

Pricing Your Home in Today's Market

When you decide to put your home on the market, how much do you ask for it? The value a homeowner places on his or her home can be emotionally loaded. An experienced REALTOR® is detached from the emotional aspect of your home and can be of great assistance in helping you determine an asking price that is both satisfactory and realistic.

Realistic pricing is always important to ensure your home doesn't languish on the market, but it's especially important during a market shift such as the one we're seeing now in Ottawa. Buyers tend to react more quickly to market conditions than sellers do, so while buyers are expecting to see lower prices for homes, sellers may believe that their home has a much higher current market value than it actually does.

So what does market value really mean? It can be defined as the amount, estimated by a professional, for which a property should sell, in the present marketplace, given a willing buyer and a willing seller in an arm's-length transaction and after a reasonable amount of time and proper marketing.

Determining market value involves looking at what REALTORS® call "comparables" – recently sold homes near yours that are similar in size and features. Current market value can vary even if another home is exactly the same age and model as yours, depending on factors such as its location, whether it has a finished basement, the state of the kitchen and bathrooms, the age of the roof and windows, and so on.

Renovations and upgrades (or a lack thereof) can affect a home's market value. Think about a home with a roof that needs replacing. If the home goes on the market as-is, potential buyers will adjust their offers accordingly to account for those replacement costs. Similarly, a home with a brand-new roof can be priced a bit higher.

Many sellers tend to inflate their asking price by 5-10% above market value to give themselves room to negotiate. However, buyers working with a REALTOR® have access to the same information that sellers do, and will know what the market value of a property is before making an offer. Setting your asking price just a little bit above market value makes you look fair and well-informed, and your property will stand out from the competition as a better value, which should result in quicker and better offers.

Sometimes, for various reasons, it can be difficult for a professional to determine an accurate market value. There may not be any good comparables, or the market may be changing in unknown ways. In these situations, it is best to look at your asking price as a starting point and lower the price if necessary to keep it from sitting on the market too long.

A property that is priced right, presented well and is marketed properly will sell, no matter what the market conditions are. Sellers need to be objective and try to view their home through the eyes of a potential buyer. This can be very difficult to do – and that's why an experienced REALTOR® is such an important ally to have on your side.

Readers are encouraged to send questions or request topics to be discussed in this column. Please send your requests to info@thenewsemc.ca