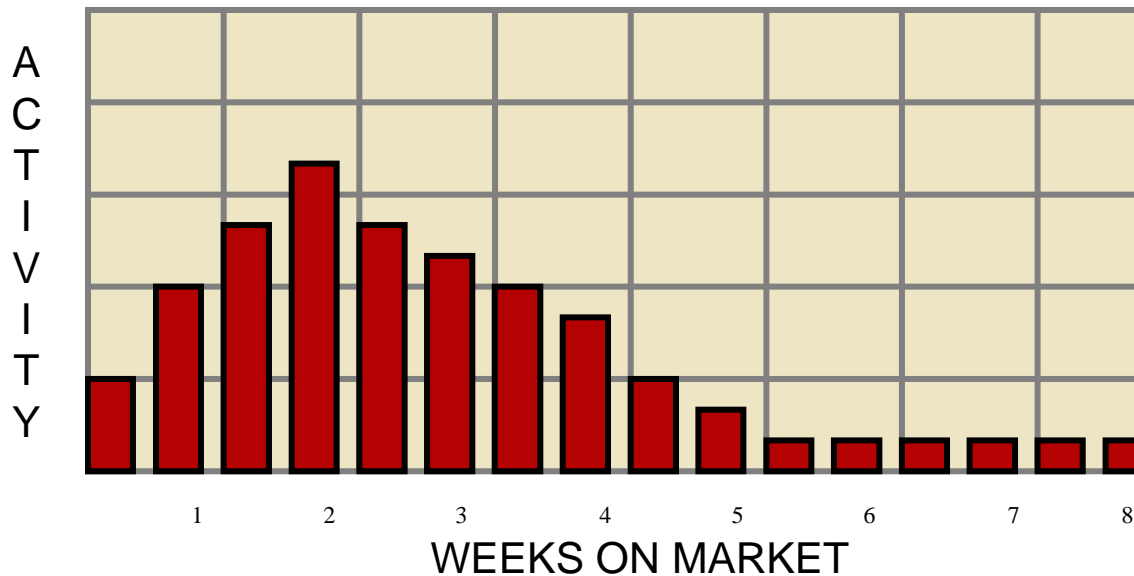




Selling Price Vs. Timing

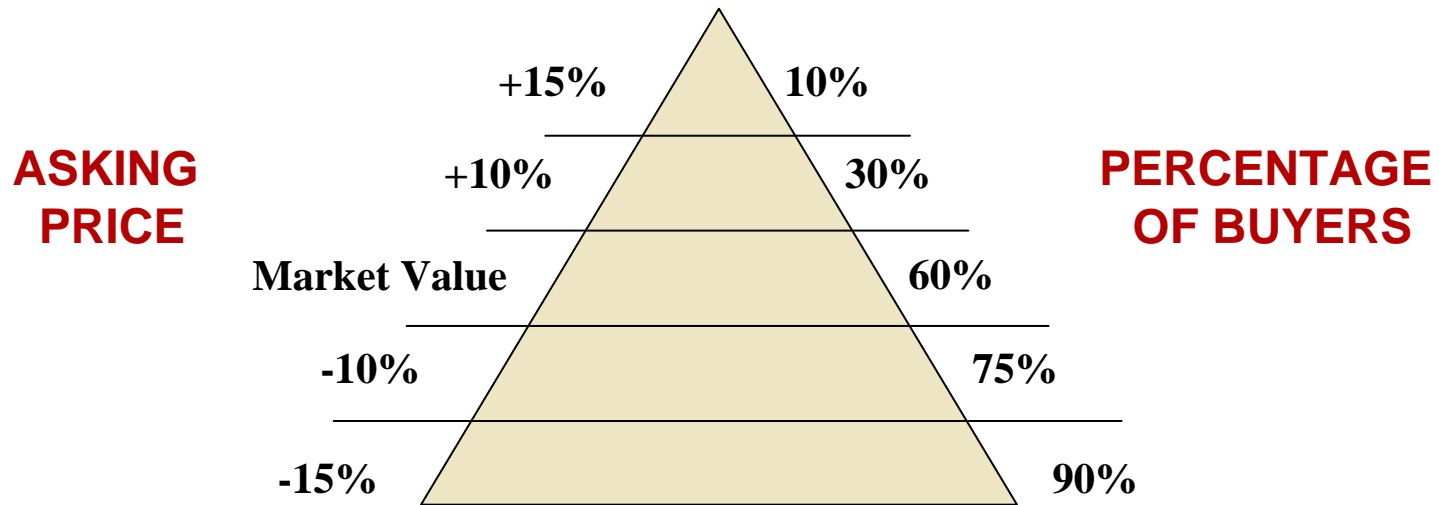


- Timing is extremely important in the real estate market.
- A property attracts the most activity from the real estate community and potential buyers when it is first listed.
- It has the greatest opportunity to sell when it is new on the market.



