

Determining Property Value

It's normal to be emotionally attached to your home - whether you've been in it for decades or just a few years, it can represent major phases of your life. And although the house no longer suits your needs, there is a part of you that is reluctant to part with it.

Unfortunately, the value you place on your home can wind up influencing sound judgment when setting the asking price for a home. To let any emotion, whether it's nostalgia or financial desire, drive up your asking price is a mistake that can end up costing you big in the end.

Determining the right home price is much more a science than an art. Think of it this way: the price for your house has *already* been established by the real estate market. There is a relatively narrow price range that buyers will consider for a particular home, with particular features, in a particular neighbourhood. The trick is in determining what that secret number is. Set the price too high, and your house is passed over. Set it too low, and you stand to lose thousands on the sale.

Factors that influence overpricing:

- Attempting to recover money invested in renovations and improvements
- Desire to use profits to purchase a higher-priced home elsewhere
- Original cost of the house was too high
- Lack of housing market information
- Building bargaining room into the price
- Adding on for perceived emotional value

The consequences of overpricing

Many sellers believe that if they price their home high initially, they can lower it later. Unfortunately, when a home is priced too high, it can be ignored by both buyers and agents. This is especially important when a home first goes on the market. New listings typically generate a flurry of activity as selling agents and potential buyers take notice. Overprice, and you stand to lose out on any potential business stoked by early market excitement.

And things don't improve for the overpriced house as the weeks and months wear on. Gradually, the seller is forced to move the price down to market value, but by that time the home has been for sale too long, and buyers become wary and reject the property. Many will wonder why the house has been on the market so long, and will suspect there is something wrong with your house



Some sellers think that buyers may make a lower offer, but if your price is outside the range of what they're looking for, they may never see your home. If their budget maxes out at \$450 and your home is \$475, it won't come up in their searches.

The benefits of pricing right:

- Your property sells faster, because it is exposed to more qualified buyers.
- Your home doesn't become stale and lose its marketability.
- The closer your asking price to market value, the higher the offers you'll receive.
- A well-priced property can generate competing offers.
- Real estate agents will be enthusiastic about presenting your property to buyers.

How is the market value of my property determined?

Your agent will prepare a list of comparable homes that are currently on the market or have sold in the last few months.

Together, you and your agent will establish a competitive list price for your home based on the Location

- Size
- Style
- Condition
- Community amenities
- Financing options
- Housing market conditions (Is it a buyer's or a seller's market?)

Once you've achieved a realistic sale price (along with a wise marketing strategy prepared by your agent), you can expect to sell your home for the best possible price in the least amount of time.

