

How to Price Correctly in Today's Market*

Look at Pending Contracts.

When analyzing your CMA, give the most weight to pending sales (rather than active properties or those that have already closed) and pay close attention to the square footage of the home you are pricing relative to those under contract, advises Fraida Varah, the principal broker of Fraida Varah Real Estate Group in Albany, N.Y. Pending sales better reflect the current market than active listings or those that may have closed three months earlier. In a falling market, you may have to be priced below the latest sold or pending comparable.

Don't Take the Heat for the Market.

Make sure sellers understand that the market will determine the final selling price. Don't take responsibility for market conditions. Your job is to help the seller understand and adjust to the market, says Varah.

Creating Value is Key.

Remind sellers that the objective in pricing their home is ultimately to get their home sold. The home has to be priced so that it's considered by buyers to be within the top two or three values in that price range. If the market is very slow, they have to be the best home value in their price range. Tell the sellers you'll revisit the market situation with them every 30 days, and they may need to adjust their price accordingly, Varah says.

Time for an Adjustment.

Industry standards suggest that if you haven't received an offer after eight to 10 showings, a price adjustment is probably necessary.

Have Your Seller Sign a Price Reduction Form in Advance.

The form should be dated up to 60 days after the original listing date. You can always choose not to reduce at that time depending on circumstances (such as negotiations or expected offers).

Forget About "Price Reduced" Signs.

All such riders do is alert the public that this home is failing to sell. You want to avoid having the buying public think there's something wrong with the house.

It's OK to Fire a Seller!

If a seller is unwilling to recognize the market's indication that the price is incorrect, there's no reason for you to continue to invest your time and money in that client. There is no advantage to you to take or keep an overpriced listing with an unmotivated or stubborn seller. Serious real estate pros pay close attention to their success ratios (the percentage of listings taken that close), sale to list price ratios, and average days on market. Serious sellers will take note.

***Taken from realtormag.com**

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