

How a Listing Price is Established



Real Estate Advice

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You've decided to sell your house and now need to set a listing price. While it's not easy for most homeowners to accept, the list price is not related to the price you paid when you bought the house, or how much you owe on it, or how much the tax assessor says it is worth. Unfortunately, it's also not realistic to get a full return on upgrades and remodeling in which you invested, although we all wish that was possible. So how is the listing price established?

After seeing your house, your Realtor will prepare a Comparative Market Analysis (CMA). The CMA is not a science but rather an art. It is an educated, researched study of the current real estate market in order to establish a starting sales price of your home. CMAs are affected by many variables, including seasonal fluctuations and interest rates.

Items to take into account when comparing home prices

- Number of bedrooms and bathrooms
- Number of garage stalls
- Is the basement finished
- Age of the home, location and lot size
- Are you competing with new construction (which offers the latest amenities)
- Is the home move-in ready, which most buyers prefer
- Does the new buyer need to invest in repairs you don't want to make
- How much updating is necessary to compete with other homes on the market (flooring, bathrooms, kitchen, paint and appliances)
- What is the construction quality of the home

CMA data from the neighborhood

Whenever possible, a CMA stays within the neighborhood and school system of your house (the subject property). Comparative data is pulled from homes that are actively on the market to sell, those which recently sold, those pending (an offer has been written), and homes that have expired their listing contract. We can also look at homes withdrawn from the market but just like expired ones, we won't know the reasons they are no longer available (such as an out of sync price, the home's condition or the owner chose not to move). Keep in mind not all CMAs have the benefit of pulling information from such a wide array of homes.

Current data

Current data is the best, but sometimes we need to analyze the market more than 6 months back to find comparables, especially when the home falls into a niche (such as a unique size, age, style or location). Quantity of comparative properties used does not guarantee success, but the accuracy by which the homes were chosen is important. Quality of data over quantity of data.

Priced to sell

The goal is to price your property to sell. The market will ultimately set the selling price of the home so it is important to price it as accurately and competitively as possible from the start. Study the CMA, discuss it with your Realtor and be realistic in order to attract buyers and get an offer. Better yet, I hope you'll get multiple offers!



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