



ADEN IMMOBILIEN

BERLIN - PARIS



A guide to selling a property in Berlin

On your own

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Understand your possibilities and get to know the local market

The first thing to do when you want to sell your apartment in Berlin is to understand the advantages and drawbacks of your property on the local market. Many landlords want to start selling a property in Berlin without defining their expectations. But there are many questions that should be considered, such as: when is the best time to sell? How long does it usually take to sell an apartment? What happens if your initial mortgage is not fully repaid yet, and what fiscal regulations should you know about? And the key question of course is, what is the right price to ask?

Each answer depends on your specific situation. Therefore, selling with no agent means doing a lot of homework! You will need to understand precisely the role of the real estate broker (called a Makler in German) in order to carry out a real estate transaction on your own, and you should also get a sense of the local market in Berlin.

So what does that mean for your property? There aren't many places where someone can easily and reliably find out information about the price of real estate, for instance. There are averages and evolution charts available online, but in order to really know what price to set, you will have to do a proper evaluation of your property.



Working with a professional values your property sale price

The real estate market, in most cities, is unlike any other economic market. Certainly, there are predictable factors that influence pricing location, size, amenities. But the laws of supply and demand are not so straightforward when selling an apartment in Berlin. The simple reason is that each good is unique, and each buyer is unique. You need one and only one buyer to finalise a sale, but it has to be the right one. In fact, knowing the value of property isn't so much about the apartment, but more about what potential buyers are willing to pay.

So how can you determine the optimal price you can ask for your property? **The first indicator is of course, to look at offers for similar apartments. But even then, you are not sure if they sold for the price that it was listed for. Most landlords tend to overprice their apartments in Berlin... Beware of the average prices per square meter you can find online:** these indicators are calculated as averages. These statistics may not be up to date (the real estate market can change from one week to another!) and they reflect prices shown in online listings, not in actual transactions.

You can also calculate a price based on your initial investment, the cost of the mortgage, and other renovations you might have done in the apartment. Yet again, depending on the market and on the season, your asking price might need to be set below or above what you invested. **The conclusion is simple: one must have experience with the local market and understand what buyers are currently looking for to give a good evaluation of a property.**

Don't hesitate to ask for advice from professionals! Setting the right price is very important. Otherwise, you risk having few visitors and receiving disappointing offers from buyers. Did you know that you can ask, with no commitment, a real estate broker to come and evaluate your property?

In fact, you should have several agencies estimate your property and then compare between the different evaluations. Be careful, going for the highest number is often not the most strategic choice! Make sure that the brokers have a truly professional understanding of the real estate market of Berlin.

Understand that you might not be making more money by selling with no broker

In theory, selling an apartment with no real estate broker could mean making more money on the sale, since there won't be any commissions from the agency. **Let's take a concrete example: an apartment is valued at €100,000. Agency fees, in Berlin, are usually 6% of the property price + VAT, for a total of 7.14% of the property price. So as a seller, it is a natural temptation to ask for €107,000 when you list your apartment for sale.**

But in practice, this "trick" rarely works. **Potential buyers will question your pricing and will likely make offers that are way under the asking price - probably for around €100,000.** It is frequent that they compare with other, similar apartments for sale and try to make an average at the lowest possible price.

On the contrary, prices set by a real estate professional are much less questioned by potential buyers. There is of course always room for negotiation when buyers make a written offer. Furthermore, the broker acts as an intermediary in the negotiation and can really help find a common ground in a quick and diplomatic way.

Finally, the key point about selling with no broker is that there is no way to gage how well the sale is going to do. Perhaps the pricing and marketing were well done, and it will be a smooth and easy process. However, in some cases both the evaluation and the visibility of the property are not working, and this might end up in a devalued sale if time is running out.

One last word of advice: if you posted your property for sale online, and you are not getting enough visits or offers, don't leave it online for too long! Buyers may recognise them and feel that they can negotiate the price down. **So it is best to shoot for the right price at first!**



Gather all the necessary documents and be ready for questions

Serious buyers will have a lot of questions for you. Not being able to answer these questions before the sale contract is done can have horrific consequences if the buyers claim there was a hidden vice in the property. To avoid this situation, there is a lot of preparation, research and review work to do on the documentation about your property, which a real estate agent can help you with.

