

Spring — 2015



3 KEYS TO
PRICING YOUR
HOME *RIGHT*

3 Keys to Pricing Your Home Right

So You Don't Leave Money on the Table

The importance of pricing your home right is an integral piece of selling your home faster and getting top dollar. It's both an art and a science. In many ways, it relies on simple business sense, but in other ways, it relies on knowledge of the buyer, the community, and the timing of the transaction. Unfortunately pricing is not taught in most real estate schools. Keep in mind that buyers today are incredibly knowledgeable about the real estate market and current prices. Follow this guide and you'll receive insightful tips to pricing your home correctly and getting it sold in the least amount of time. Hold on to your hat. You'll have a new understanding of what it takes to sell your home when we're done!

Ok, first let's look at the 3 Golden Keys – or what we call the “3 Cs” to Pricing Your Home Right.

The 3 Cs to Pricing

If you remember anything from this guide, make it this section. Below is an overview of the 3 ways to unlock the best price for your home. Continue reading for more information that supports these 3 key elements.

1. **Know Your Competition:** You'll need to know how many homes in your price range are on the market. If there are several homes in your neighborhood waiting to sell, price your home aggressively in order to get buyers to choose yours. If there are fewer homes in your neighborhood for sale, shoot for a price that's just above your desired listing price.

2. **Find the Rate of Consumption:** How many homes in your price range have sold recently or are currently available? How many of those homes have sold per month for the last three to six months? In the real estate industry, the number of homes sold in a neighborhood per month is called the “absorption rate” or “rate of consumption.” With this number, you’ll get a clear picture of the time it will likely take to sell your home. It’s not a guessing game; it’s a business calculation.

Example: Your home is worth \$400,000 and 2 homes per month have sold in that price range. There are 4 homes currently on the market in that price range. You know it will take 2 months using this formula: **4 homes for sale, divided by the number of homes that sell each month in that price range, equals the time it takes to sell your home.**

3. **Determine Your Home’s Condition:** It’s important to compare the condition of your home with other homes on the market and to those that have sold. Drop any emotional attachments to its value or a certain dollar figure. Be realistic. Look at the condition of the landscaping. Compare the exterior paint and/or updates. Review the condition of the carpet, flooring, appliances, roof, and interior paint. Evaluate your home the way a picky buyer would and have honest expectations.

What’s My Home Really Worth?

Look at Competition & Consumption. Your home is worth what comparable homes in your area have sold for in the past 30 to 60 days. Buyers know that homes must be priced with actual recent sale prices, not simply on listing prices. You must take comparable sales into consideration when you decide on an asking price.

If you think someone might fall in love with your home and offer you more than it's worth, think again. Buyers use popular online real estate listing sites like Zillow, Yahoo! Homes, and Trulia. They are armed with data and educated.

Houses priced at what they're worth, based on comparable listing data, sell more quickly—and for an amount closer to asking price—than homes that debut with an inflated price tag.

How Do I Find Comparable Listings?

A few weeks before you put your home on the market, start doing some online research on Zillow, Trulia, or with **ListingDoor**, which does it for you.

ListingDoor's IntelReport™ gives you the same information real estate pros use to price homes and lets you to get to know your home's comparable listings. You'll be able to review the details of recently sold homes and be the first in your neighborhood to know when a home has an offer pending.

If you're using Zillow, Trulia, or a similar real estate site, make a list of homes that have sold in your neighborhood in the last 30-120 days. Don't even consider homes that sold outside of that time period. The market has had a lot of fluctuation in the last few years. Older sales are most likely irrelevant.

Note when the homes went on the market and compare that to the date on which they sold. When you see a listing that sold immediately, there's a very high probability that the home sold for list price or close to list price. Now make a list of homes that are currently for sale. Once they have sold, pay close attention to their selling prices versus their listing prices, and note how long it took them to sell.

Of course, every home is unique. Comparable listings should have the square footage, condition, curb appeal, renovations, and neighborhood qualities similar to your own home. Organize these facts and try to use the same criteria for all the properties you look at. You'll be doing what the real estate industry calls a "comparative market analysis" or CMA, but it will be you, the expert on your neighborhood, taking all the important factors into account. Think back to when you bought the home you're selling. You know what neighborhoods, schools, and homes are truly comparative.

Should I Price My Home High? I Can Always Reduce It, Right?

Overpriced properties sit on the market until they are reduced, carrying costs that continue to drain your bank account month after month. Homes that are overpriced typically cost the seller an additional 5 to 9 percent, and the loss could be even more if your carrying costs are high.

Overpricing your home will cost you both time and money! If your house is overpriced, all you're doing is providing market data that helps your neighbors sell *their* homes at a fair price. Even if your home is a beautiful and desirable property, buyers won't even come by to look if they think the price is unreasonably high. They'll wait for the reduction you will inevitably make so that you can get it sold.

