THE IMPORTANCE OF LIST PRICING

Asking Price		Percentage of Buyers
+15%		10%
+10%		30%
Market Value		60%
-10%		75%
-15%		80%
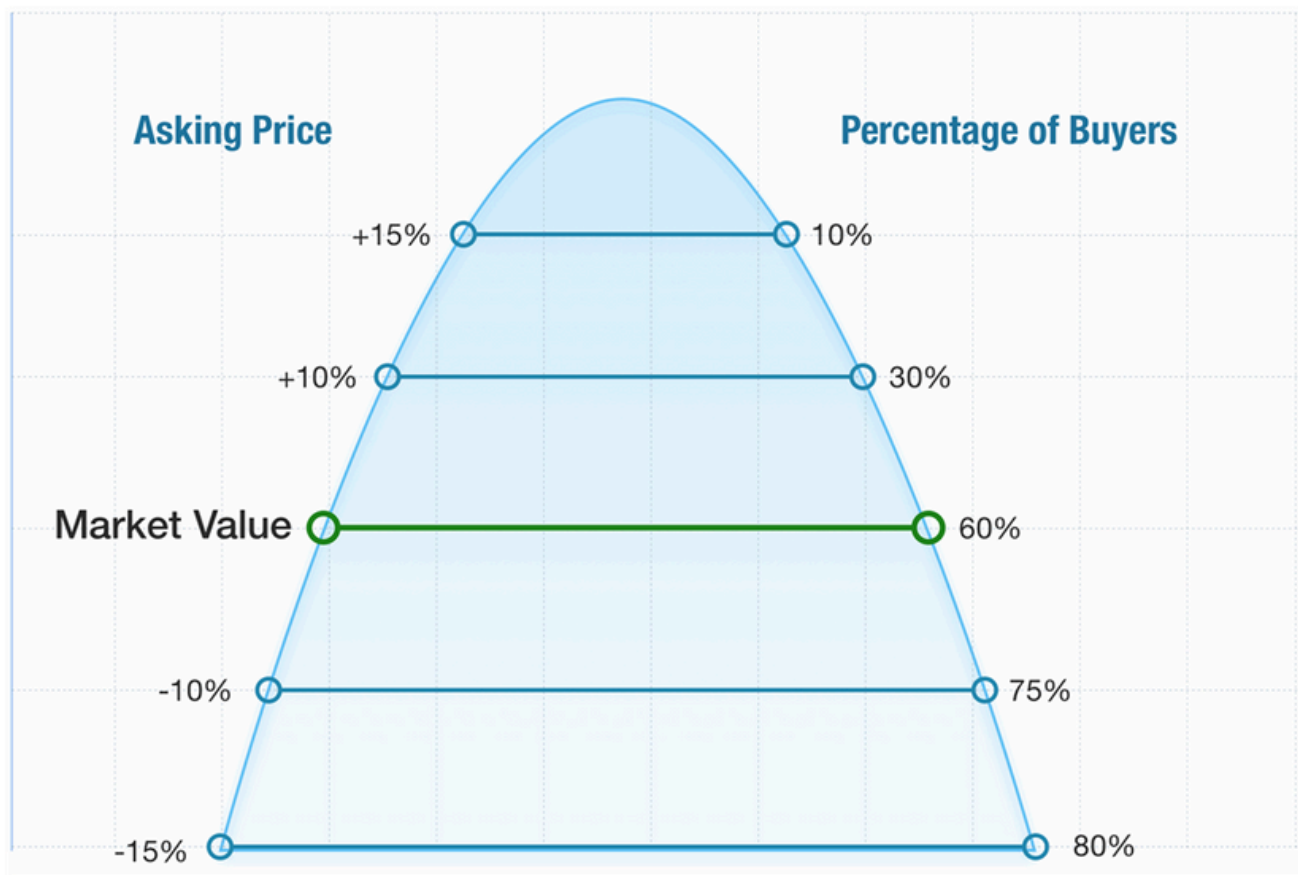
This graph illustrates the importance of pricing correctly. The centerline represents market value. As you move above this market value, you attract a much smaller percentage of prospective buyers, reducing your changes of a sale. Conversely, as you move below market value, you atract a wider audiience of potential buyers.

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SETTING THE PRICE

The importance of pricing correctly at market value.

