

6 Rules to Follow When Pricing Your Home

It's time to move on. You've decided to sell your home and embark on a new adventure. Unfortunately, potential buyers don't care about how long you obsessed over choosing the perfect bathroom tiles or the number of carpenters you interviewed to make the perfect built-in bookcase. To the buyer, those items may not matter to the value of the home, even if you think they should.

When it's time to sell, you have to price your home right, using tangible factors. Here are six rules to remember:

1. Price is king

Your asking price determines how long the home will sit on the market. Pricing the home too high may reduce the number of interested buyers, which can cause your home to sit on the market too long. If your house is on the market too long, it may create the perception that there's something wrong with it. It can also lead a buyer to think that you're desperate for an offer. You want to avoid these outcomes and not overvalue your home.

On the flip side, pricing the home too low may create some skepticism and raise unwanted questions about the home's true value. This will hit you in the bank account if multiple offers don't drive the price up to its true market value.

2. Use comparable sales

The simplest way to figure out the right price for your home is to compare similar homes that have sold in your neighborhood. Compare your house with those with the same number of bedrooms, bathrooms, and square footage. If you find comparable homes with similar floor plans and outdoor space, all the better. See how many homes in your area have sold recently and what they went for. You can also ask me to help you compare houses.

3. Compare fairly

Make sure your comparison is fair. If there are neighborhoods in your city that are more desirable, consider that in your comparison. Also consider your location and what buyers want. If a similarly sized new-construction townhouse sold for top dollar down the block, you may not get the same amount for your cute '40s bungalow.

4. Check the market history

To get a more comprehensive picture of the real estate market in your neighborhood, check the listing history of a home. Compare the original asking price with the final sale price, and note the amount of time the house was on the market until it sold. I can help you with this step. If you're looking to speed up the process, you may want to price your house a bit lower. However, if profit is your motive, you may need to wait a few months for a sale on the high end of the spectrum.

5. Consider special improvements

Consider whether major improvements you've made warrant a higher asking price. If you've remodeled the kitchen and put down a new floor, or if you really feel the special woodwork details will clinch the sale, make sure those enhancements are reflected in the price of the home. Be reasonable. Don't be surprised if you don't get as much money as you expected—improvements don't always recoup their cost.

6. Don't ignore supply and demand

In a buyer's market, with many homes for sale and sellers competing for attention, you may want to ask a bit less for your home to make it more attractive to potential buyers. In a seller's market, where there is little home supply and much buyer demand, you may want to ask a bit more and maximize your profit. We are currently in a seller's market...hooray for sellers!

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