McEnearney ASSOCIATES REALTORS®

Market Watch

Montgomery County

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ARE PRIVATE EXCLUSIVES A GOOD IDEA?

You may have heard the term "private exclusive" listing – it refers to a property that is not broadly marketed to the public, but instead, offered by word of mouth or other very limited marketing.

A seller may find this to be an attractive option for a variety of reasons, such as they think they won't have to put up with the hassle of showing their home to a lot of people, an agent has said they have buyers in that area and price range, or they like the idea that they can enjoy privacy while their home is "quietly" marketed. However, a big disadvantage is the lack of exposure to the full market.

After all, doesn't it make sense that any commodity is more likely to sell, and at a better price, the more people know about it? The first step for broad exposure is getting a home into the Multiple Listing Service (MLS). That is not because REALTORS® control it or want to limit access to the information – it is precisely the opposite. There are 40,000 agents in the DC Metro Area with buyer clients and the MLS is the on-ramp for the Internet to thousands of broker and agent websites and national and regional real estate search portals. More than 90% of today's buyers across all price ranges start their home search on the net, so why wouldn't a seller want to be there?

Decades ago, REALTORS® created the MLS for the express purpose of sharing information. It has created a broad marketplace for the sale and leasing of homes, and most remarkably, established the rules of the road for real estate firms to cooperate with each other while still fiercely competing with each other in the marketplace. The MLS accommodates every business model, from full service to limited service to discounters to tech startups. Most importantly, buyers and sellers alike have benefited from a marketplace that fosters the wide dissemination of information and the market-based transactions that flow from that.

Can there be situations where a seller could logically choose to go the "private exclusive" route? Of course, but those situations are few and far between. Every seller should know that no real estate firm and no agent have all the buyers, or even the majority of buyers. Anyone who says otherwise simply isn't being truthful.

Area	# of Homes Sold	# of Different Firms	# of Different Agents
Washington, DC	369	58	258
Montgomery County	341	70	276
Northern Virginia	579	108	472
Loudoun County	49	24	46

While "private exclusives" exist in all price ranges, they seem to be more prevalent for upper bracket properties. There were 369 homes that sold in the District of Columbia for $1,000,000 or more in the last six months in the MLS. There were 58 different real estate firms, and even more remarkably, 258 different agents representing those buyers. Additionally, as the table indicates, this broad diversity of firms and agents selling upper bracket homes isn't any different in Maryland or Virginia. What's important to note is that most of these buyers never knew about other homes for sale on the market that were tagged "private exclusive" with "quiet" or minimal marketing. Those sellers simply missed out on those buyers – and those buyers missed out on those homes.

Sellers should also consider that privately listing their home could be seen as an intention to screen interested buyers in ways that could appear to be discriminatory. Care has to be taken that no one is excluded from a "private exclusive."

Think twice if you are a homeowner contemplating a "private exclusive" sale. Ask yourself whether going that route is best for you and whether you would get the best price for your home.

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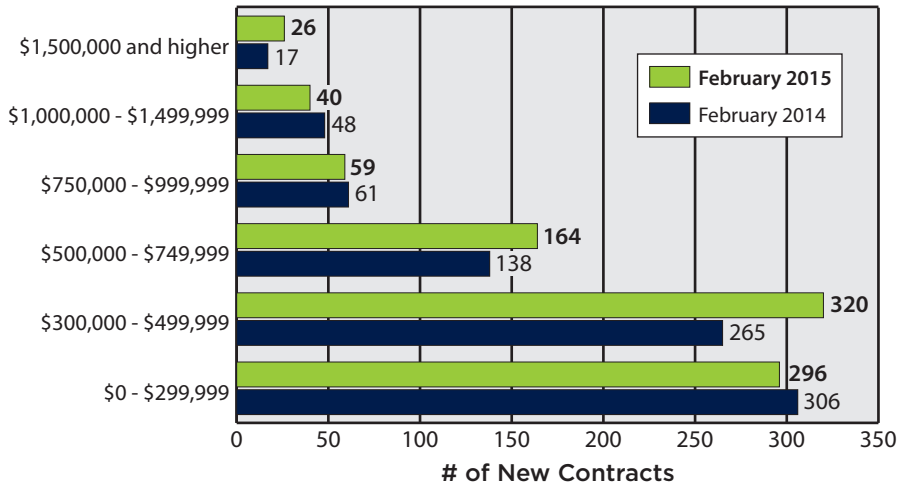
NEW CONTRACT ACTIVITY

Montgomery County - February 2014 vs. February 2015



NEW CONTRACT ACTIVITY

- The number of new contracts ratified in February 2015 was **up 8.4%** from the number of contracts ratified in February 2014.
- Contract activity year-to-date is **up 9.5%**.
- **32.5%** of all homes going under contract in February 2015 had a price reduction before going under contract.

FULLY AVAILABLE LISTINGS

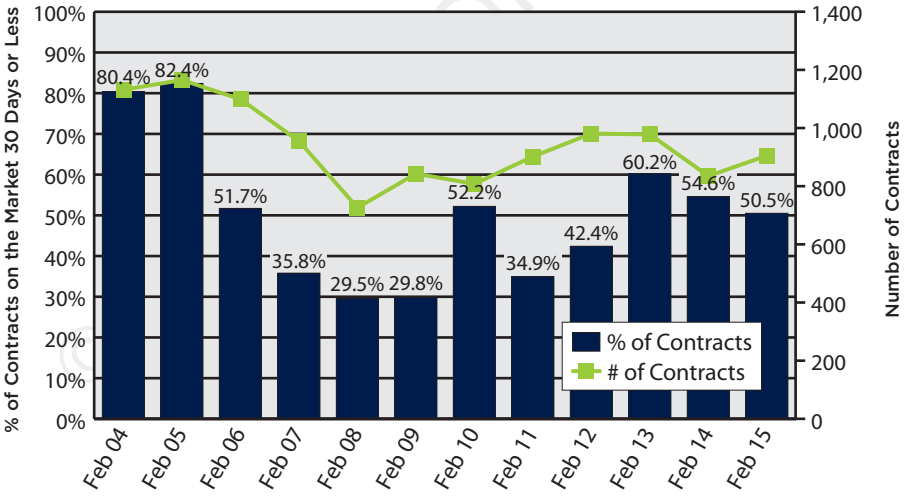
Montgomery County - February 28, 2014 vs. February 28, 2015

FULLY AVAILABLE LISTINGS

- The overall inventory **increased 24.6%** at the end of February 2015 compared to last February.
- Inventory increased for all six price categories.
- **33.6%** of all homes on the market have had at least one price reduction since coming on the market. In February 2014, 29.5% of all homes on the market had at least one price reduction.

URGENCY INDEX

Montgomery County - February 2004-2015



URGENCY INDEX

- During the past 12 years, the Urgency Index has been as high as 82.4% and as low as 29.5%.
- The average February Urgency Index in Montgomery County during the past 12 years is 50.4% - the same as where we are today.
- Note that contract activity **increased** 8.4% from February 2014, but the Urgency Index dropped from 54.6% to 50.5%.

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