

# Determining the Listing Price

## **\*Pricing your home is an art -- not a science\***

Achieving the optimal price is the result of both objective research into similar properties and instinct in determining how much a buyer will be willing to pay for your home. The right price will attract showings, which will generate offers.

The unfortunate fact is that price is the number one factor that most homebuyers use to determine which homes they want to view. It's also important to remember that although you and your Realtor set the asking price, the selling price is determined by the buyer.

### *The Correct Price Will:*

- Result in a quicker sale, with less inconvenience to the seller
- Expose the property to more buyers
- Increase Realtor response
- Generate more ad calls
- Prevent your listing from getting "stale" or "shop worn"

*Typically homes that sell more quickly, sell closer to or sometimes over asking price.*

### *Some Common Reasons for Overpricing*

- Over-improved property
- Original purchase price too high
- Desire for "negotiating room"

### *Overpricing Pitfalls*

- Most of the activity on your home will occur in the first few weeks. Pricing a home properly creates immediate urgency in the minds of buyers and agents.
- Sometimes, a price reduction may be too late, as interest by both buyers and Realtors may have waned.

- There is a pool of buyers who have seen most available homes in their price range and are now only waiting for new listings or price reductions. A buyer that has been waiting, may fail to see your home if it is priced too high.
- Buyers and their agents are very aware of the length of time on the market; the most common question continues to be: "How long has it been on the market?" Often buyers are reluctant to make an offer on a home that has been on the market for "awhile" thinking that there is something wrong with the home.
- Unfortunately, overpriced listings frequently help you to sell your neighbor's reasonably priced home, making it appear that their home is priced very well.

### ***The Role of a Real Estate Agent in Pricing***

- Provide you with a comparative market analysis, which is a comparison of recent homes with similar amenities that are available, have sold and did not sell.
- There is no "exact price"; your home is worth what a buyer is willing to pay.
- The market determines value; together you and your agent determine asking price.
- Realtors have no control over the market, only the marketing plan. The seller determines the asking price. Never select an agent based on price.

*by Phyllis Harb, a Marketing Specialist in Los Angeles County, California.*

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