

## 9 Common Real Estate Myths That Plague Buyers and Sellers

Even though most people are rarely part of a real estate transaction, everyone believes they are an expert.



While there's a prevailing belief that buying without a real estate agent will save you money, the truth is you're almost always better off working with a pro.

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Buying or [selling a house](#) is not something most of us do every day. You may do it once a decade, or even once in a lifetime. Despite the fact that most of us enter the world of real estate only rarely, we all think we know how it works, based on the experiences of friends and family members, stories we have heard and things we have read.

But for everything we believe we know about the industry, there are a number of myths that circulate about how real estate actually works. Buying into those can hurt your chances of buying or selling the right home at the right price.

In recent years, technology has radically changed the way [homes are bought](#) and sold, and yet some aspects of real estate are the same as they were when your parents bought their last home. If a long time has passed since your last transaction, you may be surprised at how much has changed.

The Internet has made much more information available to consumers, but not all the information is equal, or even accurate.

"A lot of people, for some reason, they believe what they read on the Internet," says [Gea Elika](#), principal broker of Elika Real Estate in New York and a regional director of the National Association of Exclusive Buyer Agents. "Read everything you see on the Internet with a grain of salt."

The danger with believing everything you hear or read is real estate myths can cost you money when it's time to buy or sell a home. Here are nine of the most common ones that can trip up buyers and sellers:

**Set your home price higher than what you expect to get.** Listing your home at too high a price may actually [net you a lower price](#). That's because shoppers and their real estate agents often don't even look at homes that are priced above market value. It's true you can always lower the price if the house doesn't garner any offers in the first few weeks. But that comes with its own set of problems. "Buyers are highly suspicious of houses that have sat on the market for more than three weeks," says Nela Richardson, chief economist for the brokerage Redfin. In areas such as San Francisco where multiple offers are common, sellers will actually price their homes for less than they expect to get, in the hopes of getting multiple offers above asking price. However, if you do this in a declining market, the danger is that all the offers will come in at the asking price or lower.

**You can get a better deal as a buyer if you don't use a [real estate agent](#).** "That's a completely false premise," Elika says. If the house is listed with a real estate agent, the total sales commission is built into the price. If the buyers don't have an agent, the seller's agent will receive the entire commission.

**You can save money selling your home yourself.** Some people do successfully sell homes on their own, but they need the skills to get the home listed online, market the home to prospective buyers, negotiate the contract and then deal with any issues that arise during the inspection or loan application phases. It's not impossible to sell a home on your own, but you'll find that buyers expect a substantial discount when you do, so what you save on a real estate commission may end up meaning a lower price. It's not impossible to sell your home on your own for the same price you'd get with an agent, but it's not easy.

**The market will only go up.** In recent years, homebuyers and sellers have experienced a time of increasing home values, then a sharp decline during the economic downturn and now another period of increasing values. "They think that the market only goes up," Erika says. "They don't think about when a correction will come." The recent recession should have reminded everyone that real estate prices can indeed fall, and fall a lot. Economist Robert Shiller created an inflation-adjusted index for home prices dating to 1890 and found that home prices have fallen a number of times over the years, including in the early 1990s, the early 1980s and the mid-1970s.

**You should renovate your kitchen and bathroom before you sell.** If your kitchen and baths work, a major remodel could backfire. Prospective buyers may not share your taste, but they don't want to redo something that has just been renovated. "You're better off adjusting your price accordingly," says Kevin Brown Jr., president of Praedium Real Estate Services in Pittsburgh and a regional director of the NAEBA. "Most buyers want to put their own spin on things."

**You'll earn back what you spend on renovations.** If you fix the heating and air conditioning system or roof, you will sell your house more quickly, but you probably won't recoup what you spent. According to Remodeling magazine's [2015 Cost vs. Value Report](#), the only renovation that is likely to net you as much as you spent is a new front door. You're likely to recoup only 67.8 percent of what you spent on a major kitchen remodel and 70 percent of what you spent on a bathroom remodel on a mid-range home. "Very few things will bring you great returns," says Sabrina Booth, an agent with Redfin in Seattle. "If you're going to do these projects, it's better to do them for your own enjoyment."

**All the properties listed in the multiple listing service show up online.** Your agent must choose to let the listings show up online. Most do, but it never hurts to verify that yours will.

**Open houses sell properties.** Homes rarely sell to buyers who visited them during an open house. Agents like open houses because it enables them to find additional customers who are looking to buy or sell homes. If you or your agent choose not to [have an open house](#), it probably doesn't hurt your sale chances – although holding a broker's open house for other agents may be worthwhile.

**The agent who shows you homes or lists your home represents your interests.** Maybe and maybe not. In about half the states in the U.S., agents may be "transaction brokers" who don't have a fiduciary duty to either the buyer or seller. In many states, a customer has the option of signing an agreement for the agent to represent him as a listing agent or as a buyer's agent. Before you start working with the agent, ask about your options and do some of your own research. Most brokerages require buyers and sellers to sign a form indicating that they understand whom the agent represents.