In Berlin, selling an apartment usually requires:

- >> **A cadaster and floor plan (Grundrissplan):** indicates the square footage and exact plan of the apartment (make sure that it is clear and up-to-date).
- >> **A declaration of division (Teilungserklärung):** explains the details of the co-ownership building, especially for shared areas. This document is transmitted to the new owner by the notary.
- >> **An extract from the property deed (Grundbuchauszug):** can be obtained with the municipal office Grundbuchamt to make sure that there are no debts or discrepancies in the property title (for instance an old unresolved mortgage or hypothek). A real estate agent can take care of obtaining this document.
- >> **An overview of previous co-owner meetings (Eigentümersammlungsprotokolle):** with this document the buyers will be answered many questions about the functioning of the building, the other co-owners, plans for upcoming renovations, etc.
- >> **An overview of the expenses and charges of the apartment (Wohngeldabrechnung), an overview of the co-ownership building's economic budget (Wirtschaftsplan), and an overview of the reserves and available capital of the co-ownership building (Rücklagenübersicht):** these three documents summarise the financial profile of the building and explain how renovations and other expenses are dealt with.
- >> **An energy consumption certificate (Energieausweis)** which is mandatory in Germany.
- >> **A certificate of insurance against fire damages (Brandversicherungsurkunde):** this is mandatory in Germany and banks will ask for this document before granting a mortgage to buyers.
- >> **[if applicable] A copy of the rental contract (Mietvertrag)**
- >> **[if available] A description of the building's architecture,** infrastructure and renovation history to understand its physical health and future need for repair.

When you are planning to sell your apartment with no real estate broker, you should contact your (building management) as soon as possible to gather all these elements.



Prepare your apartment:

The rules of home staging

Most people looking to buy an apartment in Berlin are interested in the space and qualities of the property. They will be able to get an impression of this from the photographs shown in your ads online, and during the visits. You need to both show your property in its best light, but also create a neutral sense of place so that potential buyers can really project themselves in the apartment. Here are four keys to a successful home staging:

- >> **Create a more spacious impression by removing cumbersome furniture.**
- >> **Emphasise the light:** take photos and have visits at the brightest moment of the day, remove curtains, clean the windows, and use a high quality camera with a low shutter speed for best results.
- >> **Opt for a neutral decoration style and put away items that are very personal or could disturb an outsider.**
- >> **Do a deep scrub!** It may seem obvious, but details like moldy bathroom joints can create a really negative impression both on photos and during visits.

Keep in mind that first impressions are absolutely crucial, and home staging must be done before you actually receive visitors! Photographs that make your place look bad will drive people away...



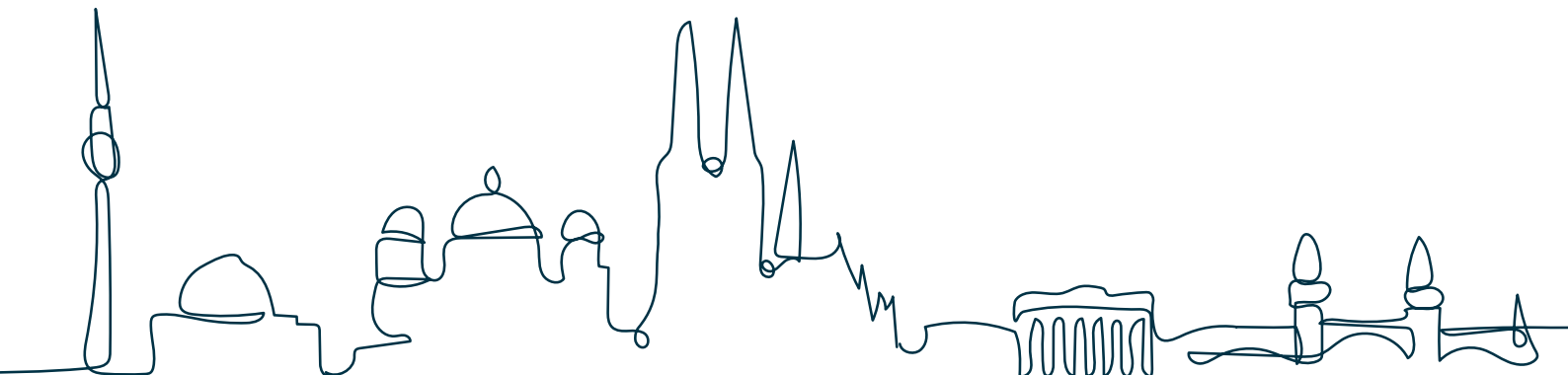
Prepare an attractive exposé with good photographs

