

How To Choose A Realtor When Home Prices Are Going Through The Roof

With home prices as crazy as they are today, it is hard to know exactly what your home is worth. And if you have to sell your home, how do you choose the best realtor to help you sell it?

Many sellers think they should try and sell their home with the realtor who tells them their house is worth the most (this is called bidding for the listing in realtor lingo). Here is quick quiz. The price your home will actually sell for is determined by a) you, b) the realtor, or c) what a qualified buyer is willing to pay for your home at the moment you try and sell it? The answer is easy and obvious.

Perpetuating the problem is the fact that most realtors think the best way to get a listing is to "bid" the highest. So when you ask a realtor what they think your home is worth, you are making the same mistake they are.

In today's market it is easy for a home seller to have an unreal expectation of what their home is worth. Consequently, many sellers will overprice their home taking comfort in two things. First, in the current market they figure it is just a matter of time before they get their price. And second, they figure they can always come down. But this strategy can backfire.

Consider this scenario. Two homes, identical in every way and right next door to each

other, go up for sale on the same day. One owner is asking \$375,000 and the other is asking \$425,000. Which home will fetch the higher price? In every case the lower priced home will sell for a higher price—and much sooner. The higher priced home will simply serve as a benchmark for shoppers, convincing them that the lower priced home is a bargain. In fact, the lower priced home will appear to be such a good deal, it will undoubtedly receive multiple offers, potentially bidding up the price to above the asking price. In the meantime, the higher priced home will appear overprice and it will sit unsold. In fact the only buyers that will consider purchasing the higher priced home are those who entered the market after the other house sold. But they too will notice the higher priced home has been on the market a long time and will proceed cautiously.



Sellers who overprice their home are doing so to maximize the equity in the house they are selling. If you overprice your house, you will eventually

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get your price. But instead of selling it in seven days, you may sell it in seven weeks (or months). But most sellers are also buyers (of their next house). If you are waiting for the market to catch up to your house, the home you are going to buy is also going up (and perhaps by a greater amount). The trick is not to maximize the equity in the home you are selling, but rather to maximize the equity in the home you are buying. The only way to do that is to price the home you are selling for a quick sale at the current market value.

When you put your home up for sale, what you want is the highest price in the quickest most convenient time. Therefore, you want a realtor who knows how to accomplish that and that can only be done by giving the best service (not bidding the highest).

So when a realtor calls you, don't ask them what they think your home is worth, ask them what service they will provide to ensure you get the highest price in the quickest most convenient time.

To learn more about how Daniel Pendley & Associates can help you become the Perfect Realtor™, visit our web site at www.danielpendley.com or call us at (310) 370-6161.

