

REAL ESTATE SPOTLIGHT

So-called silent market making some noise in home sales

CODY LYON
CLYON@BIZJOURNALS.COM | (512) 494-2523

Many high-end home sellers are bypassing the traditional multiple listings services, which enables all brokers to see, show and sell the homes on it. Instead they are choosing to quietly advertise their houses on the so-called silent market.

While this silent market is not new, it's also not clearly understood in terms of its scope or its impact on Central Texas residential real estate. By some accounts, it's growing, while by others, it remains insignificant.

One thing that's generally agreed on is that homes sold quietly tend to be higher-end ones, said Leonard Guerrero, chairman of the Austin Board of Realtors.

"Our average sales price for the past five or so years has been around \$300,000," said George V. McGee, who co-founded Austin Silent Market Real Estate Co. with his father, George S. McGee. The company has been selling homes not on the MLS for 22 years.

That's 58.5 percent higher than the median home price, \$189,300, in November 2011, according to ABoR.

McGee's company sold 28 homes in 2011, including a couple worth more than \$1 million and a few in the \$500,000-to-\$600,000 range, he said. Roughly 80 percent of those homes were within five miles of the Capitol.

Hand-in-hand with the silent market's leaning toward higher-end homes is the desire among homeowners to keep their selling private.

The silent market "is designed for buyers and sellers who wish to remain discreet about certain property information," Guerrero said.



George V. McGee and George S. McGee's company recently sold this Austin house on the so-called "silent market."

McGee — author of "Silent Market, Lessons from a Soft Selling Life" — has sold homes for well-known musicians, politicians and other high-profile people who may not want the general public to know they are moving or where.

Another thing generally agreed on is that the silent market provides limited marketing.

"Any savvy owner, whether it be an individual or a bank handling a foreclosure, knows that without full MLS exposure, you're not going to get the best price," said Robert Grunnah, broker and owner at Castle Hill Investments.

In addition to working with silent sell-

ers, McGee also uses the MLS, where homes sit on the market for an average 86 days. Those who choose to sell off the MLS often are in no hurry to sell, he said, recalling a client whose home was on the silent market for almost 10 years. The owner wasn't earnestly looking to sell his house, but would do so if offered enough money.

Those seeking a faster sale are better off listing their homes traditionally, he said.

For "someone who is about to get foreclosed on, the first thing I will tell them [is that] the silent market is not for them," McGee said. "They need to get maximum exposure."

Meanwhile, some properties on the si-

lent market end up being placed in the MLS "because of the larger cooperative nature licensed Realtors operate under," Guerrero said.

Where there is less, if any, consensus is the silent market's significance in the overall residential real estate industry.

McGee estimates that 10 percent of brokered real estate transactions are off market, saying he's not the only broker operating that way.

Heather Herrin at Turner Residential started working in the silent market a few months ago, dealing with homes at the Mueller redevelopment north of downtown. She has six silent listings.

"I had clients contact me because they are renting [out] their homes now, and they don't want to disturb their tenants," she said.

Others may be going through marriage trouble or have an elderly relative living with them who they don't want to disturb.

Meanwhile, many professionals believe the silent market does little to move the industry.

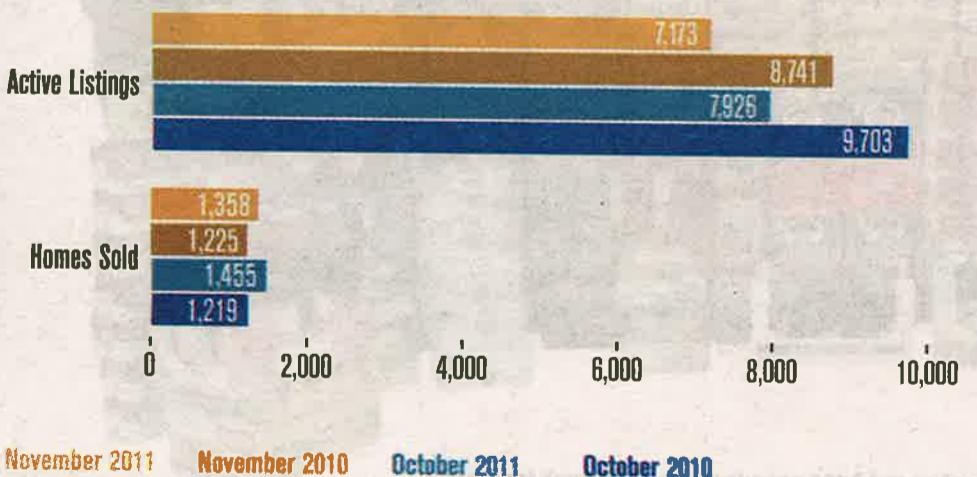
"I do not believe that the silent market has any measurable impact on overall market valuations or the MLS," Grunnah said.

In his observation over the years, off-market transactions, which include those in the silent market, account for less than 5 percent of all transactions. And he thinks most off-market transactions don't involve brokers but rather homeowners selling to family members or friends without any agents.



Grunnah

AUSTIN-AREA RESIDENTIAL REAL ESTATE ACTIVITY



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Source: Austin Board of Realtors