

# Thinking of making an offer? How Sellers Price Their Homes

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## How Much Should I Offer?

We're often asked by our clients, "How much under the listing price should we offer?"

This is an excellent question. The answer is difficult.

The main reason we emphasize the education phase of looking at homes is because that is the best way for you to know value. When you review and study 40-60 (or more!) listings, then drive by 10-20 and look at 5-10, you will recognize the "Hot Listings." You'll also recognize the "dogs."

Sellers price their homes differently for 4 basic reasons:

### 1. Ridiculously Overpriced!

These sellers have listened to a real estate agent over-inflate the value of their home in an effort to obtain a listing. There is a natural tendency on the part of sellers to list with the real estate agent who gives them the highest promise. There is a tendency by some real estate agents to give the seller a high "value" in an effort to obtain the listing.

These homes can be 10-20% overpriced. These sellers may need a "dose of reality" for a few months before they begin to realize that their home is way overpriced as compared to others in the area.

The longer an overpriced home is for sale, the more likely we can get the seller to face reality and sell at a fair price.

### 2. A Little Overpriced!

These sellers fall into 2 categories:

- Those that feel their home is worth every penny of their asking price.
- Those that want to leave a little "negotiating" room.

These homes can be 4-10% overpriced.

### 3. Priced At Fair Market Value

These sellers have carefully and realistically studied other homes for sale. They have priced their homes very competitively. These homes usually sell within 4 weeks at or very near the listed price. In a "hot" market, these can go over the asking price due to competing offers.

### 4. Priced Below Fair Market Value

These homes are priced below value. Perhaps the seller wants a fast sale. Perhaps the real estate agent recommended too low of a price. These homes usually sell within 7-10 days, at or above the listed price. There are usually competing offers.

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## **Bank Protection**

Even by carefully studying homes for sale, it's difficult to establish Fair Market Value. If you're obtaining a new home loan, you'll be protected by the Professional Bank Appraisal. Home lenders want to make sure that you don't over-pay for a home. If the home does not meet value in the eyes of the bank appraiser, you'll be informed. At that time, we can re-negotiate the sale price or void the agreement and refund your earnest money deposit.

Our job is to ensure that you have the tools and information you need to make an informed decision. We'll help you prepare the offer. Then we'll present it to the seller on your behalf and try our best to get it accepted at your price and terms!