



*Thomas Ervin*

## **Let's Talk About Real Estate**

### **“THE PRICE OF OVERPRICING”**

The biggest detriment to selling real estate is the all too common problem of overpricing. For the last 20 years, I have been approached by anxious sellers who want to know why their property is not selling. The answer is always the same The asking price is too high.

Why do people make the common mistake of asking too much? There are several reasons. Some owners expect the present home to bring them enough money with which to purchase a more expensive home. In other words, they just are not facing reality. Others price it too high because they have not had their property evaluated by a professional. Relying on hearsay only, they put a price on their property that does not compete with other available properties.

An asking price must satisfy three basic criteria: (1) The asking price must be competitive with the asking price of similar homes. (2) It must allow for some negotiation so the buyer feels that he or she struck a fair agreement. (3) The final negotiated price must give the seller the highest possible return considering the condition of the property and the marketplace.

If your home is overpriced, here is the sequence of events you can expect:

1. Salespeople, knowing it is overpriced, will not show your home.
2. Your home will sit on the market while others around you are selling.
3. Prospective buyers, seeing your home on the market for a long time, will begin to feel that there is something wrong with your home.
4. You will begin to get anxious and lose patience.
5. Because of the time restraints you are under, you will reduce the price below the asking price of competing property.
6. Your property will sell for a lower price than it is worth.

Time and time again, it seems to happen as I have described above. An owner who did not know or ignored the market facts in order to try to get top dollar ends up getting less than fair value.

**ADVICE:** Be careful when setting your original asking price. Ask your Realtor® to present you with all the pertinent market facts.