

We have one **SOLD** home in mind. **YOURS!**

# Pricing

## The Risks You Face and How to Avoid Them



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### **The Role of a Real Estate Agent in Pricing**

- ◆ There is no “exact price” for real estate.
- ◆ We don’t tell you what we think your home is “worth.”
- ◆ The market determines value—together we determine price.
- ◆ We will show you a range of prices being paid for homes in your area.
- ◆ You determine the price based on the factors you control:
  1. Market Time
  2. Financing Alternatives Provided
  3. Condition of the Property
  4. Exposure Methods

### **The Real Value of Your Home Is Based on Facts**

A good REALTOR® will show you the facts regarding the price your home will sell for. The most revealing fact is the prices buyers have been willing to pay for homes similar to yours. These are called comparable sales and are available to every REALTOR® in our area.

Don’t select your agent based on the price they say your home will sell for. Remember, the agent you choose isn’t *buying* your home; your agent is responsible for *selling* your home.

Unfortunately, a homeowner will often select the agent who quotes the highest price. Sometimes, an agent who understands this will tell a seller an inflated price to get the listing.

The agent who is willing to list your house at the highest price is the least likely to get your home sold for top dollar. An agent who knowingly takes an overpriced listing usually plans to start “working on you” immediately to get a series of deep price cuts. The problem, besides your frustration and feelings of betrayal, is that all the other agents quickly decide your home is an “overpriced burden” and won’t even consider showing it. You have to cut your price well below fair market value to get the other agents to think of it as a good value! The result is that your home takes longer to sell and *you get less money*.

The secret to getting the most money and the quickest sale with the fewest problems is to price your home properly. The facts are available and they are clear and convincing. The best way to select a REALTOR® is to find the person with the best strategy for marketing your home.

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### How Does This Work?

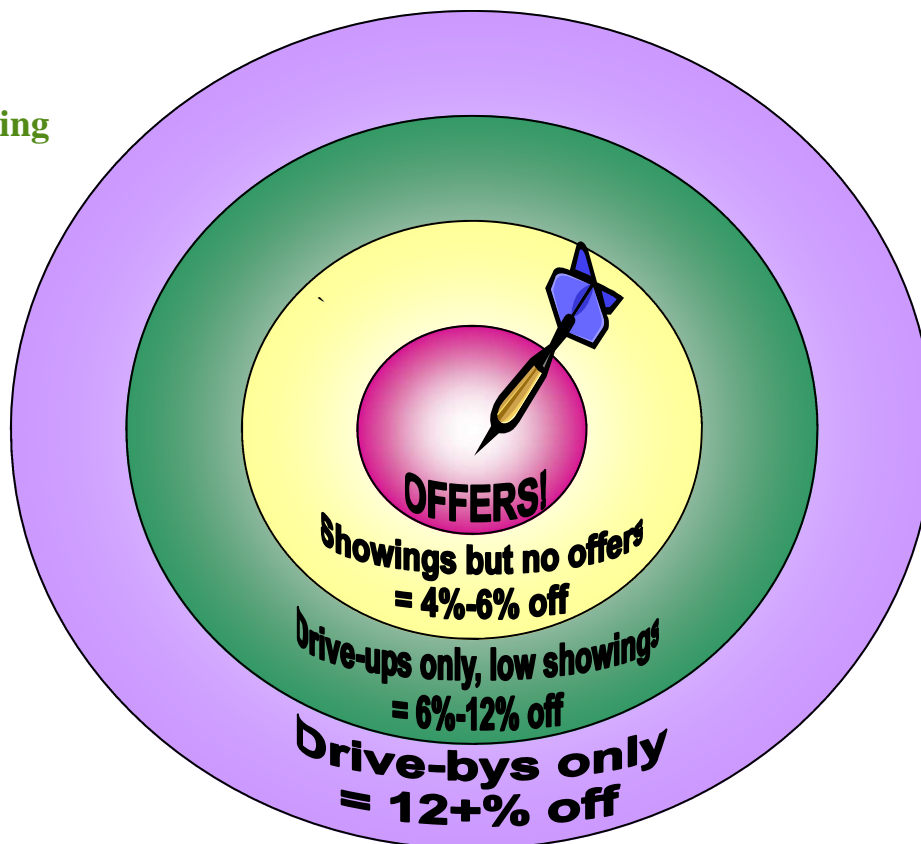
#### Goal:

- To select a price that is right on target and gets your home sold!

