

Pricing Strategy in a Buyer's Market

Since there is nothing on the horizon to indicate there are going to be any reasons, in the short term, for the market conditions to be changing, we must assume and admit:

The real estate environment is definitely in a *BUYER'S MARKET*.

Every day more listings are entering the market. Foreclosures and Bank Owned properties are driving down market prices.

Plus, there is the added conflict that:

- All buyers want to buy *wholesale*
- And all sellers want to sell *retail*.

What does a seller do in this market to get their home sold?

First, you must ask the question: Do you have to sell right now?
Or, is this just a “wish to sell”

If it is a “wish to sell”, then our advice to you is:

Wait for the market to change (AND IT WILL CHANGE). It may take a few years but all markets ebb and flow. Generally, we experience 10 year market cycles – both the buyer's market and the seller's market generally has this timeline duration.

What to do if you have to sell right now?

The first rule of thumb is:

If the house is priced correctly and if the house shows well,
THE HOUSE WILL SELL.

The challenge is agreeing to the painful realization that the “**correct price**” for a buyer's market bears NO resemblance to the value of the property, cost to replace property, or dollars already sunk into the property. The buyer's market price simply reflects what buyers are willing to spend on purchasing a property today.

If a seller refuses to price their home correctly, then they are signing themselves up for a 4-5 year wait (the market swing mentioned above). There are no miracle sales, especially NOT in a buyer's market environment.

WHAT DO YOU MEAN BY "BUYER'S MARKET"?

In a buyer's market, buyers see real estate as a "commodity"....they shop houses in the same manner as if they were purchasing a boat, a car, or a computer.

They are looking for a **VALUE SALE** commonly referred to as "deals", "more for less" "more bang for the bucks" "\$100 bill for \$10" and so on.

(Example: buying a computer that also has a modem, DVD player, extra memory – but for the price of a stand alone computer). As a commodity, it doesn't matter that it is sitting on a golf course, that it has a pool, that it is in the rolling hills with a beautiful view. What matters is the **price per square foot**.

In a buyer's market, there is way too much supply for the demand for homes; therefore, prices **erode** on a daily basis.

To sell in this market, you must be willing to:

- Price AHEAD of the market: You have a window of 3-4 weeks of top notch exposure immediately after listing the home for the best possible time to move the home.
- Selling Agents have two sales to make:
 - (1) the Buyer's Agent
 - (2) the Buyer

Successful buyer's agents will not waste their clients' time with a home they don't believe in. It is imperative that a home be **priced correctly up front** or the opportunity is greatly reduced to make a sale on the property.

Please carefully consider these trend truths and remember, *hope is not a strategy*.

As for advertising - think of it this way: What if HEB prices a gallon of milk for \$2.99 and Randall's has the same gallon of milk for \$7.99? Randall's does immense advertising, hires clowns, balloons, and streamers talking about their fabulous \$7.99 gallon of milk. Where are **you** going to buy your milk? Answer: HEB – It doesn't matter what Randall's says about their milk. No one is going to pay \$7.99 for their milk when they can buy it at HEB for just \$2.99.

How does this relate to real estate?

It does not make sense to advertise an over-priced property.

Let's aggressively price your home and **get it sold** for you, or let's agree that you are okay to hold it off the market for 4-5 years longer.

We hope this information is helpful to you.
We look forward to doing business with you.



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