

Why Pricing Matters

In the current real estate market in Naples, you may feel like it will be difficult to get your home sold. If you are a seller in an established, sought-after neighborhood, then the secret to getting the most money, the quickest sale with the fewest problems, and the best terms is to price your home properly from the very beginning.

Determining the best asking price for a home can be one of the most challenging aspects of selling your home. Unfortunately, after interviewing a few Realtors, 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. Exposure is what sells a home. Experienced agents with qualified buyers recognize overpriced listings and don't waste time showing them. You will have to cut your price well below fair market value to get agents to think of it as a good value. The result is that your home will take longer to sell and you will get less money.

Too many home sellers fail to face the signs of overpricing. They let their homes languish unsold for so long that eventually they must accept less than they could have gotten had they priced right at the beginning. Overpricing your home rarely works to the seller's benefit.

The excitement of a new listing is lost to the overpriced home, and unfortunately, never regained. More reasonable pricing, however, can attract multiple offers, and competitive bidding may push the price higher, and will certainly lead to more favorable terms for the seller. Your Realtor should show you the facts regarding the price your home will sell for. The most pertinent fact is the prices buyers have been willing to pay for homes similar to yours—i.e. closed sales. These are the comparable sales that should be used, not the active sales. A potential buyer that calls in for information on an overpriced home will hang up, lose interest, or ask about other properties. Once a buyer has inquired or visited an overpriced home it is nearly impossible to get that buyer to re-visit the home unless there is a substantial price reduction.

Look for a listing agent who will level with you from the outset. There are good reasons for interviewing at least three candidates before choosing a listing agent. The interview process should help ensure that you find an agent with a knowledge of your community and strong marketing ideas. They should share with you information on the nearby sales known as "comparables" or "comps".

Don't assume you can pass on all your home improvement costs. Have you spent significant sums on home renovations in recent years? If so, you will undoubtedly want to recoup your cash outlays in full when you sell. Those who've outdone the neighborhood standard with expensive improvements will probably have to forego some or all of that money. Likewise improvements that are very specific to your tastes.

In deciding on a list price, sellers often confuse the costs they've incurred, with the actual value of their home. Cost and value are two different numbers.

Don't let neighbors influence your pricing plans. Once neighbors hear that you're planning to sell your home, chances are they'll start giving you advice on the price you should set. The real estate rumor mill is especially active in neighborhoods that have enjoyed substantial appreciation. But no matter how authoritative they sound neighbors are hardly an unbiased source of guidance. Neighbors also lack objectivity on pricing issues. They're always trying to push you for a higher price to make their own homes worth more.

Tour your competition before establishing your list price. Comparative shopping is definitely the rule, not the exception! When people compare the asking price of your home with other homes on the market, your overpricing will only help sell your competition. A typical homebuyer will look at 8 to 10 properties before choosing one to purchase. Such comparison shopping gives them a good feel for values in an area, allowing them to quickly spot an overpriced home. Don't ever assume buyers are naive about prices. Seeing firsthand what other sellers have to offer and their prices, you'll get a good frame of reference. This can really open your eyes and discourage you from overpricing.

Most homes that start out overpriced sell for less than what they were worth to begin with. Successive price reductions cause people to wait and see—and the asking price will finally have to be significantly reduced to attract the attention of buyers and agents. So make sure that it is priced right from the very beginning to give yourself the highest chance of a successful sale.

Mara Muller has lived in Naples since 1996 with her husband and two daughters. She has helped over 100 Happy Buyers and Sellers reach their Real Estate Goals. She is a CRS (Certified Residential Specialist—only 3% of Realtors nationwide!). Please contact her at www.MaraSellsNaples.com or 272-6170 with all your real estate questions.

