

Setting the Price for Your Home

Providing valuable resources for our Real Estate Buyers and Sellers is our top priority.

When determining the sale price of any Real Estate, Several factors, including market conditions and interest rates, will determine how much you can get for your home. The idea is to get the maximum price and the best terms during the window of time when your home is being marketed. When selling a home, there's the price owners would like to get, the value buyers would like to offer and a point of agreement which can result in a sale.

The value of your home relates to local sale prices. The same home, located somewhere else, would likely have a different value. Sale prices result from real estate supply and demand. If the community you live in is booming, with an expanding job base and a growing population, the prices for houses will most likely be on the rise.

The question you ask yourself when you are ready to sell is not how much you want for your house, but how much will a buyer want to pay for your home. Buyers don't care how much you paid for the home, how many memorable moments you and your family shared in the home, how much cash you need for the down payment on your next home or how much time and money you've invested in your home's hardwood floors, fresh paint, lush landscaping or other improvements.

The following are things you may want to consider when setting the price for your home:

CMA: Many realtors will be willing to prepare a comparable market analysis (CMA) for you as a marketing service with the goal of getting your business whenever you decide to move. A "comparative market analysis" (CMA), shows the prices of comparable recently sold homes, on-the-market homes and homes that were on the market, but weren't sold. You should invite at least three real estate agents to visit your home and give you their opinion of its likely selling price. A market-savvy realtor can give you a rough idea of what your home would be worth, given its size and condition and local market conditions. Some agents will tell you to under-price your home in hope of sparking a bidding war. Others will suggest a flatteringly high price to "buy" your listing only to demand a price reduction a few weeks later. Price recommendations based on CMAs aren't gospel. The decision about how much to ask, though, is always yours.

APPRAISAL: An appraisal is different from a CMA in many ways. One difference is that an appraisal is only based on past sales. Also, unlike a CMA, a professional appraisal usually costs a few hundred dollars. A formal written appraisal 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, or if there is any other circumstance that makes it difficult to put a value on your home. In a normal home sale, a CMA is probably enough to let you set a proper price. Appraisers rely on an in-person inspection of your home, recent sales of comparable homes and other data to arrive at an opinion of value. The appraiser's report is a full-blown description of your home and the criteria used to formulate the valuation.

NEIGHBORHOOD OPEN HOUSES: Visiting open houses is a good way to compare your house to other homes that are for sale in your neighborhood. While you're there, try to make an impartial assessment of how those homes compare to yours in terms of location, size, amenities and condition. If both homes were selling for the same price, would you buy your home or someone else's? Chatting with other real estate professionals about your local real estate market will also help you get a good grasp on what the reasonable price range for your house is.

OFFERING INCENTIVES: Sometimes a little something extra is needed to attract buyers. Here are a few examples on how you may be able to sweeten the deal:

- Closing escrow quickly will attract buyers who want to move in right away.
- Offering seller-financing will appeal to buyers who need to stretch their financial resources.
- A lease-option can help first-timers who need down payment assistance.
- The more creative and flexible you can be in meeting the buyer's needs, the more success you'll have in pricing your home to sell.
- House improvements such as repairing the roof, or repainting the house, or leaving behind the washer and dryer may also offset having a higher sale price.
- Offering to pay some or all of a buyer's closing costs and discount points required by the buyer's lending institution is a way to offer a cash incentive besides just lowering the price.
- Another way to speed up the sale of your house is to offer of a bonus to the selling broker, in addition to their commission.

Even after all the above has been done, the selling price is ultimately decided by the owner. Some owners may choose to set their selling price at the absolute lowest they are willing to sell because they hate to haggle. Others are willing to 'see what happens', and may set the price a bit higher. The above tips are all for information gathering purposes, and when all the information has been gathered, the price for your home should be set at a level you are comfortable with.