

## **The Importance of Proper Pricing**

Of all the mistakes a Seller may make, incorrectly pricing the home either too low or too high is the most harmful and costly.

If you price it too low, your home will sell, and probably quickly, but you will lose money that is rightfully yours.

If you price it too high, it will almost certainly not sell. Most buyers, when they are looking for a home, look at comparable properties within a certain price range. For example, if the buyer has been pre-approved for a mortgage loan of \$140,000 and has, say, \$25,000 in cash as a down payment, he or she will probably be looking at homes in the \$160,000 to \$180,000 price range. If a Seller has a home with a fair market value of \$165,000 but chooses to price it at \$190,000, then the following is likely to occur:

1. Potential purchasers in the market looking at comparable properties (like our purchaser above) will probably never see it. It will appear to be outside of their market range.
2. Potential purchasers looking at homes in the range of, say, \$180,000 to \$210,000 may view the home, but they are not likely to buy it. The reason: they can buy much more home elsewhere for the same money.

This same scenario is likely to happen when a Seller decides to start high, because "*we can always come down later*". The home *begins* the marketing term (the most important time) in the wrong market range and languishes for the reasons given above. Buyers and other agents are aware of the long exposure period and are often hesitant to view the home because they fear something is wrong with the property. Homes with this pricing strategy in place often sell (if they do sell) at a price below what would have been achieved if they had been priced properly from the beginning of the marketing term.

The price at which you choose to offer your home to the market is your decision to make. You should be aware of the consequences of this choice, however. Seldom will a home sell at a price above fair market value.

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