

How Sellers Price Their Homes

How Much Should I Offer?

Clients often ask, “How much under the listing price should we offer?”

The best way to understand market value is through comparative research. Professional real estate consultants review and study at least 40 to 60 listings, visit 10 to 20, and inspect 5 to 10 properties to develop a sense of relative worth for properties in a given area.

Additionally, a professional appraisal factors into determining the fair market value of the home. An appraisal protects you because Lenders want to make sure that you don't overpay for a home. If the home value does not meet the sale price in the eyes of the appraiser, they'll let you know. At that time, the Realtor can renegotiate the sale price or void the agreement and refund your earnest money deposit.

There are four basic factors that influence how sellers price their homes.

1. Sellers Get Poor Advice

Some real estate agents inflate the value of the seller's home in an effort to obtain the listing. There's a natural tendency on the part of sellers to list with the real estate agent who gives them the promise of the highest selling price.

When homes are overpriced, they

- Stay on the market longer
- May not sell

2. Sellers Set an Unrealistic Price for Emotional Reasons

These sellers believe their home is worth every penny of their asking price for personal reasons. Sometimes they lose their objectivity and focus on features that seem more valuable to them (rather than to the buyer). For example, the suede wall-covering in the master bedroom may not appeal to potential buyers.

Additionally, some sellers, anticipating reticence to buy, feel it's a good idea to leave a little “negotiating” room in the asking price.

3. Sellers Price their Home at Fair Market Value

These sellers carefully and realistically study other homes for sale, and may consult with a real estate professional. They price their home competitively, and it usually sells quickly at (or very near) the asking price.

4. Sellers are Motivated to Sell

When sellers want a fast sale, they price their home below fair market value. These homes usually sell right away, at or above the listed price. There are usually competing offers.

Let The HousingCoachesSM Help You

We have a step-by-step system for helping home buyers find the home that is just right for them. Part of that system is to evaluate any property that you consider for purchase and help you to determine fair market value. Our job is to ensure that you have the tools and information you need to make an informed decision. We'll help you every step of the way.

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