<u>SETTING AN APPROPRIATE PRICE- EASY STEPS TO FOLLOW</u>

At any given time, three general factors affect the sale of your house: the current real estate market, the location of your property, and the competition - other houses like yours competing for the same buyers. These three factors are always in flux. For example, interest rates rise and fall; neighborhoods lose or gain cachet; similar houses suddenly arrive on the market; and the pool of active buyers changes. No one can control these factors, and you cannot wait until all the conditions are absolutely perfect to sell your home. Smart sellers don't put themselves at the mercy of these factors - they maximize conditions to their advantage.

Let's review the three factors mentioned above: market, location and competition.

Market
Packaging will make your property stand out from the competition whether the market is booming or not. In a buyer's market (where there are more houses than buyers), preparing your home is the best way to make it memorable and easy for buyers to recall at the end of a long day of house-hunting.

Location
We've all heard it before, "location, location, location" is important. If your house is in a less-than-ideal location, you can't move it. If that's the case, try to make the most of it. Turn your house into the most appealing house in that location. Remember that if your house doesn't stand out, another will, and it will get top dollar.

Competition
When a number of houses with similar features are on the market, yours needs to shine. If two houses are similar in structure or layout, buyers will choose the one that feels as if it could be their home.

Now that you have considered the above factors, how do you decide how to price your house?

Well, there isn't an exact formula to arrive to a magic number, only a price range. Why? Because houses are a commodity subject to the laws of supply and demand, and market conditions keep changing. Prices rise when there are more buyers than sellers; they decline when there are more houses for sale than buyers. The availability of mortgage money also affects sales, but ultimately what the buyer feels about a house is what determines the price he'll pay. While the buyer determines the selling price, **you** establish the listing price of your home.

When you put a house up for sale, there is a high probability that the asking price will be lowered. The key is knowing when to lower and how much to lower. Keep in mind that timing is everything. If you have had your house on the market for some time and as a last minute effort decide to lower the price, it may not do you much good.

It is during the first two weeks when your home will get the most traffic. This is when the home is fresh on the market and in its peak sale time. If you wait too long to bring down the price, the current buyers will have already seen the house and won't necessarily show new interest.

That doesn't mean that another group of buyers won't come along, but buyers are bunched in price ranges. Therefore, in order to grab the attention of the next price range of buyers, you would probably have to make a significant reduction.

To arrive at a realistic listing price, research your competitor's pricing. Find out what similar houses have sold for recently as well as what "comparables" haven't sold to give you a good idea of the price buyers are and are not willing to pay for houses similar to yours. Remember, a buyer will be looking at a number of houses with similar features and amenities.

Usually the specific features in your house will determine its price range. For example, a three-bedroom, one-bath house in a certain neighborhood will sell for less than a three-bedroom, two-bath house in the same neighborhood because buyers are willing to pay more for a second bathroom.

Pricing your home can be very emotional for the entire family. How do you put a dollar amount on memories? Many sellers are offended if the market value of their house does not reflect their emotional attachment. However, you need to consider that buyers won't pay for your memories - they don't qualify as a feature.

Don't overprice your house - that usually backfires. As mentioned above, the first two weeks a house is on the market is when the most serious pool of buyers arrive ready to buy. They've done their homework. They won't buy a house that's overpriced. If a buyer is interested in your home, they still have to secure a mortgage. In order to obtain that mortgage, your home has to come back appraised at the asking price. An example would be if you were selling your home for $100,000 but the appraisal came back at $95,000. In this case, the deal would fall through or you would have to lower the asking price to match the appraisal.

If this happens where the deal falls through and your home has come out of escrow or, it stays for sale on the market longer, the chance of it taking longer to sell has greatly increased. So, if you are the seller of a house, make sure you either get an appraisal first, or work with a qualified real estate agent who can guide you into an appropriate asking price.

Finally, it's **your** responsibility to price your house so that it will sell quickly and profitability.