

Pricing Your Home

Pricing Your Home or Property

If you truly want to get your home sold, pricing it properly is the single most important thing you can do. Pricing it correctly is always the difference between those homes that sell and those homes that are STILL for sale.

Why You Should Price Your Home Realistically

TIME

Chances are that your home will sell at its fair market value anyway. Pricing it realistically at the outset simply increases the likelihood for a timely sale with fewer inconveniences and greater monetary return.

COMPETITION

Buyers educate themselves by viewing many homes. They pretty much know if the price is fair or not. If your home is not competitive in value with those they have seen, it will not sell. Buyers typically look at homes within a \$10,000 price range. If your home is not priced within the correct range, it very likely will not be exposed to its potential or targeted buyers.

REPUTATION

Overpricing causes most homes to remain on the market too long. Buyers, aware of a long exposure period, are often hesitant to make an offer because they fear "something is wrong" with the house. Often homes that are on the market for a long time eventually sell for less than their fair market value.

INCONVENIENCE

If overpricing keeps your home from selling promptly, you can end up owning two houses- the one you've already purchased and the one you're trying to sell. This can prove costly and worrisome, as well as inconvenient.

Dangers of Incorrect Pricing

Too Low:

- Generates unnecessary loss of equity profits
- Raises unwarranted suspicions about the property that diminishes its market value
- Encourages more aggressive negotiations from buyers who see you as uninformed
- Depreciates surrounding properties which could rebound and eliminate any chance of pricing correctly

Too High:

- Buyers avoid overpriced properties and don't even consider homes listed above their perceived price range.
- Buyers who do look at your home shop by comparison and purchase based upon the best value.
- Extended marketing times taint a property. This causes buyers to overcompensate with lower than market value offers.
- Overpriced sales rarely close because the home will not appraise for the inflated sales price.
- The VALUE of a home is determined by what a buyer is willing to pay you for it. The MARKET VALUE is determined by what the majority of buyers are willing to pay for it. You should always list your home at market value, never above and never below.

How do you determine your market value?

Market Value is not determined by the following:

- How much you paid for it
- How much you have in it
- How much you need out of it
- How much you want for it
- How much a real estate agent says it is worth
- How much you heard your neighbor's house sold for
- How much the county assessor's office shows it is worth
- How much it is insured for
- Based on memories and treasures
- Based on prices of homes where you are moving

Market Value is determined by:

- Today's market
- Today's competition
- Today's financing
- Today's economic conditions
- The Buyer's perception of its condition
- Location

Appraisal

The best way to determine the market value of your home is to have a professional appraiser come and appraise your home. This is beneficial for a number of reasons:

- You now know confidently at what price to list your house
- It helps overcome any objections from buyers or realtors who may try to convince you your home is listed too high, just so they can get a better deal
- If you decide to list your home slightly below market value to sell it quickly, you can confidently advertise your home is listed below market value to attract more buyers.

Comparative Market Analysis (CMA)

If you don't want to pay for an appraisal, then the next best way is to request a Comparative Market Analysis (CMA). There are many realtors in your area that will do a CMA at no charge. There is normally no obligation for this service, but you will want to make sure simply by asking. Many realtors will do this in hopes that you will allow them to sell their house in the event you are not able to sell it yourself, or perhaps, if you still need to purchase a home, you might allow them to help you find a home in return for the CMA. You will want to decide upfront if you are willing to do either or both of these so you can be honest and upfront with them.