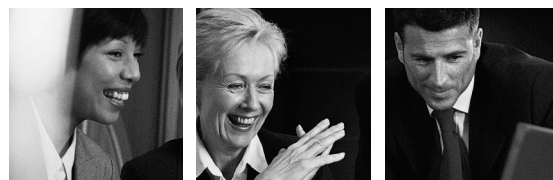
The first opportunity to impress (or rile) the TEE comes when the property is listed and the realtor is selected. Realtors should be selected based on their:

- experience in the market (# sales, etc.)
- average days on market for homes listed
- frequency of listed homes going to inventory
- gap between BMA/list price and final sale price
- TEEs and RCs rating on realtor performance

You also need to give more support to your counselors in managing transferee expectations. There are several new tools and methods that can enhance your process in establishing a list price that is right for the market and the home. Adding these tools and methods enhances the process and complements the realtor's effort to list (and sell) the home.

TEE - "This market is the exception. Home values have increased in my area."

RC - "While that may be true, XYZ sources indicate that home values your area have declined in the past 3 quarters."



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It is also important to share data on local market changes in the oversight of realtor activities. In addition to BMAs, new tools (like forecasting AVMs) can provide added data to use in judging MPSP and list price. Methods to improve management of aged listings that target imminent inventory need to be developed.

Absent a sale to an outside buyer, appraisals are ordered (on fixed fee and AVO moves) to determine a buyout amount. The data shows that this occurs 50% more often when the property is initially over listed. Before selecting vendors;

- Compare appraiser performance to local real estate value trends
- Obtain their record on accuracy
- Confirm that they know how to forecast properly

Once the reports are completed have both appraisals reviewed by a licensed appraiser who understands forecasting, market time adjustments and other key factors. The final value should reflect a vigorous give and take over the “anticipated sale price” for the TEE’s home.

Periodically, obtain detailed analysis of results to inform counselors and clients on misses and hits. In particular track the turn time, sale price v. list v. appraised value. Analysis is more than just a report; it is a thoughtful effort to identify issues that are affecting performance - including policy changes that may improve the program.

The frequency of inventory properties is higher than at any time in recent memory. Carry costs are increasing as days on market expand. There are several ways to deal with this effectively;

- use new forecasting tools and products to set a realistic price
- audit/review files to identify issues and needed process changes
- detailed evaluation of vendor metrics to target improvement
- have a CLUE report completed by the TEE’s insurer before title transfer
- Complete a property inspection to identify issues that may impact the marketability of the home

With so many homes on the market, it is essential that any drawback - structural or cosmetic - of an inventory home be corrected. Buyers have many options in most markets and a vacant home needs all the help available. An independent judgment may give you the edge you need to move homes in a tough market.

Overall, we have to up our game. Tried and true processes need to be sharpened with new tools used, for example, by lenders and risk managers. The wealth of data on market trends must be used by vendors and relocation program managers. And, folks need to develop or obtain robust reporting using pivot tables, dashboards, mapping tools to penetrate the lessons that are there to be discovered.

New valuation and risk management techniques are needed to match the new environment. No one knows how long it will take to come out of the real estate doldrums. We need to “think outside the box” - or perhaps use a box with larger dimensions.

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