

## Pricing Right Sellers' Job No. 1

*by M. Anthony Carr*

It seems during a slowing market, the last person to get the message that the house needs a lower price is the seller. After all, the seller has the most to lose by "improving" the price and it's a tough decision to let go of a dream of cashing out.

A sellers market builds over time. If new jobs enter a particular area and housing doesn't keep pace, home shortages create a sellers market where prices increase and bidding wars begin. Then, one of two events happen to make a market cool down: the economy stops growing or prices become too expensive (combined with an ample supply of rentals). A normalized/buyers market is born and sellers need to get on board or hit the showers.

In the Washington, D.C. area, jobs are continuing to enter the market at a projected rate of 65,000 in 2006 (which is on top of more than 70,000 new jobs in 2005). According to the Center of Regional Analysis at George Mason University, the area has a deficit of housing by about 160,000 units. With plenty of rentals available this past year and skittish buyers, the area has just come off one of its hottest markets ever. It's cooled, slowed, normalized.

When people ask if it's crashing, I just point out that if you were driving at 120 mph and slowed to 75 mph, how would it feel? The lower speed limit may seem a lot slower, but it's still faster than the speed limit. We're running at that fast, but slower pace, now.

Nevertheless, as inventories grow and days on market increase, those in the business know what will sell a house more than anything else -- a price correction. Call it "reduced," "price cut," "realignment," "price improvement," "repositioning," or whatever you want -- the price needs to come down to where the buyers are biting.

I've collected quite a few excuses that sellers and some agents hold onto, instead of biting the bullet and bringing down the price.

"My house is worth it." Well, according to who? Usually, this statement is followed by a shopping list of items that have been added to the house: hardwood floors, 9-foot ceilings, new appliances, upgraded bath/kitchen, you name it. Yeah, your house is unique, just like everybody else's. The reality is while your house may have all those neat amenities, so do the other dozens, scores or hundreds of homes in your market area that are also on the market.

"It's a great looking house." It better look great if it's going to beat out the competition. Location, price and condition will always be a factor in any market. It may look great, but looks have nothing to do with real value. When you start thinking that your house pales all the competition it means one thing you probably haven't seen other houses like yours on the market.

"I have to get this much or I can't sell." Oh, I really like this one. What a seller needs doesn't matter to the buyer. The buyer is looking for as much value in a community of high-priced houses. In the DC area, the average price lingers around \$550,000. For that price, many buyers want the house to look good, have plenty of amenities and be connected with a realistic seller who is motivated.

"If I can't get my price, then I'll take it off the market." My question to that statement is: "Then why are you on the market to begin with?" Look at what it's going to take to sell your home and realize your true goal -- getting that next property. Looking at only what your house will draw is too short sighted. The real question is, "What kind of deal can I get on the next house?"

The reality of most sellers, when they are dropping the asking price, is that they are still walking away with a boatload

of money, just not as much as they wanted. They really haven't "lost" anything. They've doubled their gain. When pricing your house, look at these hard-core realities: what were the last few "solds" in my type of home; what is my true goal -- to get a certain amount of gain, or to get to the next house; and, finally, am I really in the game or am I playing around? Get serious. Price right. Get the next home of your dreams.

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