Pricing Real Estate to Sell It

Every property has a price at which it will sell. That has *always* been true. The irony is this: if you price it too *low*, you may not need me to find a Buyer (sometimes a low price will scare Buyers away); if you price it too *high*, I may not be able to help you. Finding the *balance* is necessary to *maximize* **your proceeds**. No one wants to "leave money on the table".

Finding prospective Buyers is one thing *but* selling and settling Real Estate is not so simple. Sellers and Buyers often have quite different ideas about what a property is "*worth*". The mortgage appraiser may have their own idea. Let's look at this logically.

First, in order to sell *any* property, we need agents and "ready, willing and able" Buyers to find it in their MLS and online searches. From my experience, *many* listings that do not sell or that sit on the market for a long period of time had *issues* from the beginning. They may need a new *perspective* as something may be preventing a possible sale. For example, a "**For Sale**" sign and an attractive **price** do not always work. Your location may not receive a lot of "sign" traffic. If people cannot find your property in the MLS or online the price is *meaningless*. The issue(s) must be *identified* and *corrected*. The alternative is to have the property remain on the market longer than necessary, perhaps "listing" it more than once, and/ or take one or more price reductions that only *lower* your proceeds which might make Buyers wonder if something is wrong with your property. They may still not know your property is available!

Second, unless you have a unique property, meaning that it has no real "comparables", Buyers are going to be *very* well-informed about the market, pricing and the "*value*" of what you are selling. When there is a lot of inventory, Buyers will generally NOT look at what they consider to be "over-priced" properties. That perception could be *false* if your house has been poorly marketed. The key is to know your local market and price *accordingly*. Price is the "lure" or "bait" to get people in: Buyers are very objective about what they expect to find and are willing to pay. Having a high asking price and hoping to *negotiate* is very risky, possibly wasting both your time and your money. If you plan to buy something else this is even more important.

Third, you need to *monitor* the activity level (showings, Internet traffic, offers) and respond/ react accordingly. Is the goal to sell it or to be on the market? If you are not getting activity you may have a marketing or a price issue. The same can be said when there are a number of showings and no offers or low offers. *Examine* what is happening rather than simply lowering the price but, *whatever* you do, think about what the market is "telling you" and take action.

Fourth, price reductions should serve a purpose: they should **NEVER** be considered *unless* you are convinced that the *real* problem is not poor marketing. I do NOT want to see my clients throw away their hard-earned money but *sometimes* a lower price is THE best answer. Lowering the price can either make your house more attractive to the present market (if your asking price is that close to what Buyers expect to pay, you would have gotten an offer already) OR it can "re-position" your house so that it gets "noticed" by Buyers who have not already considered your house. I have a theory on "**price bracketing**" and would be happy to discuss it with you.

Respectfully, here is something to ponder if you are getting showings without any offers or if you are getting offers too low to accept. One of two things may be happening:

1) Buyers are seeing houses *similar* to yours that have *lower asking prices* (why negotiate with you when something it already lower I price?) **OR**

2) Buyers are willing to pay your price but *expect more* in the way of features or condition.