

Setting the Price

Every reasonable owner wants the best possible price and terms for his or her home. Several factors, including market conditions and interest rates, will determine how much you can get for your home. The idea is to get the maximum price and the best terms during the window of time when your home is being marketed.

In other words, home selling is part science, part marketing, part negotiation and part art. Unlike math where $2 + 2$ always equals 4, in real estate there is no certain conclusion. All transactions are different, and because of this, you should do as much as possible to prepare your home for sale and engage the REALTOR® you feel is best able to sell your home.

What is your home worth?

All homes have a price, and sometimes more than one. There's the price owners would like to get, the value buyers would like to offer and a point of agreement which can result in a sale.

In considering home values, several factors are important:

- * The value of your home relates to local sale prices. The same home, located elsewhere, would likely have a different value.

- * Sale prices are a product of supply and demand. If you live in a community with an expanding job base, a growing population and a limited housing supply, it's likely that prices will rise. Alternatively, it's important to be realistic. If the local community is losing jobs and people are moving out, then you'll likely have a buyer's market.

- * Owner needs can impact sale values. If owner Smith "must" sell quickly, he will have less leverage in the marketplace. Buyers may think that Smith is willing to trade a quick closing for a lower price -- and they may be right. If Smith has no incentive to sell quickly, he may have more marketplace strength.

- * Sale prices are not based on what owners "need." When an owner says, "I must sell for \$300,000 because I need \$100,000 in cash to buy my next home," buyers will quickly ask if \$300,000 is a reasonable price for the property. If similar homes in the same community are selling for \$250,000, the seller will not be successful.

- * Sale prices are NOT the whole deal. Which would you rather have: A sale price of \$200,000, or a sale price of \$205,000 but where you agree to make a "seller contribution" of \$5,000 to offset the buyer's

closing costs, pay a \$2,000 allowance for roof repairs, fund two mortgage points, re-paint the entire house and leave the washer and dryer?

How much is too much?

Because all transactions are unique there is flexibility in the marketplace. The amount of flexibility depends on local conditions.

For example, suppose you're selling a townhouse. Suppose also that there have been five recent sales of the model you own and that sale values have ranged between \$200,000 and \$210,000. You now have an idea of how your home might be priced. In a strong market perhaps you can ask for \$210,000 or a little more. If the market has slowed, \$210,000 may be a reasonable asking price, but perhaps more than the final sale price.

Here's another scenario. Imagine that you live in a community of Victorian-style homes, most of which were built in the 1920s. All the homes are different in terms of size, condition, modernization, style and features. In such a neighborhood, an average sale price is just a statistic without much practical meaning. On a single block one home may sell for \$400,000 while another is priced at more than \$1 million. The average price may be outrageously high for one home and staggeringly low for another.

Who can help?

Experienced REALTORS® are active in the local marketplace and can provide assistance with pricing, marketing, negotiation and closing.

Because experienced REALTORS® have handled many transactions, they're familiar with the terms and conditions that went into individual sales, not just published sale prices which may not reflect various premiums, discounts and adjustments.

Copyright National Association of REALTORS®, Reprinted with permission.