The message that an unrealistically high price sends are, "We are oblivious to what's really going on in the market right now and aren't serious about selling our home." You'll end up with what we in the industry refer to as a "stale home." Your home is *anything* but stale, so don't price it that way!

Condition is Important — Be the Bride, Not the Bridesmaid!

Now it's time to look at enhancing your home to make it "shine" and having it seen in the best light by potential buyers!

You want to sell quickly, and you want your selling price to be as close to your asking price as possible. Your home, in order to stand out and be successful in the market, has to be the bride. It has to be special, set apart, and the object of every buyer's admiration and affection!

Here's a short list of ways to prepare your home to sell at the best possible price:

- **Repair:** Take care of small maintenance chores you have been putting off.
- **Clean:** Give your home a good, deep cleaning. In a buyer's mind, a dirty home "needs work" and that is one phrase that will ding your sales price!
- **De-clutter:** Overstuffed closets, cabinets and drawers send the message that your home has inadequate storage.
- **Depersonalize:** Pack away family photos, sports memorabilia, and political references. Buyers should be dreaming about their life after buying your home, not getting hung up that you're a fan of a rival sports team or opposing political party.
- **Want more tips?** Go to ListingDoor.com/blog

Important Final Adjustments

Finally, let's look at some of the factors that help tweak or refine your asking price to ensure you're pricing your home competitively and taking into consideration nuances of your specific home and situation.

- **Consider Your Price Bracket:** Listing websites have price filters in increments of \$10,000, \$50,000, and \$100,000, depending on the price range. If you're close to one of these thresholds, it might be a good idea to drop down the listing price so that you reach a wider audience.

This may sound a little unconventional—actually, it probably sounds *highly* unconventional! But this is what you have to do if you're going to compete in today's market. Price your home so that you'll get a fair value for it, but also price it so that it will sell.

Example: If you're listing your home for \$910,000, dropping down to \$900,000 will give you more viewers. Dropping the price to take advantage of a more popular bracket can be an effective strategy, especially if you need to get the ball rolling quickly. It'll get your home sold faster, and you'll end up saving that \$10,000 or more on mortgage payments, taxes, and insurance.

- **Identify Carrying Costs:** Can't decide between a lower or higher price? Understanding your monthly outflow will help you make an informed, logical decision about your listing price. Add up these monthly expenses:
 - Mortgage
 - Insurance
 - Association fees, if applicable
 - Utilities
 - Taxes
 - Maintenance, including mowing service, cleaning company, and repairs

- **Local Factors:** Understanding local economic and social factors will help you predict what type of buyer will end up calling your place home when the ink dries.
 - Has a big company recently moved into or out of the area?
 - Are your competitive homes for sale mostly newer or older than yours?
 - What is the performance of local schools?

- **The Biggest Factor is You:** Remember that the context surrounding your asking price has to do with *you* as well—not just the market. Are you being transferred for work or do you need to sell for other reasons? If you're in a hurry to sell for personal reasons, pricing your home even a few hundred dollars lower than competitive homes can put you at the head of the line.

Are you looking to buy a new home as you sell your old one? Maybe the neighborhood that you're moving to has lower real estate prices than your current neighborhood. All of these things can affect your asking price.

The Best Person to Sell Your Home, is *You!*

Thanks for downloading this guide. We hope it has helped take the mystery out of pricing your home for sale! Be confident in your unique understanding of what makes your home special and desirable. We understand that selling your home yourself may feel daunting. Our goal at **ListingDoor** is to make selling your home yourself easy and help you walk away with the most money.

Keep an eye out for our emails. They will address other important ways that help you sell your home quickly and for top dollar.

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If you're a homeowner ready or considering to sell your own home and want to save tens of \$1,000s doing it, then check out ListingDoor.com.

ListingDoor packages include:

- **IntelReport™:** *ListingDoor's* IntelReport™ report gives you all the information you need about real estate activity in your neighborhood, the same data used by real estate professionals! Understand recent sales, know what homes are on the market and which homes have offers pending. Plus, get details about your competitors, including the price per square foot, time on market, and more!
- **Online Marketing:** *ListingDoor* creates a custom website and online advertising campaign to get your home in front of more potential buyers.
- **Your Home, Everywhere:** With *ListingDoor* your home is listed on top real estate sites including Zillow™, Trulia™, Yahoo! Homes, and more with the push of a button.
- **Yard Sign:** Our high quality, weatherproof signs are fully customized with up to 3 images of your home (instead of a real estate agent's headshot) highlighting your home's best features - right from the curb! Best of all, you can pick up your sign and brochures at your neighborhood FedEx Office **FedExOffice**®.
- **Listing Brochure:** *ListingDoor* takes all your home's information and pictures and instantly creates a beautiful full-color listing brochure, telling and showing the story of your home.
- **Quick and Straightforward Education:** We know how the real estate process works, and we aren't afraid to share all the details with you. *ListingDoor* has the information you need to understand each step to selling your home yourself, including an e-book, FAQs, and videos.

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