

WHEN SHOULD YOU DROP YOUR PRICE?

Your home is on the market, the ads look good on the listings portals and the signboard is huge in front of your home – but it's been a while and you haven't had any serious offers. Should you drop your price?

Here are a few simple signs that your home is overpriced and you should consider a price adjustment.

No calls – what's wrong?

If you're on the market but receiving no enquiry and no inspections (and therefore not a nibble of an offer) you're probably at least 10 per cent over the market price. Yes, there are some exceptions to this rule. If you haven't advertised the home or your agent is difficult to reach, that'll make it hard to get an enquiry. And if your property is something genuinely unique that will only appeal to a small slice of the market it will take time to find that right buyer. But provided you haven't kept the sale a secret, and have done at least the basics of promoting it, you should be getting inspections.

Why won't buyers take a look anyway, even if they think the price is well over the odds?

Buyers are like the rest of us – time poor. They have a world of choice and your place only gets them off the couch on a Saturday morning if it's at least a bit compelling with its appeal. This 10 per cent guide isn't something we've dreamed up, but a common industry guideline that's proven its validity over many years.

If you can only hear the sound of crickets at your open home there's a good chance you need a 10 per cent price adjustment.

Lots of enquiries but no offers

So maybe you're getting inspections. There's the occasional promising nod or comment about bringing a partner back, but nothing eventuates.

This is an indication you may be 5-10 per cent overpriced. Consider this: very few buyers who come to an inspection are really "tyre kickers". They chose to inspect it, so it must meet at least some of their criteria, and they took time to fit it into their crazy Saturday schedule. If they don't like it enough to make an offer there's a good chance you're attracting the wrong buyers. They're expecting something better for that money. You're actually helping them see better value in something else.

Why don't they try me with an offer?

If agents had a dollar for every seller-client who said "They can always make an offer". The only time a potential buyer is going to go to the trouble of writing an offer is if they are genuine about wanting

to buy the house close to the price you've set. Very few people will start writing a contract with the hope of negotiating the seller down more than 10 per cent.

Lots of inspections but nothing happens:

If there is plenty of foot traffic to your open home, then the marketing is working. The good news here is it that it doesn't take a big change in price to get some action. Offers will come once you're within 5 per cent of that elusive "market value". This is the sweet spot that you're aiming for and this is where you're often able to create some competition through multiple offers at one time.

In a good market, setting the price accurately can be better than an auction for the seller, because it attracts buyers and creates competition. Your salesperson's job is to maximise the sale price and this is a great opportunity to do that because the buyers must put forward their best offer without knowing what the other buyer has offered.

Buyer interest is highest when you're fresh to the market so it's no surprise that the best sales prices we ever see are when a client puts their place on the market from the start in that 5 per cent range.

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