In a perfect world, the sale price of your property would be enough to achieve whatever financial goals you have in mind. In reality the value of your property is determined exclusively by the amount a buyer is willing to pay..

Often the hardest part of pricing your home is disregarding your emotional attachment. Remember that buyers are only interested in the bricks and mortar of the property--and the price you choose to list it at. To avoid the pitfalls of pricing it incorrectly, here are a few important questions to consider.

What are the prices of comparable properties in your area?
A Comparative Market Analysis (CMA) gathers information about similar homes for sale in your area, both past and present. Based on these comparable properties, the CMA provides you with a true estimate of what your home may be worth.

How fast do you want your property to sell?
Whether you need to make a quick sale or have time to wait, the initial listing price directly affects how fast your property will sell. Remember: a high list price will not generate as much interest and may eventually sell for less than an initial list price that is more competitive.

Is it a buyer's market, a seller's market, or balanced?
Are home prices in your area trending up, down, or leveling off? In a buyer's market, home inventories are high, increasing competition between sellers and reducing prices. In a seller's market, low inventories increase prices and put the homeowner in the driver's seat. In a market where supply and demand are evenly balanced, stable prices make choosing a list price easier. Regardless of the market's direction, you should consider a list price that will attract multiple offers and give you the best chance of selling your property.

ACTIVITY VS. TIMING

A common question home buyers ask is, "how long has this home been on the market?"

Though the question may sound innocent, the answer can have serious consequences for the sale of your property.
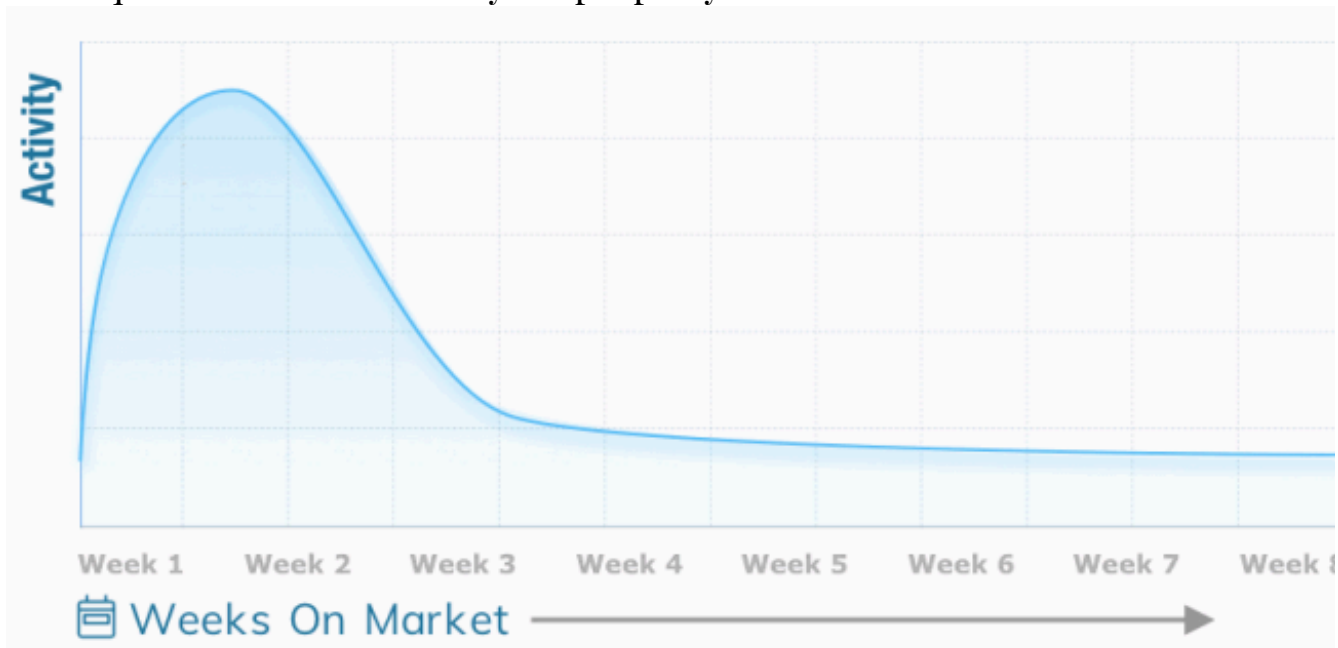
When a seller first lists their property, there's no denying they are in the driver's seat. A new listing creates a flurry of interest as buyers scramble to be the first to view it--and potentially make an offer.

