

Best time to make a price adjustment

Don't ignore key market signals

BY [DIAN HYMER](#), TUESDAY, DECEMBER 7, 2010.

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There was a time when a price reduction tainted a listing. That was several years ago when listings in many areas sold quickly. At that time, it was assumed that something was wrong with a listing if it needed a price reduction.

In today's market, price reductions are common. Sometimes, sellers aren't content with listing unless they try a price that's higher than what the comparable sales data indicate. Or, a price reduction could be necessary simply because it's difficult to price homes in a changing market, particularly if the local housing stock is varied in size, condition, age and style.

It's easier to establish current market value in housing developments where the homes are similar to one another, particularly if there are a number of recent comparable sales. It's hard to price right for the market in any neighborhood if few or no homes have sold recently.

It's best to list your home at a price that buyers will perceive as a good value. Overpriced listings sit on the market. Real estate agents and buyers forget about them.

The home-sale market slowed this summer. Today's buyers are cautious about buying. Some are back on the fence waiting for a clear sign that the market has hit bottom and that prices won't drop further.

Although some markets appear to have stabilized, there is no guarantee that prices won't slip. Buyers who realize that they can't time the market and who want to take advantage of low interest rates are moving ahead with their home search. They are very selective, are buying for the long term, will wait for the right home and won't pay over market value.

HOUSE HUNTING TIP: As difficult as it may be for sellers to consider a price

reduction after only a couple of weeks on the market, this is often the best strategy. Buyers and their agents focus on the new listings. If you bring your home on the market priced too high, but it's otherwise a nice house in good condition and in a good location, a price reduction early in the marketing period is likely to attract the attention of agents and buyers who still have the listing fresh in their minds.

Make sure that your agent gives your listing a renewed marketing effort to generate enthusiasm about the property. More than 85 percent of today's homebuyers use the Internet to search for a home. Some sign up for services that notify buyers when a new listing is submitted to the multiple listing service (MLS) and when there is a price reduction or pending sale.

Your agent should schedule an open house for brokers as soon as possible after a price reduction to alert real estate agents who may have missed the price reduction when they ran an MLS update. MLS updates list price changes.

It's a good idea to have a Sunday open house for the public as soon as possible after the price is reduced. The open house ads for the open house should showcase the price reduction.

Depending on your local market, you may need to lower the price more than once, particularly if you waited months to make a price adjustment. If market values have moved down since you listed, you could find yourself out of sync with the market again. Don't rely on what your neighbors are asking for their homes. If they aren't selling, they are probably overpriced for the market. Rely on sales of comparable properties that closed after you put your home on the market.

THE CLOSING: Ideally, you want to reduce the price before your competition does.

Dian Hymer, a real estate broker with more than 30 years' experience, is a nationally syndicated real estate columnist and author of "House Hunting: The Take-Along Workbook for Home Buyers" and "Starting Out, The Complete Home Buyer's Guide."