

## ***Pricing Your Home for Maximum Benefit***

Rest assured, as your advocate I want you to get every dime possible out of the sale of your home and I will work hard to help make this happen.

Pricing your home competitively with the marketplace is probably the most important step in selling your home for the highest possible sales price.

Before we get into the logic of pricing, let me reveal to you a few basic truths.

- What I think your home is worth has no impact on its value.
- What you think your home is worth has no impact on its value.
- What a real estate appraiser says your home is worth has no impact on its value.
- What another real estate agent says your home is worth has no impact on its value.
- What the county tax appraiser says your home is worth has no impact on its value.
- What your uncle says your home is worth has no impact on its value.

*My wife and I can not say enough about their job as real estate professionals. We would highly recommend this group to buy or sell your home with.*

*-Dick A. - Sharpsburg, Georgia*

Your home is worth what it is worth, regardless of what anyone says it is worth. No one sets value, they can only give their opinion of value. It is often the case that each of the parties above might have a different opinion of the value of your property.

Let's take this a little further.

- What you paid for your home has no impact on its value.
- How much you owe your home has no impact on value.

By now you may be thinking that you have no control whatsoever over the value of your home. With some exceptions to be discussed later, you are right. It is the location, physical characteristics, title issues, current market conditions as well as many other factors that determines the value of your home.

Like the stock market, real estate values fluctuate up and down, but over the long haul real estate has historically appreciated. Your home may be worth a little more today than it was yesterday and might be worth a little less tomorrow than it is today, but worth much more the day after that.

### **What You Do Have Control Over Is Price**

While, to a great extent, you can not control what your home is worth, you do control the price at which you sell it. When it comes to pricing, there are three ways you can go. Above market, below market or near market.

### Effects of Being Priced Well Above Market:

- **LONGER MARKETING TIME:** Often takes much longer to sell, if it sells at all.
- **LOWER AD RESPONSE:** Fewer buyers will call of the advertisements because the competition appears to have more value for the dollar.
- **FEWER LOOKERS:** Fewer buyers will bother to look at your home because the competition is more reasonably priced.
- **FEWER OFFERS:** Out of fear of insulting you, some very interested buyers who are willing to pay market price will not even bother to make an offer.
- **HIGHER HOLDING COSTS:** Time is money. As you wait for your home to sell you must continue making mortgage payments, continue paying insurance, continue paying home taxes and take the risk that something may happen which negatively affects the marketplace.
- **NEGATIVE MARKET STIGMA:** If a home sits on the market too long, potential buyers may begin to wonder what is wrong with it and shun it just for that reason. Real estate agents who represent buyers may discourage their clients from looking at the home feeling they are wasting their time.
- **APPRAISAL ISSUES:** Many lenders require real estate appraisers to consider and report the length time the home has been on the market as well as the length of time each of the comparable sales had been on the market prior to selling.

*Thank you so very much for the selling of my home. I was very satisfied with all the hard work and effort you put into this for me. Thanks again.*

*-Dorothy H. - Jonesboro, Georgia*

If it took considerably longer for your home to sell than the comparable sales, the appraiser must explain why. Do you think a lender will make a loan when the appraiser notes “home on market considerably longer than comparable sales due to overpricing”?

### Effects of Being Priced Well Below Market:

- **YOU LOSE MONEY:** Why leave money sitting on the table?
- **POSSIBLE QUICKER SALE:** I was hesitant to include this item on the list because it does not always happen. But, pricing a home cheap may result in a quicker sale.
- **NEGATIVE STIGMA:** Pricing a house well under market may make potential buyers avoid it, thinking that something must be wrong. After all, if something seems to good to be true it usually is.
- **ATTRACT LESS QUALIFIED BUYERS:** It is common for buyers to buy the most they can afford. Pricing your home too cheaply may attract buyers only marginally qualified to purchase the home, if at all.

- **LOWERS VALUES IN THE AREA:** One sale does not make a market, but that sale will be considered by appraisers when appraising other properties in the area.

### **Effects of Being Priced in Keeping with the Market:**

- **REDUCED HOLDING COSTS:** By selling the home quicker your holding costs may be significantly reduced and you can move on with accomplishing your other goals in life.
- **INCREASED ADVERTISEMENT RESPONSE:** More buyers are likely to respond to our advertisements because the price of the home seems in keeping with other similar properties.
- **MORE LOOKERS:** When priced competitively, your home should draw the attention of more potential buyers.
- **GREATER AGENT ACCEPTANCE:** Most buyer agents will encourage their buyers to consider your home knowing that it presents a good opportunity to earn a commission.
- **FEWER APPRAISAL ISSUES:** By being in keeping with the marketplace it is easier for the appraiser to justify your sales price.

