

Where are the offers? How to avoid the overpricing mistake

These 5 points form the bedrock of every successful listing agent's conversation with prospective sellers

BY [JOHN GIFFEN](#)
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I tell agents getting a listing is relatively easy if you are prepared and know how to present your value proposition to a prospective seller. Once you get the [listing](#), selling it takes work.

That work begins with [pricing the property accurately](#). Our first job as a listing agent with the seller is to partner together in [establishing the right price](#) before putting the property on the market. Every agent should know that a [new property listing](#) should be correctly priced before the ink on the listing agreement has time to dry. A brand-new listing always appears on MLS on the “hot listings” page or at the top of the active property list. Newer listings usually sell for a higher price than properties listed on the market for a more extended period. As the weeks pass, potential buyers begin to wonder why it hasn’t already sold.

So, what should you do to prevent a very long listing period? I advise going over these five points with sellers when strategizing about how to price their property:

1. An impartial evaluation of market activity is the most effective way to estimate a property’s selling price

A [comparative market analysis](#) (CMA) is a great tool to present to a seller so they can see similar, nearby properties that recently sold. The [CMA](#) can also show homes that are currently active on the market as well as those under contract or those that recently failed to close.

The sale of comparable properties during a specific period — usually the most recent six months establishes market pricing.

Pricing the home above comps will undoubtedly ensure an extended listing period.

2. Sellers must accept that the real value of their home is determined by what a buyer is willing to pay for it in *today's* real estate market

Another critical point in pricing revolves around the seller wanting a certain amount of cash from the sale of their home

What the seller wants to receive at the closing table doesn't affect the home's market value; the market doesn't care what they need!

This fact is painful for some sellers to accept because they might be counting on money from the sale of the home to go toward the purchase of their dream home.

If they cannot grasp this reality, then the listing you worked hard to get will not be a marketable one, and your efforts to sell it will be for naught.

3. The longer a property remains on the market, the lower the price must be for it to sell

Statistics show that when a property is not correctly priced from the start, it nearly always ultimately sells for far less. As a result, the seller will lose a considerable amount of time and money.

4. When discussing pricing with a seller, a listing agent must convey the 3 elements that impact the sale of a home: price, condition and location

Of these three, the seller can control price and condition. Condition can have a bearing on what a buyer will offer for it. The agent needs to ensure the seller does everything possible to present the home in a [condition](#) that will enable it to compete with similar properties for sale.

5. Many times, agents will find themselves competing against other agents for the listing, so take promises with a grain of salt

When I was actively selling homes, I remember numerous sellers saying they spoke to another agent who said the listing price should be at "X." What a competing listing agent says about what

the price should be doesn't affect its value.

Unfortunately, some agents will tell sellers what they want to hear regarding value, only to then badger them later to keep reducing the price so they can sell the property.

The problem with this strategy is not only that it's not honest, it is likely to sour the relationship between the seller and the agent.

Your primary responsibility as a listing agent is to find that one "ready, willing and able" buyer to purchase your client's home. That's going to be exponentially more difficult if the property is not priced right from the beginning. The seller — and you — will find yourselves [waiting a long time](#) for a buyer to submit an offer to purchase.

You should inform your potential client that pricing their property right from the beginning benefits the them by giving them more money in their pocket and that it gets the property sold in a timely manner.