

## 2. Pricing Your Home

### **Detach Your Emotions**

Living in a house creates emotional value. It's where you come home to at the end of a long day. It's where you relax and unwind. Maybe it's where you watched your child's first steps, or saw them off to school each day.

But something you have to remember when selling a house is that emotional value doesn't translate into financial value. Instead of basing your asking price on what the home is worth to you, base it on what it might realistically be worth to a buyer in the current market.

Speaking of "asking price," it's best to avoid the phrase altogether. "Asking" price suggests that you don't really expect the house to sell for that price. It's a subtle point, but psychologically significant. Use "selling price" instead, or simply say "the house is priced at X."

### **Your Agent's Advice**

Work closely with your agent to determine your price. Based on past experience, your agent should have a knack for determining a price that balances profit with realism.

Here are some additional items to consider when pricing your home:

### **What are Homes Selling for?**

Look at recent home sales in your area, as well as homes that are currently on the market. Focus on homes that are similar to yours. The industry term for this is "comps," short for comparable sales.

### **Comparative Market Analysis (CMA)**

Comparative market analysis ("market analysis" or "CMA" for short) is a phrase you'll hear a lot when preparing to sell your house. The point of the CMA is to compare your house to similar houses in your area that have recently sold (or are currently listed for sale). Armed with this information, your agent can help you determine a realistic selling price that takes current market conditions into consideration.

Keep in mind, though, that the CMA is not a formal appraisal. Only a licensed home appraiser can give you a formal appraisal of your home's value. But in most cases, a well-rounded CMA will be enough to help you set a price.

### **Factor in the Upgrades**

Upgrades to a home (a deck, a pool, new vinyl siding, etc.) will usually increase the value of the home. They probably won't increase the value dollar-for-dollar based on what you paid for them, but they'll help nonetheless. So be sure to tell your agent about the things you've done to improve your home.

## Supply and Demand

Do some research to determine the current state of supply and demand in your area. Your agent will help in this regard, but you should also read the newspaper on a regular basis to keep track of market conditions.

### Questions you should be asking:

- How many new homes are being built in your area?
- Are home prices in your area moving up or down?
- Are you in a seller's market or a buyer's market?
- How many people are moving into the area?
- Are there limits to the number of new homes that can be built (building moratoriums)?
- Any new companies moving into the area?
- Are homes selling quickly or staying on the market for a long time?
- Will you be selling in the spring home-buying "season" or in the winter?

The more of these questions you can answer, the better understanding you'll have of your housing market and how to price your house accordingly. Again, your agent will help you with this Q&A, but it's in your best interest to do your own research as well.

### **Special feature: Top Reasons to Hire a Real Estate Agent**

*Throughout this section, we touched on some of the various ways a real estate agent can help you with the sale of your home. Here's a summary of those reasons (and more):*

- 1. Pricing** — As we've seen, your agent can play a big part in helping you determine a selling price for your house. A qualified agent can, and should, offer you a comparative market analysis (or CMA). This analysis will help you set a reasonable selling price based on recent, comparable sales.
- 2. Paperwork** — The home-selling process brings with it a lot of paperwork. From contracts to settlement statements, there's a lot to consider. Your real estate agent will help you interpret these documents, review them for accuracy and, when necessary, make adjustments to them.
- 3. Marketing** — Your agent will be able to list your home on the Multiple Listing Service (MLS), an electronic database of homes for sale. Also, he or she will likely have access to a network of other agents (and the buyers they represent), which can put your home in front of the highest number of qualified buyers possible.

**4. Home Preparation** — An experienced agent can often recommend steps you should take in preparing your home for the market (like “curb appeal,” covered later).

**6. Negotiation** — Your agent will also help you evaluate offers from prospective buyers. When those offers are not to your liking, your agent will act as primary negotiator (a role he or she will likely be very skilled at).

**7. “Steering” the Process** — From contract to settlement, there’s a lot to the home-selling process. Your agent will help you keep things on track every step of the way.

In short, a qualified real estate agent can save you time, money and hassles!