



In The News

AS SEEN IN THE ST. LOUIS POST-DISPATCH

Local Real Estate Don't Play Games—Price it Right!

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If you plan to sell your home soon, remember, the correct pricing strategy is vital at any time of year and in any real estate market, whether it is sluggish or energetic. Over pricing homes for sale is one of the biggest mistakes a homeowner can make when selling and the consequences are often difficult to overcome.

For example, potential buyers may not even consider looking at your home if they think it's out of their price range. In addition, the first 30 days a home is on the market is critical and is usually the busiest showing activity for new listings. This timing is important and you don't want to over-price your home and lose this window of opportunity.

Also, over-inflating the price of your home may cause your home to stay on the market for a longer period of time. This in turn could make potential buyers think there may be something wrong with your home since it has remained unsold for so long. You should also consider that by pricing your home substantially higher than other comparative homes in your area, that you will actually be helping those homeowners, whose properties are priced more accurately to their area's market rate, to sell more quickly than yours. At the same time, if a home is lowered several times from the original price when it first came on the market, the perception of its value diminishes greatly. Ultimately, by listing your home for a great deal more than it's market worth, there is a real good chance that your home may sell for an even lower price than it's worth.

So, if your home isn't selling, it might be time to take a look at the price. Consider some of these common mistakes that consumers make when it comes to (over) pricing their home for sale:

Selling with the idea of making lots of money to buy the next home. Some owners expect their present home to bring them the money they need to buy a more expensive home. While the proceeds from the sale of a current home can be an important part of the down payment for the next home purchase, the two transactions are separate when it comes to determining the worth of the properties. After all, how much profit a seller needs to clear on a home sale has nothing to do with how much the home is worth. The home is only worth what a buyer is willing to pay. If a house is not priced in line with what other homes in the neighborhood are selling for, it likely won't sell. A professional REALTOR® can tell you the fair market price for your home compared to similar homes in your neighborhood.

Not relying on facts and market analysis. When you are ready to sell your home, often times sellers will rely on what their friend's home may have sold for in the same area. This is not a good method to establish your price as most homes are not identical. Better yet, contact a REALTOR® who can supply you with an analysis of what properties are selling for in your area. An owner who doesn't know or who ignores the market facts, often ends up getting less than fair value. Other ways to determine how much your home is really worth include hiring an appraiser; picking up fliers at neighboring houses for sale; scanning newspaper ads; surfing the Internet; and going to open houses.

Selling quickly. How quickly you need to sell can also affect the sales price. If your situation demands that you need to sell your home quickly, discuss with your REALTOR® options for a quicker sale.



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Upgrades, repairs, and remodeling may not be worth what you think. The amount recouped for upgrades, repairs, and remodeling depends on the condition of the rest of the house, the value of similar homes nearby, the availability of new homes, the rate at which property values are changing, and finally the region or city. For example, the December 2005 issue of REALTOR® Magazine reports that only 87.6 percent of the cost to replace existing siding with vinyl siding is recouped in St. Louis, while 132.1 percent of the cost is recouped in Chicago.

Not considering every scenario. Overpricing your home may create other problems as well. If your home sits on the market for many months, you may be carrying costs, especially if you move to a new home before you sell the old one. Those carrying costs may wipe out any additional profit you realize from a higher price. And even if a buyer is willing to pay the higher price you're asking for, he may have trouble with the financing if the property appraisal comes in lower than the contracted sales price.

Selling one of the largest, if not the largest, investments you own isn't a game. Your home must be fairly priced to attract the largest and best pool of prospective buyers early. Make sure you use the expert services of a REALTOR® or appraiser. Price it right!



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