Sellers – Pricing your Property

**REASONS FOR LISTING AT THE RIGHT PRICE**

1. Overpriced Property - Fails to compete with other homes on the market. Buyers look at many properties and eliminate by comparison. Your home may help sell others.

2. Overpriced Property - Fails to meet the Buyer's expectations. People have certain expectations for a certain price and become disinterested when a property does not meet their criteria. When looking at homes, have you ever been disappointed in what you saw?

3. Overpriced Property - Remains unsold for a long time causing Buyers to be wary even making a lower offer. How would you feel if you saw a home on the market for 45 days?

4. Overpriced Property - Can turn a Buyer from one area to another. Someone qualified to buy in your location may disqualify themselves if confronted with even one or two overpriced homes. A qualified Buyer may never see an overpriced home because they feel they can't afford it.

5. Overpriced Property - Can ultimately cause a monetary loss. Consider your holding cost for six months to 1 year. The market may come up to your price in that time, but you've already invested more, plus you may be running the risk of becoming known as overpriced. It is important to calculate your cost of ownership over time.

6. Overpriced Property - Reduces advertising response. A REALTOR® who repeatedly advertises an overpriced property soon becomes known as a poor Marketer. Would you respond to an ad for an overpriced home?

7. Overpriced Property - Causes sales people to lose enthusiasm. A few unfavourable reactions from Buyers and they will discontinue showing your home. Loss of promotion. It is human nature to avoid something that is overvalued.

**MISSING THE RIGHT BUYER**

Many Sellers think that interested Buyers “can always make an offer”, but if the home is overpriced, potential Buyers who are looking within a specific price range may never see it.

As well, those who can afford a home at your asking price will soon recognize that they can get better value elsewhere.

# PRINCIPLES OF EVALUATION

## Cost

The cost approach was once called the summation approach. The theory is that the value of a property can be estimated by summing the land value and the depreciated value of any improvements.

## Sales

The sales comparison approach is based primarily on the principle of substitution. This approach assumes a prudent (or rational) individual will pay no more for a property than it would cost to purchase a comparable substitute property.

# Market Value

Market Value is the highest price a property will bring if exposed for sale on the open market allowing a reasonable time to find a buyer who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used.