



Why Testing the Market is a Bad Idea

How many times do you roll the dice in Las Vegas and come up a winner? Your chance of selling your home for more than it is really worth has even less odds.

Unfortunately, sellers often choose the listing agent who suggests the highest list price, which is the worst mistake a seller can make. Some agents will say anything in an attempt to “buy your listing” but all they really end up really doing is “Stigmatizing” your home. Many studies have shown that sellers who “test the market” end up netting less for their home than they could have if they would have priced it competitively from the beginning. Furthermore, they have a higher frustration level and are dramatically less satisfied with their Agent than the majority of sellers.

The truth is it doesn't really matter how much money you *think* your home is worth. Nor does it matter what your agent thinks, or what ten other agents think. The person whose opinion matters is the buyer who makes an offer and the market will dictate the price.

The question is how much money has overpricing their home cost sellers? The financial loss often exceeds more than just the extra mortgage payments that mostly go towards interest, and goes beyond the uncompensated hassle factor of trying to keep a home spotless during showings. It affects the amount that a buyer ultimately chooses to pay because it's not a fresh listing anymore. It's now stale, dated, a market-worn home that was overpriced for too long. Further, it affects future sales in the neighborhood and serves to drive down market values even further because of slow absorption. Banks don't like areas where there are lots of old listings – it indicates declining values.

Beware of the temptation to overprice your listing. If it has been on the market for more than 30 days, it's time to reevaluate and determine a price that will sell... or withdraw from the market. Everybody will be better off in the end.

If a home is priced a little too low, or below the competition, the seller should receive multiple offers to drive up the price to market value. So there is little danger in pricing a home a little too low. The danger lies in pricing it too high and selecting your agent solely on opinion of value.