

# How Selling Your Land To A Real Estate Investor Stacks Up Against Your Other Options

Pros, cons, costs, and timeline of each option

*So, you need to sell your vacant land. Selling in a market like today's can sometimes be frustrating. With so much other land on the market it gives buyers out there more choices... and often times sellers can wait 6, 12, 18+ months to sell their property for a price they feel is fair. This brief guide will walk you through the decision process to help you decide what's best for you. Do you go the traditional route and work with a real estate agent, sell it yourself (For Sale By Owner, FSBO), or work with a real estate investment company? Each of these strategies have different pros and cons and each one will help you reach a different goal. It's for you to really look and see what you need to accomplish with the sale of your land... then make the decision that helps you get there.*

# The 3 Options For Selling Your Land

Like I mentioned above, there are 3 real options for you in selling your land. I'll dive into those 3 options a bit more below and spell out what's great about each... the drawbacks of each... and who each option is really going to help the most.

## 1) Working With A Real Estate Agent

The most popular way to sell a property today is by working with a real estate agent.

The general process of working with an agent is...

1. You contact an agent and they visit with you about your land to determine what they feel it may sell for.
2. You sign a listing agreement with the agent (normally 6 months) where they exclusively represent and sell your property.
3. Agent lists property on the MLS, markets it, and takes buyers to your property for showings (land should show well to sell well).
4. If a property sells, the agent takes care of the paperwork and negotiation with the buyer... and the agent collects their fee... which is usually 10% - 20% (typically the percentage a real estate agent takes for vacant land is much higher compared to when selling a house, because land sells for much less and takes much longer to sell than a house).

Agents know the market and have direct access to the MLS which is the main way vacant land is listed when selling the traditional route.

**Cost:** Selling agent fees are usually about 10% - 20% of the total purchase price. As an example, if your land sells for \$20,000... you could expect approx. \$1,000 to \$2,000 of that to be paid to the agent at closing.

**Timeline:** From 6 to 18+ months (with an average of 12 months in many markets).

**+ Pros:** Agents know the market well, have access to the MLS to list your land to expose it to a broad range of retail buyers, they'll take care of the marketing, showing the property, and putting together the closing documents.

**- Cons:** It can be expensive and it can take long. An agent's commission is paid out of the proceeds of the sale at closing. Most agents tend to do "traditional" marketing which often takes 6 to 18+ months to sell a property (in most markets the average time on "market" when listed with an agent is 12 months currently). This of course means you're responsible for the costs of the property (property taxes, liability insurance, etc.) while it's trying to sell. Lastly, with agents... their primary way to get buyers is by focusing on "retail" buyers (people looking to build their dream home on the land). This requires showings of the parcel and there's always the chance that the buyer who's offer you accept has their financing fall through, or delay the closing date. One last "con" is that many retail buyers will ask you as the seller to pay for part of the closing costs... so this is an additional expense in many transactions.

### **Who Working With An Agent Is For...**

People who: aren't on a time crunch and can wait at minimum 6-12 months if they had to sell, have room in the transaction to pay the agent fees, are looking for full market value and are willing to wait it out until a buyer comes along who is willing to pay full market value.

## **2) Selling Your Land Yourself (FSBO)**

In the last 10 years "For Sale By Owner" has become very popular. With sites like forsalebyowner.com, craigslist.org, and others like it... it makes it easy to list a property online... even get a "FSBO" sign for your land... and hit the market taking control of the sale process for yourself.

The general process of selling land on your own is...

1. You determine the value of your land. Sometimes this can be tricky... but there are resources out there. Usually paying for an appraisal is the most accurate and best way to find the true value of your vacant land (or ask a real estate agent who is willing to give you a value).
2. Take pictures of the land, gather all of the details about the land (acres, zoning, improvements, etc.), and create a listing on a FSBO website. Also, put a FSBO sign up on the property.
3. Then, you market it. Since marketing is your responsibility... you can do as much or as little as you want. Many people list in the newspaper, online, and there are even "flat rate" MLS services out there where you can get your land on the MLS for under \$500 (with no agent commissions).
4. You handle offers, showings, and putting together the paperwork for the sale.
5. You and the buyer show up at the closing table and complete the purchase. This can be a very attractive if you're familiar with the real estate sales process and are a good marketer and negotiator.

