

THE EFFECTS OF OVERPRICING

Overpricing your home will attract fewer potential buyers and may cause it to sit on the market for longer than desired. To the buyer, too much time on the market indicates an overpriced property and often is perceived as an opportunity to negotiate a price lower than the market might typically bear. Pricing your property outside of the reasonable range can have the following adverse results:

- Low level of brokerage activity - showings decrease when a property is perceived as being priced “out-of-the-market”
- Reduction in exposure - fewer buyers will view your property because it is out of their price range
- Difficulty in obtaining financing - Lenders look at fair market value to determine the amount they will finance and often require the buyer to make up the difference in cash
- Increased market time - your property is viewed as overpriced and becomes “stale,” even if price reductions are implemented

Pricing your home competitively at the start will create more activity among brokers and buyers and will decrease the time it takes to sell.