### **Keep it Near Market**

I will provide you with the best market information I can and let you decide how you want to price your home. As you can see, best results are usually obtained by pricing your home as close to market as possible.

If you want to ask a little more or a little less, that is up to you. By asking a little more, you might encourage a slightly higher offer. By asking a little less, you might encourage a quicker sale. But, you do not want to ask well above or well below the market for your home.

*We appreciate your hard work and all the hours spent working with us to ensure we got just the price we needed to get out of the sale.*

*-Clyde & Connie M. - Clayton, Georgia*

### **Things to Consider When Pricing Your home:**

- **PHYSICAL ATTRIBUTES:** How does your house compare to those in your neighborhood which have recently sold or are on the market for sale?

There is a rule of thumb that everything migrates towards the mean (average). If your house is the smallest house in your neighborhood you might get more for it than if it were located in a subdivision of homes more similar in size. By the same token, if your home is the largest in the neighborhood you might get less for it than if it were in a subdivision of homes more similar in size.

The same rule holds true with additional features. If laminated counter-tops are common in your neighborhood, installing expensive granite counter-tops would probably not add anything to the value of your home over what new laminated counter-tops would add.

In most neighborhoods, if you already have a two-car garage, adding an additional two-car garage may be nice but will add very little if anything to the value of your home.

It does not matter how much an item costs, if it is not typical for your style and price range house or if it is not demanded by the marketplace it will add relatively little, if anything to the value of your house.

We advise property owners to look at these over-improvements as they would a fishing boat, recreational vehicle or wide screen television. Usually, their value is in the personal enjoyment they bring you, not in their resell value.

How can you tell what is demanded by the marketplace today? One good way is to go tour homes in new subdivisions where the homes are similar in size and style to yours. If the market demands a feature a builder will include it as builders build for the mass market. Builders will include very little that they can not profit off of.

You may notice that you will see very few new homes with swimming pools, goldfish ponds, screened porches, finished basements, outbuildings, Florida/sun rooms, greenhouses, and other similar features.

Condition is another important factor. While you can find something wrong in almost any house, some houses have more wrong with them than others.

The simple fact is that houses in inferior condition will usually bring an inferior price. Pricing a house which is in poor condition at a price similar to houses in good condition is a waste of everyone's time and money.

The good news here is that there are some very simple and inexpensive repairs that anyone can make to their houses which can add to value.

*As a listing agent, you were prompt, courteous, professional, diligent and tenacious as a bulldog.*

*-Evan B. - Jonesboro, Georgia*

Dressing Your House for Success can be an essential element in the timely and rewarding sale of your property. So much that my husband Chris and I have invested considerable time in investigating and researching the art of home staging. You can reap

the benefits of our efforts by reading our free, fact-filled booklet, Dressing Your Home For Success.

Your very own copy of this exclusive informative booklet is available to you. Simply visit the following link.

<http://www.bradfordrealtygroup.com/dept/126/c/>

The booklet is published in convenient Adobe PDF format and is available for immediate download, at no cost and absolutely no obligation whatsoever.

Safety issues are also a significant concern to potential purchasers. They want to feel safe and secure in the house they choose to make their home. You want to pay particular attention to security issues around your house. To help you accomplish this Chris & I are making available to you our revealing Home Security Checklist.

Chris & I developed this simple checklist as a tool for our client purchasers to use when evaluating a house they are considering buying. It also serves as a wonderful guide for owners who are considering placing their property on the market for sell. You can download this useful checklist by visiting the following link.

<http://www.bradfordrealtygroup.com/126/f/>

The checklist is published in convenient Adobe PDF format and is available for immediate download, at no cost and absolutely no obligation whatsoever.

- **RECENT SALES IN YOUR AREA:** These are what the real estate appraiser will probably rely on.

Although it may be hard to believe, your neighbor may not be completely honest with you when you ask how much they paid for their house. By the same token, your former neighbor may not be totally honest with you when you ask how much they sold their house for. It is for these reasons real estate appraisers must rely on documentation of the sale rather than the seller's, buyer's or broker's word.

Even the sales price recorded at the county may not reflect the actual price paid for the real estate.