**Cost:** The only real costs are whatever fees there are to list on a FSBO site (between \$100 - \$1000), if you choose to get it listed on the MLS with a flat fee agent (about \$300 - \$500), any cost to make your property attractive so it shows well, and potential closing costs that you may share with the buyer. Plus, if you decide to pay a buyer's agent fee (usually about 3%) to entice agents to bring their buyers to see your land... you'll want to figure that into the cost. Again, on a \$20,000 property... 3% is about \$600. Plus the other costs above and that is about \$1,500 - \$3,000.

**Timeline:** This really depends on your ability to market the property. Usually FSBO land stays on the market longer than with an agent... simply because agents sell properties every day and know the tricks to sell. But, you should budget 12-18 months to sell with this strategy in most markets (some more, some less).

**+ Pros:** You can save a big chunk of money by not paying agent fees. And, you have control and full responsibility over the whole process.

**- Cons:** It's a lot of work to sell your property, and if you're not comfortable and experienced in the process of selling land, the paperwork, valuing your land, marketing your land etc... you could end up in over your head and it costing you more than working with an agent. The largest drawback with going the FSBO route is the amount of time it could take to sell.

### **Who The FSBO Route Is For...**

Selling land yourself is really great for people who don't need to sell quickly and who have no urgency to get rid of the property. Also, people who have a certain comfort level with negotiations, working with offer documents, etc. usually like this route. If you need to sell quickly and/or don't want to hassle with everything that goes with listing and selling your land yourself... this isn't the strategy for you.

### **3) Selling Your Land To A Real Estate Investor**

A third option for selling your land is to work with a real estate investor who buys vacant land. There are many independent real estate investors who buy vacant land for investment purposes. They either: buy these properties to develop them and sell them to retail buyers, or they hold them for long term investment purposes. Every area has reputable investors who you can contact to work with.

The general process of selling your land to a real estate investor is...

1. You connect with the investor and submit your information about your property and situation to them (today, this can all be done on a website or by phone).
2. Investor will evaluate the land, come up with a value for it, determine if any work is needed to bring the property in a sellable state, find out

what your goals are, and make an offer that fits their buying criteria and helps you reach your goals.

3. You look at the offer and decide if it works for you.
4. If it's a fit, closing happens at a title company and the title company prepares the documents... the investor buys with all cash so it's a quick close and you get your cash quickly.
5. The land sale is complete.

The process can take from several days to weeks (many times investors can close within 30 days or less, if you need it to). It is the option that many sellers go with when they need to sell their land fast with little hassle.

**Cost:** The cost to sell your land to a real estate investor is very low. There are no commissions or fees and often times the investor will actually pay for 100% of the closing costs as well. This immediately eliminates thousands in costs that you would have to pay when working with an agent or selling the FSBO route. The main cost with working with a real estate investor is the fact that an investor can't pay full retail value for a property. They usually look to buy land at discounts that allow for them of course to turn a small profit on the deal... just like any other business turns a profit. But, for many people... selling at a lower price makes sense in return for the elimination of commissions and fees and the much faster timeline to sell your land. What many people don't take into consideration are the "carrying" costs when selling land with an agent or the FSBO route. Carrying costs are all of the costs associated with owning and maintaining the land. The mortgage payment, property taxes, insurance, HOA fees, etc. These can really add up. If your monthly payments (including taxes, insurance, HOA fees) is \$300... and you work with an agent and it takes them 12 months to sell the property at full market value... that means during the 12 months you paid \$3,600 in payments on that land. Plus, you'll be paying the commissions, etc. So in the end, you could net in your pocket less, if it takes a long time to sell your land with an agent for full retail value... versus selling very quickly to an investor at a discount today. A similar situation we're all

familiar with is trading in your car to the dealership when you buy a new one. Most people trade in their car to the dealership to eliminate hassle and headache. We all know the dealership is paying a discounted rate and will turn around and sell your car for a markup and make a profit. But, because of the convenience and speed... it makes sense for you to sell it for less money in return for not having to worry about taking it home, spending money on marketing it, and trying to sell it yourself.

