

There are many factors that influence a home's value and pricing your home to sell can be tricky. Selling a home is not much different than selling other large ticket items, such as a car, mortgages and stocks. The price of large ticket items, things consumers purchase that are often the highest priced investments they make, are influenced and controlled by factors that can literally change from month-to-month.

When it comes to pricing your home to sell we know what factors influence the selling of the home. Although this article will not address all of the factors that might come into play in pricing your home to sell, it will address the most common issues.

Understanding the Market. Like all large ticket items, the market determines and controls much of the value of the home; therefore, it is important that property owners have a good understanding of their individual real estate market. The market conditions for a three bedroom, two bath, and 1,800 square foot home in San Francisco will be decidedly different than those in Boston, Austin, Billings or Anchorage. Sellers must understand the market they are in and what the true market conditions are for like-kind properties.

How can sellers understand the market conditions of their neighborhood? There are a number of types of information that can be useful in pricing your home to sell, such as:

1. What are homes selling for in the general area (not what are they listed for)?
2. What is the appreciation rate been doing for the past 12-months?
3. How many actual sales of properties occur every six months within the area where the home is located?
4. How many homes are actually on the market each month now, versus one year ago?
5. What are mortgage interest rates? Are they down, up or about the same as one year ago?
6. What are some of the factors influencing the neighborhood values? Schools? Amenities? Shopping?
7. Why do buyers select your area to live in? Is there a large employer nearby? Is it a gated community?
8. Have you determined what the price point is for comparable properties?
9. Are there any new home builders in the area selling homes with attractive incentives that can influence buyers?

Without an understanding of the market conditions that influence a homes price, sellers can overprice their home, hoping to make a killing, only to realize they are simply protracting the time period for the sale. Or, they may under-price their home and create a situation where they do not receive the highest net proceeds from the sale. Striking the balance between pricing that is too high and pricing that is too low can be a tight-wire that is difficult to walk.

Seek Professional Pricing Advice. No matter what anyone says, trained professionals can assist the homeowner with information that will allow the home to sell in the time period acceptable to the owner, while at the same time seeking to insure the highest selling price.

A trained appraiser, real estate agent or broker can gather information that will help the homeowner price the home to sell. This information includes, recent sale of pre-owned homes in the area, new home builder competition, numbers of sales, selling prices, marketing time, terms and conditions of mortgages that have been used to purchase homes.

Whether the market is appreciating at a rapid rate or, whether the market is showing an increase of inventory and a change in residential mortgage interest rates, a professional price opinion that is fresh and loaded with facts can be a very powerful tool in pricing your home to sell.

Automated Valuation Models. With the advent and growth of the Internet and its accompanying data-rich features, a number of new pricing methods have emerged. One of the most popular is called an "Automated Valuation Model" or, AVM for short. An AVM is nothing more than a home pricing report that is generated electronically using data gathered from county recorder's offices and applying sophisticated equations to estimate the homes worth in the current market.

An AVM is a lot like an appraisal and can help you with a starting point to help you price your home to sell. There are a number of AVMs on the Internet, some are better than others. An AVM home value report provides you with the technical real estate information relevant to the valuation and takes into account some out-front thinking when formulated. Most people are surprised to learn that AVMs are not necessarily new. For years, appraisers, title and escrow companies and mortgage lenders have used AVM data models in various forms to help them determine property values.

ePropertyPrice.com uses the AVM to generate its Home Value Reports. The data used by ePropertyPrice.com is among the most current and reliable in terms of its credibility. The report provided by ePropertyPrice.com compares the current sales of homes and factors in the historic price trends, house values, property data and the selling prices of comparable homes utilizing real estate sales data that major mortgage institutions use to determine the validity of their lending decisions for home mortgages, home equity loans, and other forms of lending.

Real Estate Broker Price Opinion. A Broker Price Opinion (BPO) is a written opinion of the current market value of a home based upon current data for similar properties. Generally speaking, the BPO is presented as a range of potential selling values extrapolated from the local Multiple Listing Service. The BPO takes into account the time period of recent sales, usually 6-12 months and develops an average range of potential selling prices. In addition, the BPO focuses on these three primary elements when determining an approximate selling price range:

1. A six to 12-month evaluation of comparable homes that have sold in this given time period;
2. A comparison of the types of properties that have sold based upon style, location, year built, square feet, bedrooms, bathrooms, lot size and other features;
3. A examination of the current market terms used for mortgages including, interest rates and the other financial factors.

The use of BPO can be very accurate and because it is usually provided by a local real estate broker or agent, it will include the finer nuances associated with the location and the things an area provides to a potential buyer. This is also known as the "buyer's motivation" because it considers local issues such as the construction of a new hospital that will employ 3,000 new people or the expansion of nearby airport; factors that are not readily transparent in the AVM but might have a very powerful impact on pricing your home to sell.

Shoe Leather Pricing. There is nothing quite as impactful as shoe leather pricing. Shoe leather pricing occurs when the owner of a home previews the competition before offering their home for sale. An examination of homes in the area that are currently listed by a real estate

broker can be very educational. A tour of new home subdivisions can yield valuable information about the type of new product that is being offered to buyers including financial and upgrade incentives.

Shoe leather pricing provides the home owner with a peek inside the market. Previewing pre-owned homes and new homes can open one's eyes and help price the home to sell. After all, when a homeowner lists their property for sale, they also begin the process of competing for buyers. Knowing the competition is one of the oldest business principles used by major companies to allow them to compete effectively in the market. Competing effectively in the market is what pricing your home to sell is really all about.

Selling a home is primarily a decision-making process that is governed by business and market rules and in the end, selling a home is a transaction that should not be over-powered by the natural emotional aspects involved in moving. Pricing your home to sell involves some homework that when completed will save the homeowner time and unnecessary stress and frustration.

Using ePropertyPrice.com is a step in the right direction. But the involvement of market conditions, a local real estate broker and some shoe leather will help the property owner point their home in the right direction. Pricing your home to sell can make selling and relocating a more delightful experience. We highly recommend that a homeowner utilize the services of an experienced and local real estate professional that can represent the property owner in determining the property's value, marketing and legal representation when it comes time to negotiate and close the transaction.

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