

How to bounce back from overpricing a property

Accurately valuing a property is as much an art as it is a science, and finding that magical number can have a dramatically positive effect on the ease and speed of a sale.

Unfortunately, getting it wrong can have an equally dramatic effect on a listing says Bill Rawson of the eponymous property group.

"Overpricing a property is one of the worst things you can do when attempting to sell," he explains. "It almost always results in a property that lingers on the market, causing buyers to wonder what kind of hidden flaw has left it unsold for so long. This stigma can be almost impossible to shake, and usually ends up with the property being sold far below its real market value, many months down the line."

The first signs that you may have overpriced your home include a general lack of interest, no offers in spite of holding plenty of viewings, or several offers well below your asking price. "Ask your agent to pass on any feedback from people viewing your home, including comments on value and pricing," advises Rawson. "This can give you great insights into where you fit into the market in the minds of potential buyers, and can help you reassess your asking price if your property is not faring well."

Rawson does acknowledge that accepting criticism on your home can be emotionally difficult. "It's always tricky to separate the value you place on your home, which is highly influenced by your own experiences and memories, from its actual market value, which is tied to things like demand, supply and the economy," he says. "Allowing your emotions to blind you to the realities of your situation, however, will only hurt your chances of a successful sale."

Emotions aren't the only influences at play, and Rawson cautions against becoming overly-ambitious during periods of high demand. "We do see sellers trying to 'play the market' during times of high activity when properties are moving fast," he says, "but you have to be very careful about losing sight of relative values and how your property compares to others on sale nearby. If you're in the highest price bracket for your area, you had better be offering the best there is. If not, you're going to find buyers losing interest very quickly, no matter how active the market."

Buyers are, according to Rawson, far better informed now than ever before, with internet listings making it much easier to get an overview of what to expect from the property market. "You can't pull the wool over people's eyes," he says. "It's too easy to compare your property with others just like it, and decide whether your asking price is fair or not."

So what do you do when you realise you've overpriced your property and you want to stop your listing from spiralling into obscurity? "Don't be afraid to reduce your price," says Rawson, "and the faster, the better."

Far from tarnishing your listing's credibility, reducing your asking price shows an awareness of the market and a willingness to approach buyers with a realistic value proposition. The longer you delay, however, the more likely it is that your listing will acquire a permanent stigma that will affect your eventual sale price.

Of course, the best way to avoid the difficulties overpricing a property creates is to have an accurate, market-related value estimation performed before you list your property at all.

"Some people choose to get several valuations from various agents," says Rawson, "but don't be tempted to assume the highest number is the most accurate. The best option is to choose an agent that you trust, who is very active in your area and will have a good understanding of the micro- and macro-influences affecting property values in your neighbourhood. If you are not convinced by their numbers, ask for some recent sales statistics that support their claims, and remember: a fair commission will motivate better service and a better sale, so don't penalise your agent if your numbers don't meet expectations."

Rawson Press Release