



President's Column

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Do you have any idea what your home is worth?

Despite the fact that you know your home better than anyone, you may not be able to easily gauge its value. Setting a price that will lead to a quick sale for the highest possible amount is no easy task.

Don't count on it

Realistic pricing of any product requires two things: the ability to look at it with unbiased eyes and solid knowledge of the market for that product. When you put your home up for sale, you should consider it a commodity in a business transaction.

Many homeowners have a hard time emotionally detaching themselves from the home, and naturally so. It has been the setting for your family's memories for many years. Also, you probably invested a great deal of money and sweat in home-improvement projects. Here's the thing about remodels and improvements, though: most projects return less at the time of sale than what you spent on them.

Seller expectations are not factored into the market value of a home. What you want out of the sale is irrelevant to what the home is actually worth.

What's the bottom line to you as a seller? Unless a factor directly influences what a buyer is willing to pay for a given property, that factor has no bearing on the market value of the property.

PotentiallyInaccurate.com

Many real estate Web sites provide tips, listings, warnings, suggestions, news, opinion, interactive maps and property valuations. Some of this content is helpful and compelling; some of it is cynical, misguided, exceedingly general or utterly inaccurate.

How do these sites relate to pricing? Well, one of the most common real estate-related searches is "how much is my home worth?" In your search results, you'll see destinations like Realtor.com, Zillow.com and RealEstate.Yahoo.com. While these sites are loaded with good information and the results of your home valuation may be intriguing, I caution you against over-relying on them to accurately assess the market value your home.

Let's look at Zillow.com, as an example. The site provides an estimated market value, called a Zestimate, for millions of properties across the country. Zillow's own explanation of accuracy (last updated Sept. 15, 2010) shows that only 66 percent of Zestimates of recently sold homes in Texas were within 20 percent of the actual sales price.

That's quite a large range, even for the 66 percent of properties that are within it. Think about the 34 percent of properties that aren't even within 20 percent. Are you willing to price your home based on a number that could be tens of thousands of dollars too low?

So what does count?

Local market conditions are extremely important. In a buyer's market, or when inventory is high, overpriced homes will sit...and sit...and sit. Eventually, the seller has to come down on the asking price to stimulate more interest. In a seller's market, properties get snatched up quickly, sometimes with multiple offers, which can end well for the seller.

Recently sold homes in close proximity to each other that have similar characteristics and amenities provide valuable information when developing an asking price. However, even next-door houses can vary significantly in square footage, number of bedrooms and bathrooms, and improvements, creating a large disparity in market value.

A combination of location and buyer preference is also significant. Buyers will pay more for homes with location-based amenities they value, like a spectacular view, proximity to shopping, work, or hospitals, a pedestrian- or bike-friendly neighborhood, and good school districts.

Outside factors also influence our market. Buyers' ability to borrow and lenders' willingness to issue credit are both heavily influenced by the prevailing economic conditions. Interest rates, available mortgage products and terms, downpayment assistance programs and other factors all influence what a buyer is willing or able to pay for a property.

Here to help

Accurate pricing is a critical consideration in a home sale. Every property will sell, if priced correctly.

If you're selling your home, I recommend hiring a Texas REALTOR® as your advocate. Your REALTOR® can help you compare your home to other nearby homes and educate you about local market conditions and strategies for developing the asking price to help you achieve the best outcome.