

Price It Right

Have you ever purchased a maple four-poster bed or an oak ice box at an antique show ? If so, you probably noticed that prices varied greatly from item to item. There is no such thing as a retail price on oak ice chests. Each is in different condition, and no two are alike for exact comparisons. Antiques are often priced high by dealers to allow for bargaining room. The real objective is to sell at a price which comes close to the “fair market value” for each item. Because those oak ice boxes are rarely equal in condition, market value is difficult to establish.

Home owners may price their homes high also - to leave room for negotiation. Unfortunately, overpricing discourages buyers from making offers. Savvy home sellers know that pricing a home at “fair market value” is the best way to attract a full price offer. Their real estate agent can provide an analysis of recent home sales, and even compare listed prices to actual sale prices.

For example, if homes have been listed for \$400,000 in a particular neighborhood, yet have been selling for an average of 389,200, the list-to-sale percentage would be 97.3% for that neighborhood. This indicates that homes sell for within about 3% of their list price, virtually full price.

Before pricing your home, ask your agent to analyze neighborhood home sales. Then price your home no higher than necessary to allow the list-to-sale percentage to be applied by buyers. Two things are likely to result from this strategy: a full price offer is more likely to be received, and buyers will not be driven away by a home which appears overpriced.

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