

Determining Property Value



It's a common scenario. You love your old house. After all, your home was the one constant: it set the stage for many family events and cherished memories. Every scratch in the floor, and every nick in the wall, tells a story. And although the house no longer suits your needs, there is a part of you that is reluctant to part with it.

For many, this kind of emotional attachment and other factors unrelated to the home's true market value end up influencing sound judgment when setting the asking price for a home. To let any emotion (be it nostalgia or financial desire) drive up your asking price is an amateur mistake that can end up costing you big in the end.

Those nicks and scratches that send you on a trip down memory lane? Unfortunately, they tell a very different story to prospective buyers. That's just damage in the buyer's eye, and it sure doesn't offer anything in the way of value to them.

Remember, the buyer doesn't know about you and the memories you associate with the house. For the most part, they aren't interested in them. They just want to find a home to call their own and start creating their own family memories.

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 is virtually ignored by buyers and real estate agents alike. 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 that is affecting its ability to sell.

You may also be tempted to think interested buyers will simply make a lower offer. But if your home is overpriced, buyers looking in a lower price range may never even see your home's listing. Those who can afford a home at your asking price will quickly recognize that they can get better value elsewhere.

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?

Enter your Royal LePage real estate agent. Your agent is an expert in the local real estate market, and will give you the facts you need to know to make an educated decision on asking price.

Your agent will prepare a [Comparative Market Analysis](#) (CMA) for your home based on the most current housing market information. The CMA will show you current listings, recent sales and expired listings (useful to check, because expired listings often indicate a house that was either overpriced or poorly marketed).

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

- 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.

For information on how to secure the highest possible price for your property, contact your local Royal LePage sales representative: [Real Estate Agent Search](#)