

Pricing Real Estate to Sell It

Every property has a **price** at which it will sell. The seller sets the *price* but the buyer determines the *value*. Buying Real Estate is an *emotional* decision justified with *logic*. Sellers and buyers often disagree about *value* so negotiations can resemble a “tug of war” or, even better, a “tug of wills”. I ask my clients to treat all negotiations like a business decision. Planning and preparation are necessary. Is the seller more motivated by *time*, meaning how long it takes, *or* by the selling *price*? If your asking price is too *low*, you may not need me to find a buyer; if it is too *high*, I may not be able to help you.

Sellers should start with *hiring* a REALTOR® to explain the “**Five-Step**” process, do a market analysis to arrive at an asking price, discuss their goals and to market or *expose* their property to the general public. Sellers need to know their local market and price their home consistent with their *location*, *features* and *condition*. The asking price must attract interest to succeed. Buyers are well-informed about the market and pricing so there is no guarantee that a seller will get to *negotiate*. I want to see my seller-clients get the *highest* possible price with the best terms. Then the price has to “appraise”.

Once an offer is signed one party is likely *happier* than the other. Did the seller settle for *less* or did the buyer *overpay*? The process will likely play out with one party trying to *re-balance* “the score”. The “ups and downs” of a sale can be like a roller coaster ride especially when emotions are involved.

Even if your price is *realistic*, agents and buyers must be able to *find* your property in their MLS and online *search results* or they may not know it is “**For Sale**”. *Many* properties sit unsold on the market for a long period of time; some have been listed more than once. Most of them had *issues* from the very beginning. **Was it price or marketing?** “Stale” listings make buyers wonder what is wrong with them. *Why* hasn’t someone already bought them? Perhaps they were under contract and fell through.

A price reduction *may* be an appropriate answer for generating interest **if** it *satisfies* one of two criteria (both would be *better!*). A reduction must be effective, meaning it serves a purpose: price reductions cost you money and may not overcome poor marketing. A *new* price must *either* make your house more attractive to buyers who already know it is “**For Sale**” but have not taken action *or* it must “re-position” your house so that it appears in *different* search results exposing it to a new group of buyers. The actual price *matters*: it is more than a random number. I have a theory on “**price bracketing**” to explain this. Buyers tend to see certain price points as roadblocks, depending on their price range.

I guarantee my clients that I will never ask for a price reduction unless I can *justify* it. Pricing is more art *than* science and the tools we have make pricing more important than in the past. I look at pricing rationally because I know that, regardless of how or why a seller sets their asking price, their price determines their competition and their price must appeal to buyers, agents and ultimately to a lender’s mortgage appraiser if we are to succeed. All I can do is use my experience, training, education, knowledge and insight to advise my clients throughout the process.

If marketing is not the problem, meaning that agents and buyers can and will find your house in their search results, you should be getting showings and offers. Your asking price is something you can control. If you are getting showings without any offers *or* if you are getting unacceptable offers, one of two things may be happening: buyers are finding houses *similar* to yours that have *lower* asking prices *or* buyers are willing to pay your price but have found houses that offer *more* in the way of location, features and/ or condition. When interest rates are low, buyers will pay more to avoid spending their own money later to make upgrades. It is not rocket science but an agent needs to have a thorough knowledge of the process and a winning strategy!

There is no time for inexperience, empty promises *or* false expectations!

HIRE WISELY: We are not “*all the same*”!