#### Rules of Thumb:

- If you are getting showings but no one is writing an offer, it generally means that you are in the range of four to six percent above market price.
- If your number of showings is low and you're experiencing a lot of drive-ups but the buyers don't come in to see the home, then your home is six to twelve percent overpriced.
- If no showings are happening at all, then your house is likely priced twelve percent or more above what the market will bear for your property!

### The Pricing Target



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### Pricing Your Home

*Advice From the Experts*

When selling your home, one of the hardest things can be deciding on the price. You've called us in as experts to sell your home and to help you price it so it will sell. We're truly dedicated to getting you the most money you can receive from that sale. In addition, we recognize there are many reasons you may already have a certain price in mind. You may be considering...

#### *Your Original Purchase Price*

Chances are you paid market value. However, markets change, and today we have to deal with the current market conditions. If you inherited the property and paid nothing for it, would you sell it for next to nothing? Of course not. You'd price it at fair market value and sell it for what the market will bear.

#### *Improvements*

Improvements should be made for enjoyment not resale. You cannot add an item to a home, select it to your style, use it, then expect a buyer to pay the original cost. Likewise, maintenance preserves the value, but does not create value. If you needed a new roof, it was needed as a maintenance requirement and cannot be added to the market price of your home.

#### *Your Need For Money*

Your need for money or the fact that you are moving to a more expensive area where you will have to pay more for a home has nothing to do with the home's current market value.

#### *The Cost to Rebuild Your Home Today*

Construction cost does not take into account market value either.

#### *Your Personal Attachment to the Property*

The factors above may influence the price in your mind; but as you can see, they really have nothing to do with what your home is actually worth in today's market. Over the years, we have often heard these comments from sellers:

- “Another agent said it was worth more.”
- “People always offer less than the asking price.”
- “The buyers can always make an offer.”
- “My neighbor was able to get his price.”
- “My house is better than these other homes.”
- “We paid more than that for our home.”
- “We just painted and added new carpet.”
- “I need this much money for our next house.”

Although some of these comments may be true, they are not valid when deciding on the right price.

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### **What Overpricing Can Do to the Eventual Sale Price You Receive for Your Home**

*You will lose the excitement that a new listing generates.* Agents are working with buyers who have seen what is currently on the market and are waiting for something new to be listed. Therefore, most activity will take place within the first thirty days of a listing. Your home will probably receive its best offers during this time. After this initial period, the only people who come to look at your home will be new buyers in the marketplace.

*You will lose the most qualified prospects.* Potential buyers will not “make an offer” because they probably will never see your property. They will view the properties that are priced within their purchase-power range, knowing that they cannot afford anything above their price range.

*Overpricing helps sell other more competitively priced homes first.* Your home may become the example demonstrating the good value of other properties. Your objective should be to enter the market in a position that will attract prospects not drive them away.

*Your home may become stale on the market.* Prospects may wonder why it has been on the market so long or if something is wrong with the property, even after you lower the price. You will likely have to settle for less than market value. A house takes on a reputation surprisingly fast, so don’t wear out your welcome on the market.

*You lose a strong negotiating position.* When your house is on the market a long time, it hurts both financially and mentally. Prospects will not “rush” to make an offer on an overpriced property, and you may be faced with accepting less when they finally do.

*If you do get an offer, the contract may fall through because of appraisal problems.* The lender, through the appraiser they send to your property, must justify the price to the market in order to approve a buyer’s financing.

As you can see, pricing your home correctly will make a tremendous difference in how fast it sells and for how much. We make it our business to know the market and price our clients’ homes to sell for the most money in the least amount of time—and we’re good at it. Just ask our past clients. If we need to talk about price, we’ll call you—or don’t hesitate to call us first.

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**OVERPRICED?**

*Here's What Else Happens*

1. The wrong prospects look at the property, if any look at all. People not only buy in price ranges, they also only look in those ranges.
2. Cooperating agents don't want to lose credibility with their buyers by showing them overpriced listings.
3. Cooperating REALTORS® know from experience that fair offers on overpriced properties are often rejected.
4. Buyers are often embarrassed to make offers considerably below the list price.
5. The property may become overexposed and shopworn. Cooperating REALTORS® and potential buyers begin to assume there is something wrong with the property.
6. Even subsequent price reductions do not regain the lost market. Many qualified buyers who inspect overpriced listings decide at that point to eliminate the property from consideration—now and in the future.
7. When buyers see that a property has been on the market for a long period, they assume they can get a bargain. Extremely low offers are likely.

**SOLUTION:**

**PRICE IT  
COMPETITIVELY NOW!**



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