

Management and sales tools for the residential real estate broker

Regulatory Trends

Avoid pocket listings, broker advises

With inventories tight in many parts of the nation, so-called pocket listings remain a popular alternative for a variety of reasons.

But if you allow agents to market listings without using the multiple listing service, you're inviting legal problems, warns Bill Lublin, chief executive officer of Century 21 Advantage Gold in Philadelphia.

Reflecting the unsavory reputation of pocket listings, off-market listings once were known as "sandbagging," Lublin says. Proponents of the practice cite a number of reasons to use pocket listings, including the seller's desire to maintain privacy and to not be disrupted by showings of the home, along with using the exclusivity of off-market listings to build buzz.

Lublin considers such rationale "nonsense." Plenty of celebrities list their mansions in the MLS, realizing that any loss of privacy is trumped by a higher sale price.

The main reason for pocket listings is to allow the listing agent to collect commissions from both sides of the transaction, he argues. In another potential benefit, keeping homes off the market for a time can reduce the days on market if the property ultimately lands in the MLS.

Lublin remembers an instance where one of his firm's clients kept a home off the market so

his ex-wife wouldn't realize he was selling the property.

A number of companies have emerged to help facilitate the practice of pocket listings. Lublin points to Top Agent Network and Hip-Pocket as examples.

Research shows that homes sell for more when they're in the MLS, Lublin says — and not listing a home in the MLS opens you and your agents to the possibility of litigation from sellers who say you didn't fight for the best deal.

"Sellers obviously are better-served by the exposure," Lublin says. "If a Realtor is going to sell your property, they should expose it to the rest of the Realtor community."

If you decide to take an off-market listing, make sure your agent provides the seller with a form that clearly explains the downside of not being in the MLS.

But Lublin urges agents and brokers to look at the big picture: Successful companies are those that do a lot of business, not the ones that squeeze as much as they can from a few

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deals. And, he says, the best way to boost volume is to fully cooperate with competing brokers, and to look out for the best interests of clients.

“We get really confused, and we think about the short-sighted stuff,” Lublin says.

“Really, you make money by doing volume ... This is about doing a lot of business, not about making as much money as I can on a single piece of business.”

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