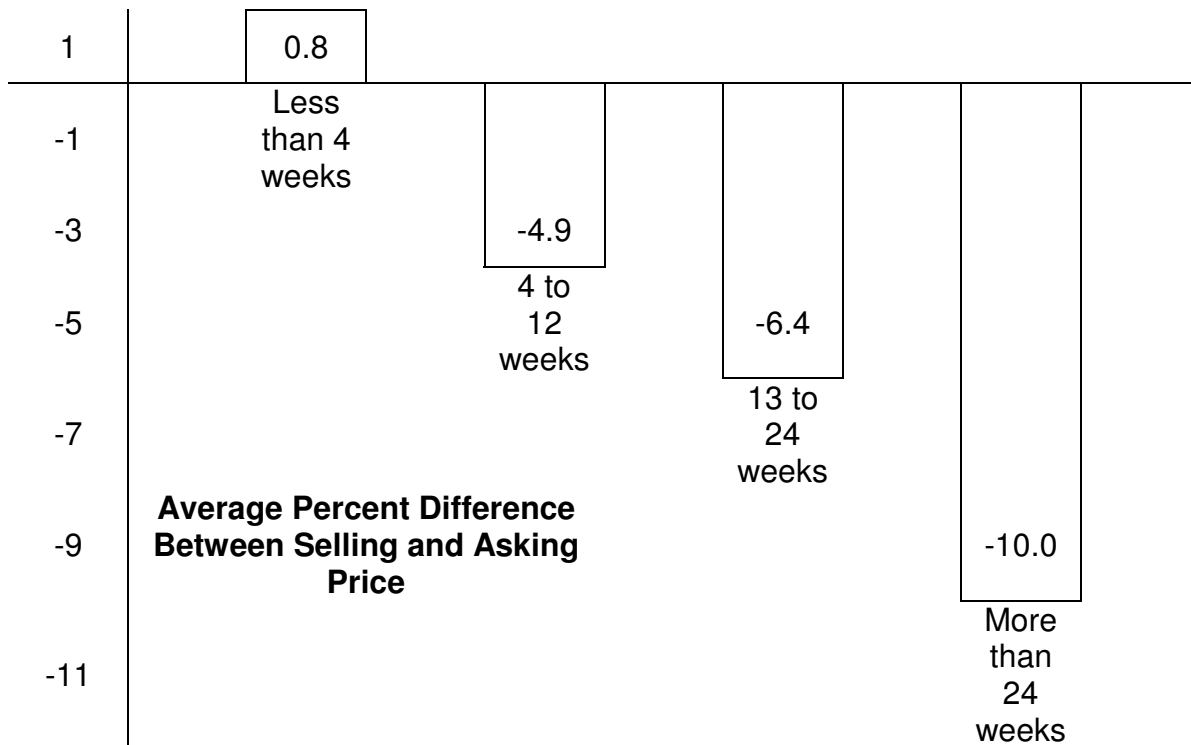


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SELLERS – Perils of Overpricing

The basic forces of supply and demand are evident in these survey results that compare the average percent difference between the asking prices of homes and the actual selling prices. On average, homes that were on the market for less than four weeks actually sold for slightly more than the original asking price. However, as the length of time a home was on the market increased, so did the difference between the asking price and the selling price. Homes on the market for more than 34 weeks sold for an average of 10 percent less than the asking price.

DIFFERENCE BETWEEN SELLING AND ASKING PRICE BY LENGTH OF TIME HOME WAS ON THE MARKET



Source: National Association of REALTORS®

- Agents will show the property to validate a better price on a comparable property.
- The property has a historically longer *Time on the Market* and, therefore, lower *net* to the Seller due to accrued holding costs.
- On sales involving a high loan to value ratio the financing could be in serious jeopardy due to appraisal.
- Overpricing decreases the property's chances for high exposure because most agents want to present only the very best options to their customers.
- The brokerage company would be less likely to offer maximum advertising support because the same dollars could be spent on properly priced properties that would generate sales.
- The property can become lost in what is called the "*Computer Shun.*" Buyers qualify for price ranges, and if you are above the upper limit on the computer run, you won't even get considered.
- The same principle of the *computer shun* can be applied to the Multiple Listing Service. The upper limit cuts off at a certain price.

Due to the increased term the property runs the risk of becoming *shopworn*. If this happens, any offers that do come in are well below that they might have been if they had been priced properly from the start.