Real estate brokers know more than anyone in the world that first impressions are crucial. **There are two crucial moments for selling an apartment: the first photograph, and the first visit. If the first photograph is not compelling enough, a potential buyer might start with a negative impression and overlook the rest of the offer, even though the floorplan or amenities could match their criteria.** We mentioned above that the real estate market is unlike any other market: emotional attachment and aesthetics are a huge criteria in buyers' decisions! The majority of apartments on the market will be bought by private persons who can see themselves living there. So, having a bad online presentation may hinder that attachment from the very beginning.

The tip from ADEN IMMOBILIEN is to ensure that every property is shown at its best. This means organising a photoshoot at the brightest moment of the day, after a bit of home staging, with professional equipment to guarantee a good overview of your apartment.

So ask a photographer friend to take pictures of your property! At the right time of the day, a tripod and a slow-exposure HDR camera will make a major difference.

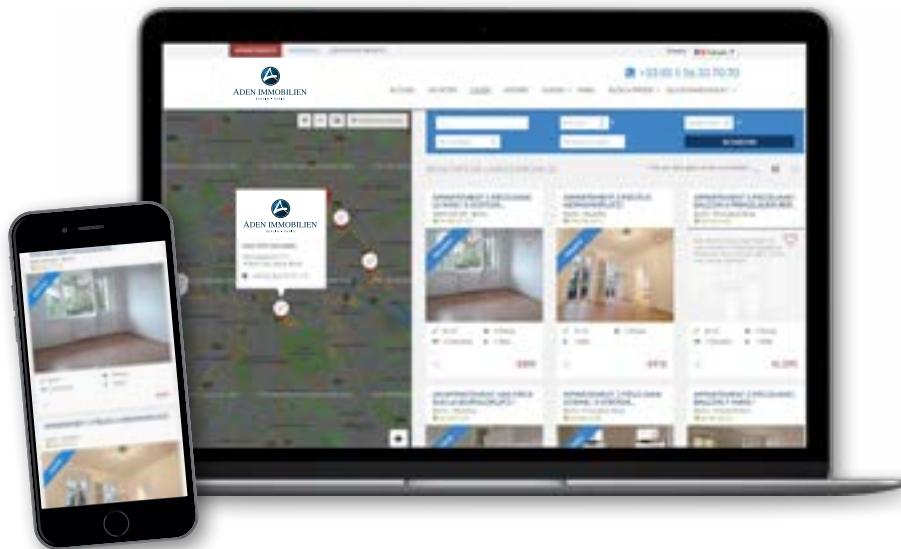
In addition to good photos, you should also write a detailed description of the property for sale. **This should include all the important elements about the apartment: size, location, floor, orientation, type of heating, amenities (for instance a bathtub, elevator, balcony, storage rooms or cellars, parking etc.).** If there are amenities missing (no balcony, no cellar, etc.) it is not recommended to point it out in the ad. Make sure to also explain how the co-property functions and if there are renovations to anticipate. And of course, emphasise the key advantages of the apartment



Quickly reach the right audience with a thorough marketing campaign

Large real estate websites like Immobilienscout, Immonet and eBay Kleinanzeigen (classifieds) are very popular: thousands of people look every day at the offers online. Hundreds of apartment ads are posted online.

But beware: only ads posted by real estate professionals remain at the top of the list. Listings from private persons therefore rapidly get lost in the later pages of the platform, so they have less visibility. **Besides, posting an ad online can be costly: for instance, a standard listing up for 14 days on Immobilienscout is charged 400 euros! So if you want to cover different sites, this can quickly add up!** Managing the promotion of your apartment for sale also means a lot of work: answering messages, setting up time slots, making sure that visitors are in fact interested buyers and not just 'tourists'... You have to be responsive and remember to renew your listings every other week. This is a real time commitment.



