

# Advantages and disadvantages of hosting an open house

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Realtors around the U.S. have long debated the value of holding an open house — those scheduled events during which prospective buyers are encouraged to view a property without an appointment. Nationally, the arguments against open houses have long included:

**Too many lookie-loos.** It is no secret that open houses provide an excellent opportunity for curious neighbors to check out the interior of a home. They may want to learn the listing price in order to get an idea of what their own property is worth or be curious about upgrades. Whatever the reason, it is practically guaranteed that some open house visitors are nothing more than inquisitive.

**Open houses are no longer necessary due to a strong online presence.** Given the high quality of online listings, potential home buyers can sit in their pajamas and look at professional photos and videos of a particular home. Without even walking through the front door, they know how many bedrooms and baths there are, the age of the appliances, and what the outdoor space looks like. Sure, an in-person showing is important if they are serious about making an offer, but there is a great deal of information they can glean just by clicking online.

**Open houses increase the risk of dual agency.** A longtime knock against open

houses has been that they benefit the listing agent more than the homeowner. It is possible that visitors without an agent will decide to work with the hosting agent, and in doing so may enter into a dual agency situation. Dual agency occurs when the same brokerage firm represents both sides of the transaction — the buyer and seller. Although it is perfectly legal in the state of California, there are states that have declared the practice illegal. For those states it is a matter of not being able to serve two masters. The fear is that one party will be short-changed in the rush to make a deal.

Of course, as with most real estate-related issues, the Bay Area is an anomaly, different than the vast majority of communities around the U.S. According to Alex Wang, real estate evangelist for the Sereno Group in Palo Alto, and Mira Johnson, a Realtor with Sotheby's in Oakland, open houses simply sell homes.

Take an open house Wang held last weekend. More than 160 people passed through, potential buyers with a real interest in the property. In Wang's estimation, today's well-educated home buyer does not need the same amount of hand holding pre-Internet buyers might have required and open houses allow them to strike out on their own.

"If a house is on the MLS, buyers find it themselves. Most are busy with jobs,

young kids, or simply have a full schedule. They don't necessarily want to set a hard time with me to go see a property," Wang said.

Wang finds that once one of his clients has seen a home they are interested in they will call him for a private tour, if there is time. When an open house is packed with other interested parties and the buzz is strong, buyers gain a greater sense of what the competition is going to be like. On the other hand, if all appears to be quiet, the buyer knows they have a bit more room to make a decision.

Wang, who has been selling real estate for 16 years, calls open houses "a real-time indicator" of how hot the market is for a particular property. He likes the idea that his clients can see it for themselves before any sort of negotiations begin.

Of the sizzling East Bay market, Johnson says, "In Oakland, open houses are essential to getting the best price for a property. Most Realtors will not hear any offers until there have been at least two open houses held."

The practice in Oakland, according to Johnson, is to list properties from 10 to 20 percent lower than their expected sales price, and it is the buzz created at an open house that helps create a bidding war. She estimates that at least 80 percent of her clients opt to allow an open house for that very reason.

As far as her buyers are concerned, Johnson appreciates the fact that a busy open



house gives them the opportunity to overhear other people's conversations. Doing so allows them to find out what others think of the home and neighborhood. It also gives buyers the chance to spend time with the listing agent, to ask any questions they may have. Rather than being left alone with their own observations as they consider such an important purchase, potential buyers can gain insight from others present.

What about those concerns expressed by Realtors in other

regions of the country regarding the value of an open house? Here in the Bay Area, lookie-loos are great because they build traffic and excitement. An online presence is useful, but no substitute for seeing a property in person. And regardless of concerns, dual agency can be a good thing. In addition to streamlining the transaction, dual agents may be open to a reduced fee because they are being paid by both parties for a single transaction. It certainly never hurts to find out.