

DANGERS OF OVERPRICING

Many professionals recommend pricing your home at fair market value as the optimal strategy for improving the likelihood of a successful sale. Despite the logical nature of this advice, numerous sellers find it tempting to add a few percentage points to the price under the guise of "leaving room to negotiate." To resist this temptation, let's examine the seven dangers of overpricing:

1. Appraisal Challenges

Even if a buyer is willing to pay an inflated price, it's crucial to note that over 90% of buyers rely on financing for their home purchases. If your home fails to appraise for the listed price, the sale is likely to falter.

2. Limited Showings

In today's real estate landscape, discerning buyers are well-versed in market dynamics. An overpriced home is likely to deter potential buyers from even considering a viewing, let alone presenting an offer.

3. Branding Setbacks

When a new property is listed, real estate agents promptly assess its suitability for their clients. If your home is tagged as "overpriced," regaining interest may necessitate significant interventions.

4. Boosting the Competition

Overpricing inadvertently benefits your competition by making their comparatively lower prices appear more attractive. It's disheartening to witness your neighbors' properties with sold signs while your home remains on the market.

5. Prolonged Inactivity

The longer your home languishes on the market, the higher the risk of it acquiring a negative stigma or being perceived as stale. Ever come across a property that seems perpetually for sale? It prompts the question: What might be wrong with that house?

6. Intensified Negotiations

Prospective buyers who do view your home may engage in more rigorous negotiations. The extended time on the market and the inflated price compared to competing properties might lead buyers to push for more favorable terms.

7. Missed Opportunities

Overpricing results in losing a portion of potential buyers who fall outside your price range. These are individuals searching in the range your home will eventually sell for but miss the opportunity because the initial price surpasses their predetermined budget.

Buyers typically assess 10-15 homes before reaching a purchasing decision. Consequently, establishing a competitive price relative to the market is a fundamental element of a successful marketing strategy.