

How Your Asking Price Affects Your Selling Price

There are 4 common strategies that most sellers use to price their homes. It is incorrect to assume that a higher asking price will net you a higher selling price. In fact, often this equation works in reverse if you're not paying attention to what the market is telling you. Bear this research in mind when you set your asking price.

1 Clearly Overpriced:

Every seller wants to realize the most amount of money they can for their home, and real estate agents know this. If more than one agent is competing for your listing, an easy way to win the battle is to overinflate the value of your home. This is done far too often, with many homes priced 10-20% over their true market value.

This is not in your best interest, however, because in most cases the market won't be fooled. As a result, your home will languish on the market for months leaving you with a couple of important drawbacks:

- your home is likely to be labeled as a "problem" house by other agents, leading to a "fire sale" mentality that will often net you a lower than fair market price when an offer is finally made
- you have been greatly inconvenienced with having to constantly have your home in "showing" condition...for nothing. These homes often expire, forcing you to go through the listing process all over again.

2

Somewhat Overpriced:

About 75% of the homes on the market are 5-10% overpriced. These homes will also sit on the market longer than you want. There is usually one of two factors at play here. Either you believe in your heart that your home is really worth this much despite what the market has indicated (*after all, there's a lot of emotion caught up in this issue*), OR you've left a little room for negotiating. Either way, this strategy will cost you both in terms of time on the market and ultimate price.

3

Priced Correctly at Market Value

Some sellers understand that real estate is part of the capitalistic system of supply and demand and will carefully and realistically price their homes based on a thorough analysis of other homes on the market. These competitively priced homes usually sell within 4 weeks at, or very close to, the asking price.

4

Priced Below the Fair Market Value

Some Sellers are motivated by a quick sale. Others listen to a misguided agent who recommended too low a price. These homes attract multiple offers and sell fast - usually in a week or so - at or above, the asking price.

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HOMESSELLERS:

**How to
Get the
Price You
Want
(and Need)!**



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How to Get the Price You Want (and Need)!

When you decide to sell your home, setting your asking price is one of the most important decisions you will ever make. Depending on how a buyer is made aware of your home, price is often the first thing he or she sees, and many homes are discarded by prospective buyers are not being in the appropriate price range before they're even given a chance for a showing.

Your asking price is often your home's "first impression", and if you want to realize the most money you can for your home, it's imperative that you make a good first impression.

This is not as easy as it sounds, and pricing strategy should not be taken lightly. Pricing too high can be as costly to a homeseller as pricing too low. Taking a look at what homes in your neighbourhood have sold for is not nearly enough to help you make the best decision.

This report will help you understand some important factors about pricing strategy to help you not only sell your home, but sell it for the price you want.

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Pricing Strategy Starts With Good Information

Before you can begin to know what your home is worth, you have to do some research. Bear in mind the following two points:

1 **An analysis of what homes have recently sold for in your neighbourhood in NOT enough to help you properly price your home.**

A quick scan up and down the street at the price of homes that have recently sold will give you a starting point, but this is not nearly enough for you to base your entire pricing strategy on. It's important for you to understand *how* buyers look for a home.

Think about how *you* conducted your househunting process to find the home you're thinking of selling. Chances are you didn't confine your research to a single neighbourhood - even different towns - to find the one home that best matches your needs and desires.

That means that the brand new development home on the golf course is being compared both to the century home in the middle of town *and* the 10-20 year old resale on the treed crescent. While these homes aren't the same neighbourhood, and while each of them has a different look and feel, it's quite possible that a buyer might consider all three in their search for a home.

So you see, when you're selling a home, you're not just competing with the home around the corner, but also with all homes which have the same basic characteristics i.e. number of rooms, overall living space etc. **To truly understand how to set your home's asking price, you must make sure that your pricing research considers a Total Market Analysis.**

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2 **Obtaining a knowledge starting point a simple phone call away.**

You can call our office at any time This is an easy way to help you understand what you are likely to get for the sale of your home.

Of course the price we give you will be based on a *Total Market Analysis* (Pat is a certified *Market Value Appraiser*) and **you are under no obligation to use us as your agent when you access this free community service.**

Using "Price Range" Marketing to Sell Your Home

A new way of pricing homes, called *Marketing by Price Range*, is starting to gain appeal with sellers who find that it usually takes the emotion out of setting the price, and helps them get the price they want and need for their home.

As its name implies, applying this concept eliminates the need to set a single asking price for your home, but rather sets a price range (*most commonly a spread of plus or minus 5%*) that you will entertain.

Marketing by price range works because it bridges the gap between your natural desire to get the most money you can for your home, and the buyer's low-ball-mentality.

Think about how a price range works. Let's say you have agreed to *entertain* offers between \$180,000 and \$220,000. Now this doesn't mean you have to accept an offer of \$180,000, but by setting this as *acceptable* it gives buyers permission to start the bidding process even if it is at the bottom end.

Unfortunately, at this time the MLS system of the Kitchener-Waterloo Real Estate Board will not accept *price range listings*, however, we are hoping that this will change as demand for this service increases.