As an example, often personal property is included in the sales price. Such personal property may include things like a refrigerator, washing machine, dryer, window treatments or even a small outbuilding. To determine how much was actually paid for the house the contributory value of these items must be deducted.

*I can not express how much you (Brande) and Chris and the entire Bradford Family mean to us.*

*-Jandan & Dorothy S. - Ellenwood, Georgia*

You will also find that sellers sometimes make unusual financial contributions to a transaction. These might include sellers paying closing costs over and above what is the norm for the area, or it may be a donation to a charitable organization providing downpayment assistance to the buyer, or the seller might have bought down the interest rate on the loan for the buyer.

Excessive financial contributions to the transaction by the seller often raise the price but not the value. The sales price of any property under these circumstances must be adjusted downward for the contributory value of the excessive seller contribution.

Other factors which may also result in an excessive price being reported may include sellers taking back financing, sales to relatives or friends, or sellers making alterations to a house which are generally not demanded by the marketplace but desirable to that specific purchaser (for example, changing out new beige carpeting for sky-blue carpeting).

The sale of a home to a church, charity, government agency, or any commercial enterprise should be excluded from consideration. There are a number of factors which usually prevent such sales from being considered “arms-length” transactions.

- **CURRENT ASKING PRICES IN YOUR AREA:** The real estate appraiser gives these little, if any, consideration as asking prices only set an upper limit to value. However, they serve as an indicator of what sellers in the marketplace are anticipating.

When considering current listings, remember that if there are three homes, all exactly the same in all regards with the exception of price, the lowest priced home will receive the most traffic and probably sell the quickest.

- **CURRENT INTEREST RATES:** Interest rates play a large role in how much of a loan a buyer can qualify for. Borrowers are usually qualified based on the monthly payment they can afford. The higher the interest rate, the higher the monthly payment.

Are rates increasing, decreasing or remaining stable?

What has happened to interest rates since the sale of those properties you are comparing your home to? If they have gone down you may be able to get a little more for your house. If they have gone up, you make have to take a little less.

There are also other factors to consider such as local demographics (income levels, crime levels, average age, crime rates, employment rates and the like), business closings and openings, transportation issues, school systems... and the list goes on. However, in these regards most homes within your neighborhood will be similarly affected thus their effect should be reflected in the comparable sales data you utilize. You need only to consider the differences, not the similarities.

Finally, you need to consider how buyers are qualified for their loans. The price of the home they can buy is usually not based on their desires. Instead, it is their credit and income which usually are the determining factors.

*From the beginning to end, the process went quickly and smoothly.*

*-Linh & Chuong N. - Morrow, Georgia*

Once a buyer's income and credit is established the maximum payment they can afford is estimated. It is upon this payment that the price range of homes they can afford is established.

Assume a buyer is qualified for a \$250,000 home, they will look at homes priced at or near \$200,000, say between \$240,000 and \$260,000. They will seldom consider anything above or below this range.

If you price your home too cheap you can leave money on the table. If you price it too high prospective buyers will be comparing it to “better” properties offered at a similar price. Those potential buyers who might fall in love with your house may not even consider it because it is priced out of their range.

## I Offer Professional Pricing Assistance

I am not a real estate appraiser, but I can provide you with professional pricing assistance. I am exposed to the local real estate market daily and I do my best to keep on top of changes in the marketplace.

As part of my duties as your advocate, I research and analyze the current marketplace and suggest to you a range in which to price your house. In the end, however, the question of pricing remains your decision. I just provide you with what I feel to be the best possible information on which to base your decision.

Knowing these few simple facts, do you feel trying to sell your property yourself is the best route to take?

I would love the opportunity to discuss with you the possibility of listing your property. I know how important the sale of your property is and I promise to keep your best interest my top priority. There is no high pressure and absolutely no obligation. Call me today at 770-961-5520.

Sign-Up for our **FREE** Bradford Bulletin newsletter. Send blank e-mail to: [support@bradfordrealtygroup.com](mailto:support@bradfordrealtygroup.com)  
You must include "subscribe NEWS" in the Subject Line (exactly as typed, but without the quote marks).



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**We love referrals! If you know of someone interested in buying or selling real estate in Clayton or Henry Counties, please let us know!**

Your Name: \_\_\_\_\_

Their Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Their Interest:  Buying  Selling  Renting / Leasing

Property Type:  House  Multi-Family

Commercial  Industrial

Acreage  Other

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**<http://www.bradfordrealtygroup.com/dept/126/m/>**

**Thank You for Your Help!**