

# Key Market Factors

## *How long does it take to sell a home?*

There is no easy answer – some homes sell in a few days, others may take several months.

Recognizing the key factors influencing a sale can give you significant control over market time.

## *The proper balance of these factors will expedite your sale:*

### **LOCATION...**

- Location is the single greatest factor affecting value.
- Neighborhood desirability is fundamental to a property's fair market value.

### **COMPETITION...**

- Buyers compare your property against competing properties.
- Buyers interpret value based on available properties.

### **TIMING...**

- The real estate market may reflect a seller's market or a buyer's market.
- Market conditions cannot be manipulated; an individually tailored marketing plan must be developed accordingly.

### **CONDITION...**

- Property condition affects price and speed of sale.
- Optimizing physical appearances and advance preparation for marketing maximizes value.

### **TERMS...**

- The more flexible the financing, the broader the market, the quicker the sale and the higher the price.
- Terms structured to meet your objectives are important to successful marketing.

### **PRICE...**

- If the property is not properly priced, a sale may be delayed or even prevented.
- *Eileen Falvey-Craig's* comprehensive market study will assist you in determining the best possible price.

# Buyers Always Determine Value!

The value of your property is determined by what a **BUYER** is willing to pay in today's market based on comparing your property to others **SOLD** in your area.

## COMMON PRICING ERRORS



# Pricing to Sell

Now that your house is ready to be put on the market, it is vital that it is priced so that it sells at, or close to, your asking price and so that it sells quickly. Houses are a market commodity that should therefore be priced at market value. A common definition of market value is “What a ready, willing buyer will pay, at a price a seller will accept.” In order to determine the market value of your home, your Realtor will do a CMA, or Competitive Market Analysis, of your home. The CMA compares your home to other houses in the area in terms of square footage, amenities, condition and relative age. You may want to provide your Realtor with a list of items about the property that you feel are major advantages. Here are a few other things to keep in mind:

## When Setting the Price, Keep in Mind:

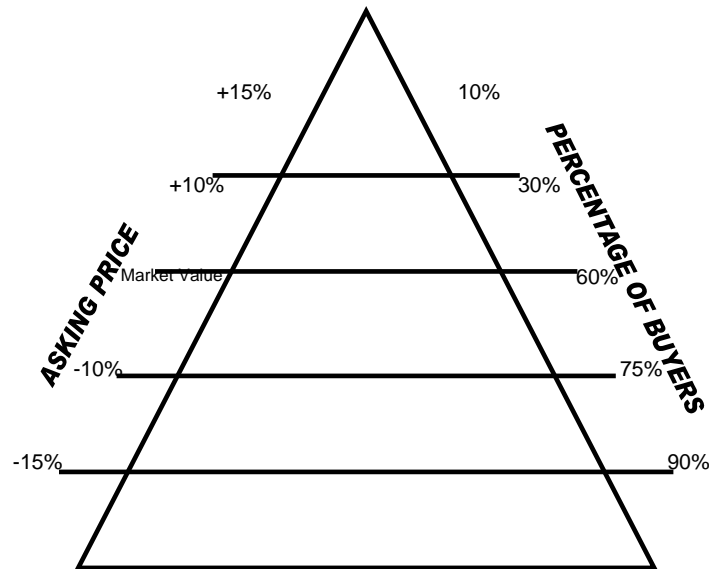
- The asking price is not the same as an appraisal price. An appraisal value is what the lender will loan someone who wants to buy your home. It may not reflect the market value of the home.
- List price is not permanent. It may change and you should be prepared for negotiation.
- **Overpricing will make your home sell more slowly, causing you to spend money to keep it in “selling condition” for a longer amount of time.**
- Interest rates may also contribute to the price set on your home.
- Location is a large factor in figuring out a realistic price for your home. The same home in a different neighborhood would have a different price.
- You can make the price a little bit higher, but add that you will pay closing costs or give an allowance to the buyer for fixing the roof, etc.
- It is also important to be clear on what exactly is included in the sales price. Any exclusion (such as removable fixtures, decorative lighting, draperies, appliances, etc.) should be written into the contract.

## Selling Price vs. Timing



Timing is extremely important in the real estate market. The above graph illustrates the importance of placing your property on the market at a realistic price and terms from the very beginning. A property attracts the most excitement and interest from the real estate community and potential buyers when it is first listed; therefore, it has the highest chance of a sale when it is new on the market.

## The Importance of Intelligent Pricing



As the triangle graph above illustrates, more buyers purchase their properties at market value than above market value. The percentage increases even further when the price drops below market value. Therefore, if you price your property at market value, you are exposing it to a much greater percentage of prospective buyers and you are increasing your chances for a sale.

## **Factors that May effect the price and the length of time it will take to sell your house.**

1. **On a Main thoroughfare. Minus 5% off the normal sales price, Add 20% more time than average days of market before it sells.**
2. **Very Steep driveway up to house or Driveway down incline to house. Minus 5% off price, Add 10% more selling time.**
3. **Gully or very steep drop off behind house. If no View Minus 5% off price, Add 4% more time.**
4. **Creek behind or beside house. Minus 3% off price, Add 2% more time.**
5. **No tall trees around house. Minus 2% off price, Add 2% more time.**
6. **No self-cleaning oven. Minus replacement cost.**
7. **House facing school or business property. Minus 8% off price, Add 20% more time.**
8. **Power line behind or in view of house. Minus 7% off price, Add 25% more time.**
9. **Animal Odor. Condition adjustment 1-10%, Add 10% more time**
10. **Terrain in backyard unsuitable for children to play. Minus 2% off price, Add 10% more time**
11. **House needs exterior painting. Minus 5% off price, Add 5% more time.**
12. **House needs interior painting. Minus 3% off price, Add 5% more time.**
13. **Wallpaper. Minus removal or replacement cost, Add 3% more time.**
14. **Carpet damaged or different colors from room to room. Minus replacement cost, Add 5% more time.**
15. **Cluttered, messy rooms and closets. Minus 1% off price, Add 5% more time.**
16. **Swimming Pool. Add half the cost of the pool, if in good condition. May add 10-30% more time.**
17. **Cluttered and messy garage and attic. Minus 1% off price, Add 5% more time.**