

What Price is Right?

Your property has many values - one to the tax assessor, others to your lender and insurance company and yet another value to you, the owner. It also has distinct values to prospective buyers ("market value") depending on their needs, desires and financial resources. Ultimately, buyer value or market value will determine the selling value of your property.

Some of the factors that can determine the value of your home are:

Location:

Location can be the single greatest factor affecting value. Urban or rural settings, quality of school districts, and local amenities are just some of the determining factors of location.

Competition:

Buyers compare your property against other properties offered in the market place. Buyers interpret value based on available properties. In setting the list price for your home, you should **be aware of a buyer's frame of mind**. Based on a list of houses for sale in your neighborhood (which can be in the form of a printed list from real estate agents, or online search results that you've found yourself), buyers will determine which houses they want to view. Consider the following pricing factors:

If you set the price too high, your house won't be picked for viewing, even though it may be much nicer than others in the area. You may have told your REALTOR® to "Bring me any offer. Frankly, I'd take less." But in that list of houses, yours simply looks too expensive to be considered. **Overpricing can reduce the number of showings, lose interested buyers, attract the wrong prospects, eliminate offers, help sell the competition, cause appraisal problems, and extend market time.**

If you price too low, you'll short-change yourself. Your house will sell promptly, yes, but before it has time to find the buyer who would have paid more.

Timing:

The current real estate market may reflect either a buyers' or sellers' market. Market conditions cannot be manipulated; an individually tailored marketing plan must be developed accordingly.

Condition:

Property condition affects price and speed of the sale. Optimizing physical appearance and preparing in advance for marketing maximizes perceived value.

To determine the proper list price, a REALTOR® can provide you with the following professional services.

Furnishing comparable sales

Analyzing market conditions

Helping to determine offering incentives.

Estimating your net proceeds.

Using Comparable Sales:

No matter how attractive and polished your house, buyers will be comparing its price with everything else on the market. Your best guide is a record of what the **buying public has been willing to pay** in the past few months for property in your neighborhood like yours.

We can furnish data on sale figures for those "comps", and analyze them for a suggested listing price. The decision about how much to ask, though, is always yours. The list of comparable sales a REALTOR® brings to you, along with data about other houses in your neighborhood presently on the market, is used for a **"Comparative Market Analysis (CMA)."**

This CMA differs from a formal appraisal in several ways. One major difference is that an **appraisal will be based only on past sales**. In addition, an appraisal is done for a fee while the CMA is provided by REALTOR® and may include properties currently listed for sale and those currently pending sale.

In the normal home sale, a CMA is probably enough to let you set a proper price. A formal written appraisal (which may cost a few hundred dollars) can be useful if you have unique property, if there hasn't been much activity in your area recently, if co-

owners disagree about price, and any other circumstance that makes it difficult to put a value on your home.

NOTE: If you do order a market value appraisal, make it clear **you don't need an elaborate, or full narrative report** - the kind that's complete with photos of the house and neighborhood, a map specifying the site, and floor plans is sufficient.