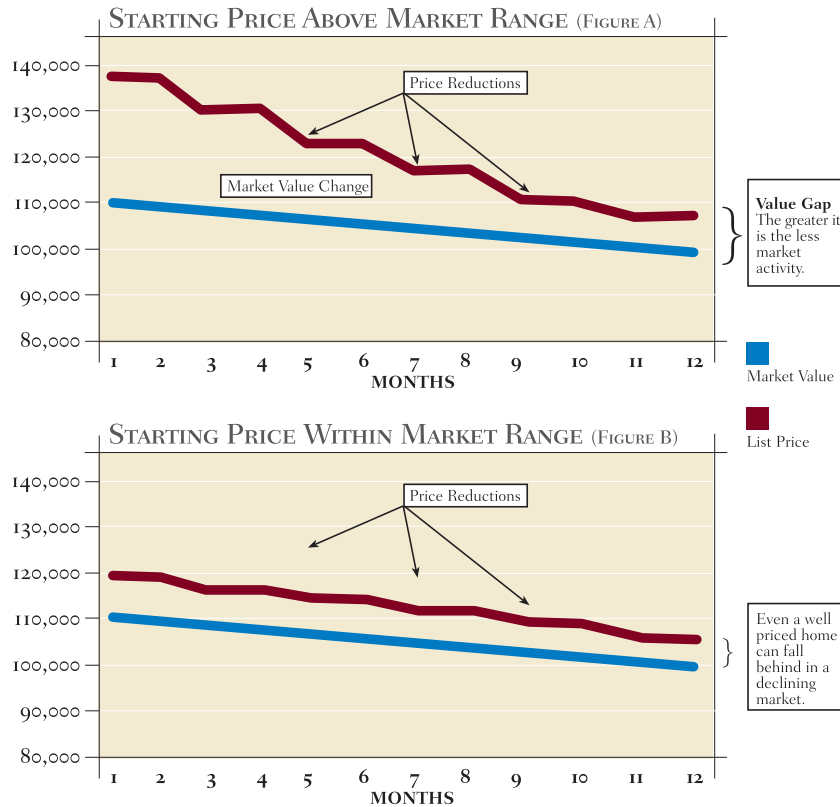




AVOIDING PRICING TORTURE



In some instances you can be fooled into thinking you are within the market range as showing or web view activity picks up with a price change. However, if the activity does not result in any additional offers, a further adjustment is usually required.

Pricing at Market Range up front, moving the price down to the market and voiding the “let’s just try this price” approach maximized your value by gaining exposure to your largest buyer group up front, avoiding a “market worn” stigma.

Even an overpriced start can be recovered from after reviewing market activity during the first 2-3 weeks and making a strong pricing move to the market range, rather than teaser price changes that will not cause significant market movement.

In a declining market (currently about 1% per month), price reductions that are not strong enough never quite move the property into the true market value range. The result is what we term “Pricing Torture”, when the price is continually reduced without getting a significant increase in buyer activity as shown in Figure A. It can also happen even if the home is priced near or within the market range at the start but still not adjusted for the declining market (see Figure B).

Money Magazine, May 12, 2008

New Rules for Home Sellers

Rule 1: Get real about price.

Set an asking price 10% below what homes like yours have been selling for. If your market is really frozen and you need to drop the price, make one large cut. No baby steps.

Michigan's Largest

