THE TYPES OF REAL ESTATE MARKET CONDITIONS AND HOW THEY MAY AFFECT YOU

KRISTY DUSDAL

Setting a realistic price for your home that reflects current market values will help sell your home quickly and for top dollar. When you price your home properly, you increase the chances that the offer you receive will nearly match your asking price, and that there will be competing offers—which may net you even more in the long run.

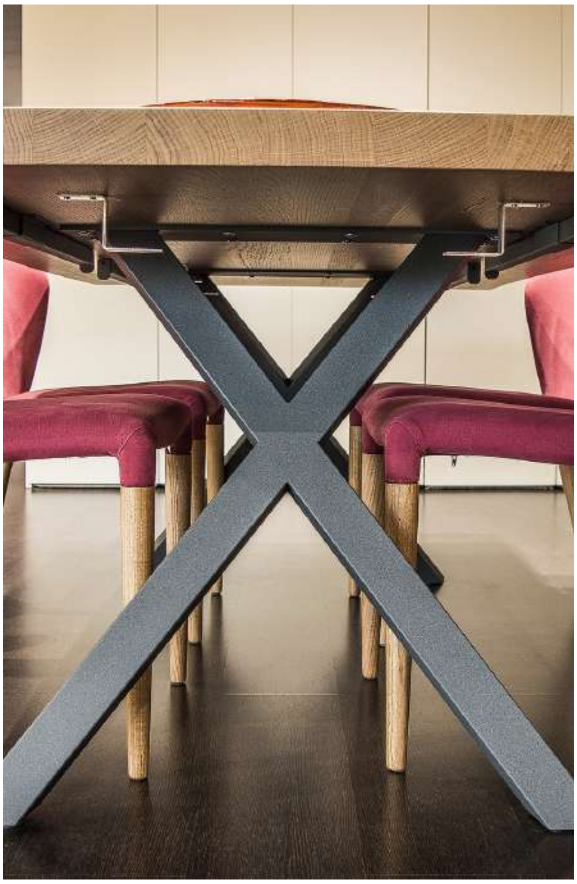
Kristy Dusdal

SUTTON GROUP - WESTCOAST REALTY

YOUR PROPERTY HAS THE BEST CHANCE OF SELLING WITHIN ITS FIRST SEVEN WEEKS ON THE MARKET.

And, studies indicate that the longer a property stays on the market, the less it will ultimately sell for. A property priced 10 % more than its market value is significantly less likely to sell within this window than a property priced close to its actual market value. About three-quarters of homes on the market today are 5-10 % overpriced. Sellers will usually over-price their homes by this margin if, either, they firmly believe the home is worth more than what the market indicates, or if they want to leave room for negotiation. Either way, if you choose to over-price your home by this amount, you run the risk of increasing the amount of time your home spends on the market, and decreasing the amount of money you'll ultimately receive.

At the other end of the selling spectrum are houses that are priced below a fair market value. Under-pricing often occurs when the owner is interested in a quick sell. You can bargain on these homes attracting multiple offers and ultimately selling quickly at—or above—the asking price.



Before approaching this process, you should first do some homework yourself. You'll need to know the workings of the current market before you even begin to think about setting an asking price. The market will always influence a property's value, regardless of the state of a home, or its desirability. Here are the types of market conditions and how they may affect you:

1. SELLER'S MARKET:

A Seller's market is considered a "hot" market. This type of market is created when demand is greater than supply—that is, when the number of Buyers exceeds the number of homes on the market. As a result, these homes usually sell very quickly, and there are often multiple offers. Many homes will sell above the asking price.

2. BUYER'S MARKET:

A Buyer's market is a slower market. This type of market occurs when supply is greater than demand, the number of homes exceeding the number of Buyers. Properties are more likely to stay on the market for a longer period of time. Fewer offers will come in, and with less frequency. Prices may even decline during this period. Buyers will have more selection and flexibility in terms of negotiating toward a lower price. Even if your initial offered price is too low, Sellers will be more likely to come back with a counter-offer.

3. BALANCED MARKET:

In a balanced market, supply equals demand, the number of homes on the market roughly equal to the number of Buyers. When a market is balanced there aren't any concrete rules guiding whether a Buyer should make an offer at the higher end of his/her range, or the lower end. Prices will be stable, and homes will sell within a reasonable period of time. Buyers will have a decent number of homes to choose from, so Sellers may encounter some competition for offers on their home, or none at all.

Remember, a Realtor is trained to provide clients with this information about the market, helping you make the most informed decision possible. The right Realtor will guide you through the ups and downs of the market and keep you up-to-date with the types of changes you might expect.

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