Furthermore, maximizing visibility for your apartment doesn't necessarily mean reaching as many people as possible: in the real estate market in Berlin, this means reaching the right audience. **Interested buyers with a serious project and confirmed financial plan usually begin their quest through online platforms. But many of them end up contacting real estate agencies simply because they offer price and quality guarantees.** The process is less stressful and less time consuming because there has already been a selection of the offers, instead of having to face situations where thirty other potential buyers are looking at the exact same property at the same moment. **And this is particularly true for international buyers who need help with the administrative process!**

ADEN IMMOBILIEN manages a large database of sellers and buyers, which is constantly updated with each new property and each new client. Among those, there are people actively looking for an apartment, as well as people who are looking for something very specific and are just waiting for the perfect opportunity...

Having a successful visit

Thousands of people browse on online real estate platforms every day, but many of them don't actually have a concrete project in mind.

During a visit, it is crucial that potential buyers feel they can project their plans in the apartment. So home staging and neutral decoration are very important. They need to see that they can own this new property. Sometimes, the presence of the current owner might create a block, too : the buyers could feel like they are stepping into someone's territory and feel uncomfortable.

On top of that, organising visits might also become very unpleasant for the owner if buyers make comments about the furniture or the decoration.

As a solution, the neutral presence of a third party –like a well-informed friend or real estate broker– makes it easier for buyers to speak, to ask questions, and to feel inclined to buy. This third-party needs to be able to answer questions about the co-property, apartment, etc.

One important point is to actually listen to the visitors' comment. Is the price set too high for them to make an offer? Is the appearance of the apartment a turndown for them?

Furthermore, open house visits should always be done during daytime. Why? Sunlight, of course! If your apartment offers wonderful eastern exposure, but you can only host visitors in the evening after work, no one is going to realise how bright of a property this is and how justified the price is. So make sure to arrange visits during the brightest hours, and create a safe space for visitors to feel at ease. They should be able to ask sensitive questions and feel like there is room for an open discussion.



Screen potential buyers

It might feel uncomfortable to be checking into someone's financial profile. But it is absolutely mandatory to see a confirmation of funding from a bank or established financial institution before anything else happens with a buyer. This is the main step that should never, ever be avoided because it can have nasty consequences. Given how large transactions are in real estate, there is no room for blind trust!

For example, it is not rare to meet buyers who seem very serious and interested. They ask for documents, they make an offer, they want to draft a sale contract... but after two weeks of reflection, they might not show up at the notary for the signature and you'll have wasted two weeks of your time! Maybe they changed their mind, or maybe they didn't get the necessary mortgage from their bank. In any case, the notary will charge fees to the buyer for drafting up the contract.

So the financial situation of the buyers should be checked before carrying on with the transaction. **Acquirers can get a mortgage offer 'in principle' from their bank and this is something a seller should ask to see at the same time they are making an offer.** But keep in mind that the buyers are not obliged to show you any proof of finance, so it is a request that should be done with subtlety. Also discuss potential renovations and try to gauge if they are aware of the cost and time implications.

The next step is already meeting at the notary to sign the contract! Indeed, private persons cannot make a "Reservierung" (a reservation). **However, a real estate broker is able to act as a guarantee for the sale since a private person can pay a 1% deposit to them before the contract is being drafted.**

Meet directly at the Notar for the signature

In Germany, once the offer from the buyer has been accepted by the seller, the process is very fast! The notary drafts a contract and sends it to both parties. Minimum two weeks after receiving the document and reviewing it, the buyer and seller will meet at the notary's office to sign the contract. **Simple, efficient, and... really fast. So the moment you decide to accept an offer, it has to be a fully conscious decision.**

Will you need a lawyer? The notary is in charge of drafting the sale contract, and this must reflect all the fine arrangements of the sale. But he is not present during the negotiations; so precise terms and conditions must be communicated to him in some written, official way. **For instance: are there issues with the apartment that need to be mentioned? How is the tenancy being handled? When should the transfer be precisely executed? Are there delays for removing furniture in the storage areas?**

If German is not your first language, and if administrative German is problematic (which it is even for native speakers), don't hesitate to get help from a lawyer. As your legal representant, he represents your interests only and can speak in your name at meetings. **Around 30% of Germans have a lawyer present during real estate transactions.**

Conclusion

So it may seem that selling with no real estate broker could mean, for the buyer, spending less, and for the seller, earning more. But it is difficult to tell if a private sale will succeed, and how quickly, especially in a market as transient as Berlin. All the steps in the transaction fixing the price, gathering documents, organising visits, negotiating between the parties demand more time and work on the part of the seller. The risks are higher, which you should be aware of.





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