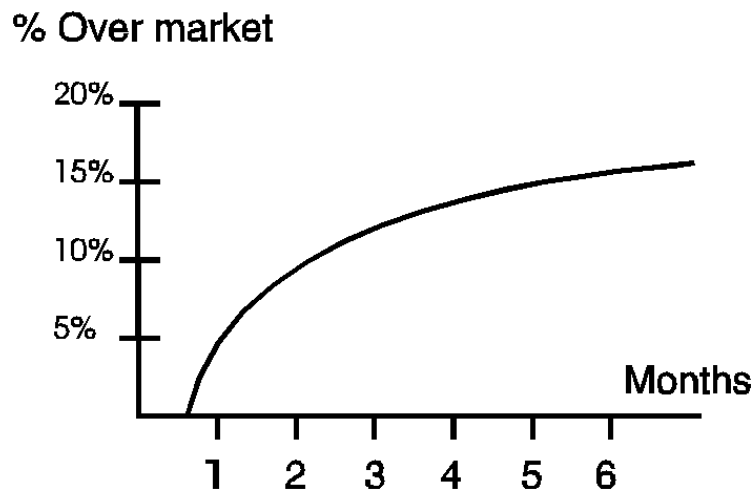


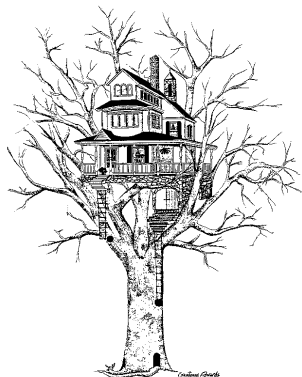
WHY DO HOMEOWNERS OVERPRICE

Why do educated, intelligent business people who understand real estate and pricing principals so frequently overprice their home?

"But we have time"



At some percentage over market value, no reasonable amount of time will produce a sale. Even when priced right at the market, it may require a month of exposure to sell. In Greenwich, on average, homes priced within 5 percent of the eventual sale price sell within three months. Homes priced 5-10 percent above the sale price sell in five months. Homes priced 20-30% above the eventual sale price usually take about 14 months to sell. Some properties never sell and are eventually withdrawn.



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Over improvement

Some improvements will increase the value of your property. However, many will not. Over improving your property can add enjoyment, but you should not expect a buyer to pay the original cost. See the figure on substitution.

Need

An owner's need for money does not increase the value of the property.

Buying in a higher priced area

Values are location specific. Even within Greenwich the value of a property is determined by its neighborhood. Moving to a more expensive area, even if the size of the house is the same, does not increase the value of the existing house.

Original purchase price high

If you used a Realtor who represented you (Buyer Agent), chances are you paid market value. If you purchased an Owner Listed Home you may have paid too much. It is also possible that your area has not experienced the same growth as other areas.

Lack factual data

Base your opinion of value on recent documented sales prices. Once you have selected a Realtor, their job is to educate you about the market and about pricing strategy so that you can make the best decision. The opinions of well meaning neighbors and friends about your home's value have, unfortunately, little impact on what buyers will be willing to pay.

Bargaining Room

Buyers may offer low, but they will do that at ANY price. It is easier to negotiate up to fair market value than to an inflated price. At fair market value, you often receive more than one offer. This kind of buying frenzy often results in offers above the offering price.

Move isn't Necessary

Even if the move isn't urgent, it is important to price correctly to preserve your marketing opportunities when the move becomes urgent.

Corporate buyout

Third party companies purchase thousands of homes a year, so the offer you receive is usually market value. Market your home very close to that price.