



The Palisades' Shadow Inventory

What are 'Pocket' Listings?

By ANTHONY MARGULEAS
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You may have heard of “pocket listings” and wondered what that meant. Or maybe someone told you they knew of a pocket and you wondered why a seller would sell their home before coming on the market.

What's a Pocket Listing?



A pocket listing is typically when an agent knows about a home that the owners want to sell but that has not yet come on the Multiple Listing Service (MLS) and the home has not been openly marketed.

Some real estate agents have signed listing agreements for their pocket but most do not. In fact it is not unusual to hear about the same pocket listing from a few different agents.

Some homes are pockets because they are tenant occupied or the seller is waiting to find that replacement property so they are not ready to formally market the home. Hunting for pockets takes a lot of patience.

Is it Really a Pocket Listing?



Some agents may call a home a ‘pocket’ listing, but is it really? The home may actually go in the MLS and the seller is not willing to sell it beforehand.

Although it is helpful for a buyer or their agent to be aware of a property before the general public, there is little value from these so-called pockets.

If the sellers are not willing to sell their property before it officially comes on the market, then it isn't really a pocket.

Pocket Listings By the Numbers



I have access to the largest number of pocket listings in the Palisades with over 100 (yes, you read that right!) of them.

Considering that there are only 72 Palisades homes on the market in the MLS, having access to 100 more is a staggering number.

I have put together an extensive database of these pockets that has taken me years to accumulate. The benefit is I sold six pocket listings in the Palisades in January alone. Half were buyers and half were sellers.

Who Sells Their Home as a Pocket Listing?



Why would a seller choose to sell a home before it comes on the market? There are many reasons.

It could be a very private seller who does not want a lot of their neighbors or other people to know they are moving.

The owners may not want their kids to know until the home is actually sold out of concern that it may disrupt their school or sports activities.

It could be a celebrity client who does not want a sign, public open houses or strangers walking through their home taking pictures.

Pocket Pricing



Now for the million-dollar question: How does a seller know they are getting a fair-market value for the home?

In one case, a seller had their home on the market previously at the peak of the market, and we were able to sell it at a higher price than before.

In another case, we represented a seller who had a tear-down and it was very easy to know what the comparable sales were for a tear-down.

Plus, they happened to get a couple of offers from other developers so they had a very good idea of the value.

Pocket listings are an attractive option for sellers because they get the peace of mind of knowing they have a buyer. They also do not need to deal with having to leave their home for broker caravans and Sunday open houses.

Benefits of Buying a Pocket Listing



There are obvious benefits for buyers as well. It can be very stressful trying to buy a home that is on the MLS as there can be multiple offers and even if you are all cash and come in at the seller's asking price or above you may not even receive a counter-offer from the seller.

In many cases, if structured right, a pocket listing can be a win-win for both parties involved.

For example, let's say the seller needs more time to move out or wants a seller lease back.

A buyer is usually more open to this because the seller has already accepted their offer.

It is very important for a seller who is considering selling their home as a pocket to meet with a couple of top agents to get an independent evaluation of the value of their home.

Downsides of Pocket Listings



One downside to pocket sales is they do not get reported to the MLS, so appraisers and real estate agents cannot easily find them to use for comparables.

Most agents typically look in the MLS for comparables and rarely check public records so they may not be aware of a lot of these off-market sales.

If you have been looking to buy a home in the Palisades and are not having much luck because of the low inventory and multiple offers, or if you are a seller and want to discuss listing your home as a pocket, contact me and I am happy to see if one of my pockets may be the right home for you.

Anthony Marguleas is the broker/owner of Amalfi Estates. For the past 20 years he has successfully helped 500 Palisades families. He was recently honored by The Wall Street Journal as one of the top 250 agents in the country out of 1 million agents. Contacts: (310) 293-9280 and Anthony@amalfiestates.com.