With each passing day, however, interest wanes and sellers quickly learn that "days on market" dictates who holds the cards.

As time passes, potential buyers become more suspicious of why the property hasn't yet sold ... leading them to wonder if there is something other buyers know that they don't.

And while issues with the home itself may sometimes be the reason for it not selling, it usually comes down to overpricing.

To keep your days on market short, it's important to price your property competitively from the outset and do everything you can to promote your property during its first two weeks on the market.
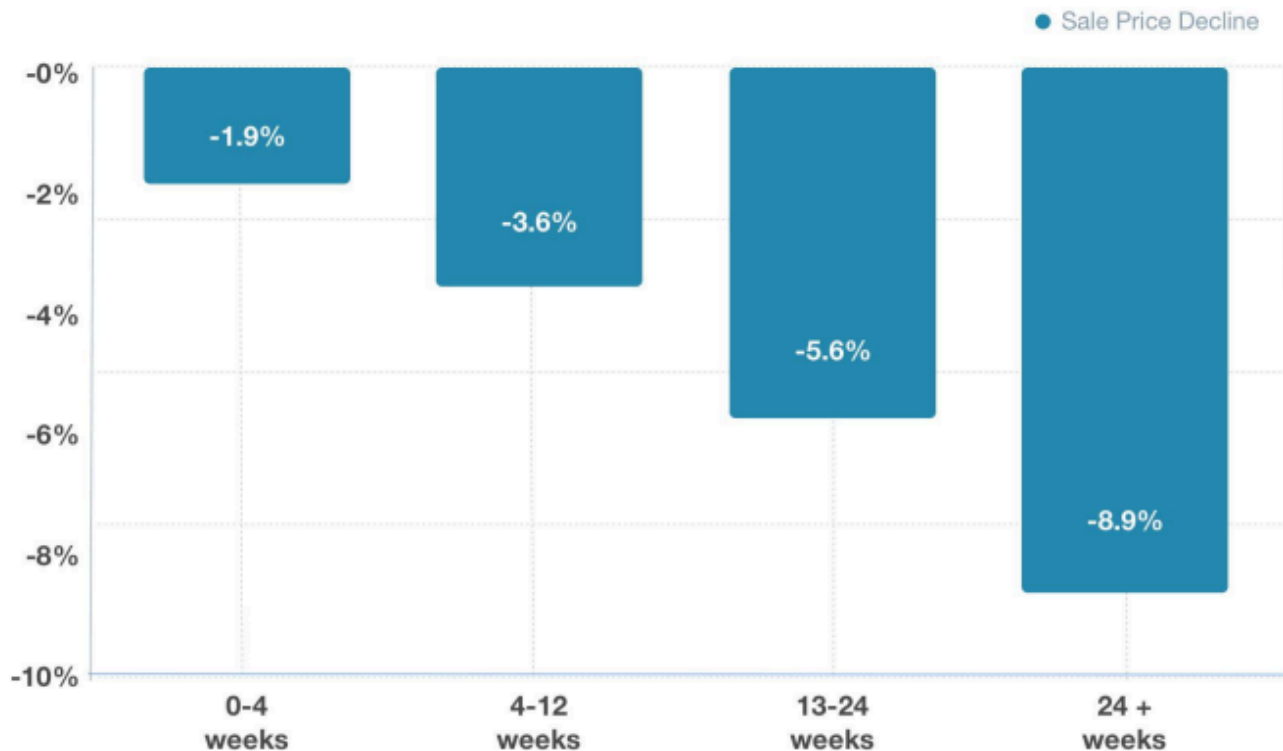
Effects of Overpricing

The importance of pricing correctly at market value.

Pricing your property too high all but guarantees it will take longer to sell--sometimes much longer. Instead of selling your property in just a few weeks, you could have to go through months of showings and open houses.

Even worse: statistics show that the longer a property is on the market, the less it sells for in the end. In fact, it will usually sell for less than what it would have fetched with a more realistic starting price.

● Sale Price Decline

Weeks	Sale Price Decline
0-4 weeks	-1.9%
4-12 weeks	-3.6%
13-24 weeks	-5.6%
24 + weeks	-8.9%

- Put your best foot forward immediately
- Establish a competitive asking price
- Keep your home in top showing condition
- Offer favorable financing terms