

# **Agents Turn to Pre-Listing Inspections to Prevent Canceled Contracts**

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Real estate professionals are reporting a rise in home buyers getting cold feet before closing. A common culprit? A negative home inspection report.

Melissa Bailey, a real estate pro with the Jason Mitchell Group in Scottsdale, Ariz., recently had a listing fall out of contract four separate times. “The first buyer had a home inspection and did not even provide us an opportunity to repair anything but just canceled right away,” Bailey says. She’s finding that “if there’s any inkling that a house needs repairs—even if they’re not major—a buyer will back out.”

The number of canceled contracts has been ticking up in recent months. It's currently at 6% nationwide, according to the latest [REALTORS® Confidence Index](#). Some brokerage reports suggest even higher rates, with recent data from Redfin showing nearly 15% of homes under contract falling through in May, the highest cancellation rate ever recorded by Redfin for the month of May.

To keep deals from unraveling, some real estate agents are recommending pre-listing inspections—having a home professionally inspected before it goes on the market. Agents say it allows a seller the opportunity to address any repairs before the For Sale sign even goes up. It also can help avoid surprises like a costly plumbing problem, a failing roof or an outdated electrical panel that could cause financially stretched buyers to bolt before closing.

## **A Stamp of Approval**

Cara Ameer, an agent with Coldwell Banker's Vanguard Realty in Ponte Verde, Fla., has been advising her sellers lately to consider a pre-listing inspection as their first step before the property goes up for sale. "It is so important today before you go on the market to get a handle on what your home's condition is," Ameer says. Sellers can be caught off guard if issues arise during the buyer's home inspection while under contract—issues that could have been handled before a deal was on the line. "It's better to get a grip on your home's condition on your time and your terms," Ameer says.

Ameer says it can also help build trust with prospective home buyers by being upfront and transparent about the home's

condition. “Disclosure is confidence,” she says. “And you want that buyer to go into that transaction with confidence.”

While buyers are still encouraged to complete their own inspections, they may find the seller’s inspection report reassuring enough to move forward. Or they can use the seller’s inspection report as a “baseline” when proceeding with their own inspection, Ameer says.

In 2017, HomeTeam Inspection Services started marketing pre-listing inspections, “and everybody thought we were silly for doing that,” says Matt Cook, director of business development at HomeTeam Inspection Services, a Cincinnati-based company with over 200 offices nationwide. Cook says skeptics would tell him, “The buyer is going to do it. Why would I want to double down and say, ‘Let’s find the problems?’” Yet, he says demand for pre-listing inspections is growing among HomeTeam’s franchises.

“I think more people are realizing—especially listing agents—that you get an upper hand if you get a pre-listing inspection,” he says. Sellers avoid the anxiety that can come with waiting for an unknown outcome during the buyer’s inspection process and possibly haggling over repairs later on.

Cook’s company even supplies yard signs that say: “This home has been pre-inspected,” which agents can place alongside their listing sign. It’s like a stamp of approval—similar to how used cars are certified. “It’s basically like a certified pre-owned home,” he says.

## **Choose What to Fix, What Not To**

Sellers don't have to fix every—or even any—item that a pre-listing inspection uncovers, Ameer says. But the inspection gives them a chance to make repairs that could improve the marketability of their home. It also enables them to disclose issues upfront; buyers can factor needed repairs into their offer rather than using them as reason to walk away later.

Bailey sees the pre-listing inspection as an opportunity to eliminate seemingly small issues that could still raise red flags for cautious buyers. “Things like a drip under the bathroom sink, a loose faucet or a toilet that rocks—those are all things you can fix ahead of time so that you don't have to lose that buyer because they're afraid,” Bailey says.

## **Not All Properties Need One**

Agents say not every home needs a pre-listing inspection. “If it's a newer home or the owner has recently replaced everything, then you probably don't have to do that step,” Ameer says.

Real estate pro Joe Graziano says he typically makes the call during the listing appointment based on what the seller shares about the home's condition. “If they're going through and they're saying, ‘Oh, there's leaks and there's this, there's that,’... I'll suggest that maybe we should get an inspection just to make sure that there [aren't] other items that might come up” and jeopardize the deal, says Graziano, with the DeBartoli Real Estate Group, part of Huntington and Ellis, in Las Vegas.

**Ameer likes the reassurance that comes from pre-listing inspections—and being able to market them with the home. “Especially in today’s market where buyers are dealing with the higher interest rates, insurance and inflation” and already stretched thin financially, a pre-listing inspection “is a very proactive versus reactive approach” to listing a home, Ameer says. “Pre-listing inspections can help derail a lot of the surprise and shock that might happen from [post-closing] inspections—for both the buyer and the seller.”**