

# The Perils of Overpricing

## IMPORTANT

1. Some real estate “professionals” will overstate the likely sale price of your property in order to convince you to use their services. **Example:** “I will list your home for \$875,000” when other homes in your neighborhood, that are in about the same condition as your home, have recently sold for around \$825,000.

**FACT 1:** If your property is overpriced, as determined by the comps, it will not sell.

**What is a “comp”?:** A “comp” is simply an abbreviation for “comparable property”. A comp is the comparison of a property which has recently sold and which is similar in many respects to your property.

Some of the criteria that should be considered in a comp are:

- a) Number of bedrooms
- b) Number of bathrooms
- c) Overall square feet of living space
- d) Square footage of the lot – or lot size
- e) Overall condition of the property
- f) Any unique characteristics of your property that affect its value

When your property is listed above the comps:

- a) Your property will not sell
- b) Many potential buyers will never even see your property
- c) Your property will sit on the market and get “stale”

## **What do you mean by “get stale”?:**

A property gets the highest concentration of attention from potential buyers when it is “Just Listed”. A property that is priced appropriately in the first three weeks that it is listed, will have a higher probability of selling in a short period of time. Even after a price reduction, a property will never receive as much concentrated attention as it does when it is fresh on the market.

**FACT 2:** With all of the information that is available to the public, every buyer who looks at your property knows roughly what your property should sell for.

**Buyers do research:** The last time you shopped for a used car, did you know roughly what the car you were interested in buying should sell for? Of course you did. You looked at what similar used cars have sold for in resources like the “Kelly Blue Book”. **The comps are to houses what the Kelly Blue Book is to cars.**

## **Summary:**

When you list your home for sale, be sure that you see and understand the comps for your neighborhood. Remember, buyers know roughly what your house should sell for (so should you). Price your property appropriately from the beginning and chances are that you will have a timely sale at the highest possible price.