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Make sure the price is right

If it isn't, be prepared to wait for a buyer

UNITED FEATURE SYNDICATE

WASHINGTON—You can spruce up the outside of your house to the point where passersby stop in their tracks. You can "stage" the inside so it looks roomy and new. You can give away a car or vacation to your buyer. You can even offer a cash bonus to the selling agent.

But if your place isn't priced correctly, it probably won't sell. More than likely, it will languish until the market adjusts back up to your asking price. And that could be months—or years.

It's far better to adjust your price to your market.

"I have learned that a great strategy for sellers who are serious about getting their homes sold is to price the property ahead of the market," says Michael Selvaggio, president of the Council of Residential Specialists and a broker in Townsend, Del.

In a seller's market, Selvaggio explains, there's nothing wrong with setting your price a little higher than the last selling price because prices are rising. But in a flat or declining market, your price should be a little lower than that of the last comparable sale.

Yes, lower— and not just a few points.

"When was the last time you rushed out to the mall to take advantage of a 2-percent-off sale?" the 32-year real-estate veteran asks. "You need to have a real sale, so how about 5 to 10 percent off—for starters?"

Owners know that they'll have to adjust their price if their homes are not in great condition or the best place.

But many sellers are reluctant to trim their asking numbers in a "challenging" market, clinging to the notion that their homes are worth what they paid for them—and then some.

In some places, prices are holding steady or going up, so a lower asking price may not be in order.

But's that's hardly the norm, and it's why the shelves are lined with the largest inventory of unsold houses ever.

"There's a lot of wishful thinking going on out there," says Spencer Rascoff, chief financial officer at Zillow.com, which reported recently that 72 percent of owners believe their homes' value has increased or remained unchanged in the last 12 months.?

This month, Global Insight, an economic analysis and forecasting firm, reported that prices fell in the first quarter in 262 of the 330 markets it studies.

And it's not just a problem with the sellers: Plenty of realty agents continue to accept overpriced listings.

According to Robert Jenson of the Jenson Group, a Las Vegas agency that specializes in luxury real estate, an overpriced house is at a strategic disadvantage to newer listings. Ultimately, Jenson says, the owner of an overpriced property often must accept less than what it might have brought had it been priced realistically in the first place.

Howard Brinton, a popular sales trainer from Boulder, Colo., says an agent needs to be a counselor and educator as well as a salesperson.

"Pricing, specifically correct pricing, is the only answer for today's changing market, and the most important thing a realtor can do for his client," Brinton says.

"You never want to get caught chasing the market down," the realty educator advises. "You want to get ahead of it."

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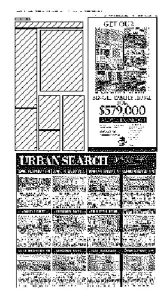

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What you need to know

To price their homes properly, sellers need to know how fast properties in their market are selling. They also need to know how much competition there is for skittish buyers, and how the following market statistics stack up for or against you:

■ Absorption rates. This is the number of homes sold in any given time frame, perhaps the last 12 months or the last six or the last three. Divide the number of homes sold in the period you choose by the number of months—120 houses sold in a year, for example, means an average 10 homes have been sold a month.

Now move the period forward, month by month, and you'll find which direction the market is heading. If the average number of deals is more, the market is improving. But if it is less, the market is slowing. "In most places," says Howard Brinton, a sales trainer from Boulder, Colo., "the number of transactions is not as robust."

■ Inventory. The number of unsold houses is another gauge of the market. Divide the current rate of sales (the absorption rate) into the total inventory, to get the months' supply of houses on the market. Six months' supply is considered normal. Below that is a strong market; above that, a soft one.

■ Days on the market. Look at how quickly houses are selling. If the most recent sales in your price range, neighborhood or for your type of house are occurring faster, the market is strengthening. But if the pace is slowing, it's weakening.

It can be difficult for sellers to do this research on their own. But if your agent can't do it for you, find one who can.

—Lew Sichelman