

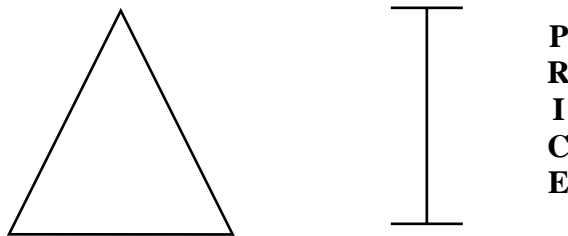
PRICING HINTS

From

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PRICING PYRAMID

The number of prospective purchasers who will look at your residence is inversely correlated with the listed price. Think of it as a triangle with higher priced homes at the top. This will give you some idea of the importance you should attach to the price you ask for your home.



INITIAL LISTING PRICE

The price you ask for your house at the time it first comes on the market is extremely important. First, you want to place your home as far down the pyramid as you can consistent with getting an acceptable price. Many factors enter into this decision including how motivated you are to sell, how confident you are in your (or your agent's) assessment of the value of your house, and the state of the housing market. The current market favors the buyer (I.e. there are more homes on the market than active purchasers), and this requires realistic pricing more than would be boom market.

WHY IS THE INITIAL LISTING PRICE SO CRITICAL?

There are several reasons why you should put you residence on the market at a realistic price.

Your newly listed house will generate the activity, by both agents and prospective clients, during the first three weeks it is listed. The sign will attract attention, your residence will appear on the Multiple Listing Service (MSL), and I will be advertising your house in the newspaper. Many prospective purchasers will simply inquire about the price, at which the pyramid principle comes into play. Many prospective purchasers will be eliminated simply because they believe the price is out of their range.

A second important reason for pricing realistically from the beginning is that your agent may host an agent's open house during the first week or two of the listing. This is an invitation to other agents, from all agencies, to familiarize themselves with your house with your listing agent present to answer any questions. The agents will then feel comfortable showing your house and will be able to show it to only appropriate clients (I.e. those whose criteria it meets). This not only ensures a knowledgeable presentation of your house, but it also minimizes the inconvenience of showings that are unsuitable for the given client.

However, first impressions are powerful, and if an agent feels a house is overpriced, he or she is less likely to suggest it to a client. The initial stigmas of an overpriced residence is extremely difficult to correct later by a price reduction.

WHY NOT LIST HIGH TO TEST THE MARKET, AND REDUCE THE PRICE LATER?

This is partially answered above. Studies show that homes that are significantly overpriced initially take for longer to sell, and sell for significantly less than comparable homes, which are priced realistically from the outset.

If you are serious about selling your house, set an initial listing price as low as possible consistent with that you believe you would accept (leaving some leeway for negotiation) and be prepared to be quite firm during the negotiation process.

Although vendors often say, "Well, bring me a lower offer" for their overpriced house, most prospective purchasers simply do not feel comfortable offering significantly less than the asking price. And remember the number of prospective purchasers even thinking about an overpriced house is limited.

HOW DO I KNOW WHAT A REALISTIC PRICE IS?

You may or may not have been keeping abreast of prices in your area. Remember that there are cyclical and seasonal variations in residential values—you can't do much about the cyclical variations, but the impact of seasonal fluctuations depends on the urgency with which you want to sell.

The best information on current market values will come from reputable real estate agents who are experienced in your area. Have two or three agents do a listing presentation of your home to get a feel for their styles and your compatibility. Although you may be tempted to list with the agent who suggests the highest listing price, remember the above arguments for realistic pricing.