**Timeline:** The timeline to sell your vacant land when working with a real estate investor can be very quick. Since investors buy with all cash (they don't use conventional banks which take more time)... they can close very quickly. Many times, you can have an offer on your land in less than 48 hours... and can close in less than 30 days from the time you accept it.

**+ Pros:** It's less headache, you can have your land sold this time next week if you wanted to, no fees or commissions, many times the investor will pay all closing costs as well, and the closing happens at a title company just like with an agent... making sure it's done correctly. In addition, most investors will buy your land "as-is" and won't require you to prep anything, clear anything, or even remove everything from the parcel. They'll pay for those costs themselves after the sale is closed.

**- Cons:** Just like with anything, there are drawbacks. The main drawback may be that you are selling at a discount in return for the speed and convenience that a real estate investor is able to offer. If you're able to work with an agent and the agent is able to sell your land for full market value within 3 months (and you can wait 3 months)... you may be ahead going that route. But if it takes longer than 3 months for the agent to sell it... the "carrying" costs we mentioned earlier start to eat away at any gains you may have working with an agent.

### **Who Selling To A Real Estate Investor Is For...**

This strategy is mainly for people who are willing to sacrifice a bit on the sales price in exchange for a fast, convenient sale with no hassles. If you



need to sell quickly (days or weeks rather than months), investors can close quickly. If you don't want to hassle with preparing your land for sale, investors actually will take care of that for you. Investors are able to get a good parcel at a fair price that leaves them room for a profit... and you are able to get out from under the property and the payment and can move on more quickly.

## Conclusion

In the end, there's no one-size fits all solution. If you have lots of time and aren't in a hurry to sell... seriously consider going the FSBO route first to see if you get any bites. Then, if you still have lots of time (you don't care if it takes longer than 6 to 12 months to sell) you may work with an agent. However, if you need or want to sell quickly... maybe you're in foreclosure, or you inherited the land and don't want to mess with the hassle, or you've lost your job and can't handle the payments anymore, or any other situation that calls for a fast and no hassle sale... working with a reputable real estate investor may be the way to go. Just like with anything, do your research and make sure you trust the investor you're working with and make sure the actual closing is done at a reputable place like a title company. The vast majority of real estate investors out there are honest and do great business. Work with those ones, ask for references if you'd like, and trust your gut. Good luck on the sale of your land! We hope this guide will help you make sense of your options when selling your land and will help you move forward with what makes sense for you and your goals. In some instances, working with a reputable agent is the best route... and in some cases working with a reputable investor is the best route. Weigh your options... and good luck! :-)

**If you have questions about working with a real estate investor to evaluate how much your land is worth and what an investor will pay for your land... return to the website where you got this guide ([www.expresslandoffers.com](http://www.expresslandoffers.com)) and contact us. We are a real estate**

**investment company that focuses on helping landowners reach their goals... whether we buy your land or not... we're on your side.**

We look forward to helping you as a resource and working with you on the sale of your land if there's a fit.

- ExpressLandOffers™ - Your reputable real estate investment company.

**PS** - If you're still not sure what option is right for you... use this quick little test. Can you wait 12 months to sell your land? If the answer is no or "I'm not sure"... contact us and we'll give you a free no-obligation offer on your land. Take our offer, look it over, pass it by people you trust, and take your time to decide. There's no pressure. If you feel that helps you reach your goals... great. We can close quickly, no fees, no commissions... and we'll even pay closing costs. Pretty darn painless. Just connect with us to get the ball rolling.