

Determining Your Asking Price

Deciding what price tag to put on your home is never easy. Price is often the determining factor for potential buyers. Location, layout and amenities are important but ultimately, most of us have to look at the end result. Many sellers like to think that they can start with the price they originally paid, add a healthy mark-up and wait for the offers to roll in. Unfortunately, many of these sellers will have to adjust their price once their home is on the market.

Try to put aside your subjectivity

The cherished memories you may hold of your home are unimportant to buyers. They're more interested in creating their own memories. An unsentimental look at the market value of your home can save time and disappointment.

The new carpet, paint, or deck you added may increase the value (and shorten the time your home is for sale) but don't expect to be reimbursed every cent for those renovations. The amount you actually spent for home upgrades is worth mentioning in the listing information, but their reflection in the selling price can be somewhat distorted. As design trends change, you may also find that certain renovations are either more or less desirable.

Arrange a Comparative Market Analysis (CMA)

It is standard practice for a seller to ask real estate agents to visit and evaluate their home. Ask for a comparative market analysis showing the selling prices of similar homes in the neighbourhood – those currently on the market and those that didn't sell. A CMA presented by an experienced agent can provide a realistic price estimate of your home. Remember, CMAs are not set in stone. Some agents undervalue your home in hopes of creating demand. Others will flatter you with overinflated estimates in order to get your listing but later suggest a price reduction. You may want to get a number of CMAs and add it to your investigative work.

Perform your own market research

Visit open houses in your area. This is a great opportunity to compare your home to "the competition" in terms of price, location, square footage, and amenities. After reviewing several listings, you should have an idea of market value of different aspects of your home. Even if you are months away from listing your home, visit open houses to help discover which renovations could be profitable and appeal to today's consumers.

Calculate the price per square foot

When determining market value, there are many factors to consider. Price per square foot is a good starting point. By reviewing properties sold or recently for sale in your neighbourhood, you

can get a fair idea of the average price per square foot. There is more than one way to count square footage; ask your agent what method is commonly used.

Consider market conditions

Real estate is one of the most secure investments you can make but prices can rise and fall. If you try to sell your home when the market drops, you'll find you might have to lower the asking price below your expectations. Consider interest rates, the state of the economy and the local job market before you put your home on the market. Due to local and national market influences, the time between price peaks varies. These characteristics will assist you in determining if there is any market timing opportunities.

In the end, consider your own needs when setting your price. Are you in a hurry to sell? If so, you may want to knock one or two percent off the market value. Is there a minimum amount you can afford to accept? You have more of an advantage if you have more time to sell your home, but take into account that if a house is on the market too long, or has a large price reduction at some point, it may be viewed as "old news".

Your best strategy may be to establish a fair asking price from the start. Most buyers will make an offer lower than the listed price in a bid to see how low you will go. However, those who have researched the market will be willing to meet near your terms.

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