Pricing Factors

IMPORTANCE OF INTELLIGENT PRICING



As the triangle graph illustrates, more buyers purchase their properties at market value than above market value. If you price your property at market value, you are exposing it to a much greater percentage of prospective buyers and you are increasing your opportunity for a sale.



Pricing Misconceptions

It is very important to price your property at competitive market value at the signing of the listing agreement. Historically, your first offer is usually your best offer.



Buyers & Sellers Determine Value

The value of your property is determined by what a **BUYER** is willing to pay and a **SELLER** is willing to accept in today's market. Buyers make their pricing decision based on comparing your property to other property **SOLD** in your area.



As property values continue to transition in local real estate markets, it is more important than ever to strategically price your property to capture today's market values versus taking the risk of attempting to sell months down the road when values may be less than they are today. This very basic concept hit home the other day when I was talking to a homeowner about his experience in the Ada County real estate market.

The homeowner, whom I will refer to as Joe, explained to me that he had originally listed his home in January of 2007 for \$199,900, a price that seemed reasonable given what homes were selling for over the past several months within his subdivision, as well as what similar homes were currently priced at. As the months passed without even an offer, Joe's agent advised him that incremental price adjustments were necessary in order to keep in step with what the market was doing. Does this story sound familiar?

I had an opportunity to talk to Joe in September, and by this time his asking price had dropped to \$169,900 without results. He still had not been able to interest any buyers in his newer, picture perfect custom-built home that was well located. Understandably, Joe was frustrated with the entire process, and not surprisingly had decided to sell his home himself in hopes of avoiding agent fees so he could sell without incurring a loss.



During my conversation with Joe, I remembered a buyer client that I had been working with at the beginning of 2007 who was searching for a home in the same area, but with a budget goal to stay under \$185,000. We were able to find my client a nice home in the \$180,000's without too much trouble because there was plenty of inventory on the market, but these homes were a bit smaller and a few years older than Joe's home. It was at this point I realized how excited my buyer client would have been at the opportunity to purchase Joe's home for around \$185,000. But of course hindsight is 20/20 and Joe did not have a crystal ball that allowed him to look into the future in order to avoid the financial pitfall that he fell victim to...or did he?

Joe's lesson is really our lesson too, it is imperative that we stay abreast of market trends rather than just look at the here and now of active and sold market values. Did we know that our real estate market was in transition during the first quarter of 2007? Did we know that there was excess inventory in the market? Did we know that we were surrounded by larger housing markets that were struggling? Did we know that buyers were making offers on homes that were value priced? Did we know that building permits were down in the Treasure Valley in response to the excess inventory in our market?

So the question we can ask ourselves today is, should we adjust our asking price in order to take advantage of today's real estate market values rather than hoping for the return of yesterday's values while risking our home equity dollars in tomorrow's uncertain real estate market? Consider Joe's plight, had he priced his home between \$180,000 - \$190,000 from the beginning, would he be struggling to sell his home for between \$160,000 - \$170,000 today? Aggressive pricing strategies really require sellers to take a "gut check" and ask themselves where does my heart stop in regards to pricing, what do I really need in order to move forward with my plans?



Any property seller's goal is to net as much money as possible in any market, but pricing at top dollar may not be the path to realize this goal. Although a strategy of pricing for less to net more may appear counter-intuitive, the savvy seller will look beyond today and attempt to interpret tomorrow's market based on current market conditions. Nobody has a crystal ball, but we can learn a lesson from Joe's market experience and price right to capitalize on current market values and avoid risking home equity dollars on tomorrow's real estate market uncertainties.

Property owners who have a serious need to sell quickly are well advised to pursue an aggressive pricing strategy that will showcase their property as the best value in their market; otherwise they will unintentionally underscore the value of better priced neighboring properties in the eyes of prospective buyers, thereby helping to sell their neighbors house!