# Position your home

by Teri Gannon
Gannon is a free-lance writer

When sellers decide to put their home on the market, one of the most important decisions they need to make is determining the property's asking price – or, put another way, its "position" in the marketplace. This can be a very touchy subject, considering this is the owner's beloved home, a place where they've lived for years, a home they've cared for and probably improved during their ownership.

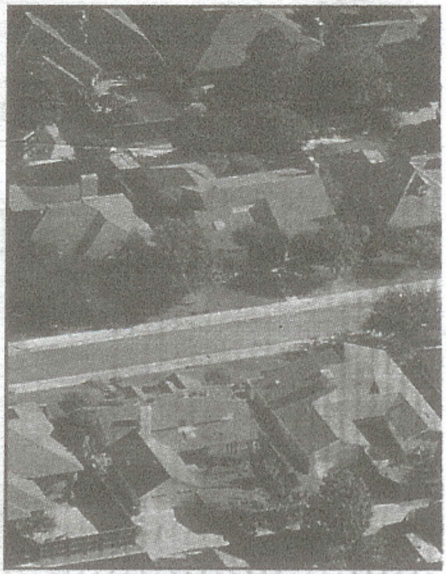
Buyers, of course, approach the question of price from another direction. Buyers make their decisions based on comparative shopping. The goal, when consumers compare homes, is for your home to be the most exciting option and best value in the marketplace. To correctly position a home, sellers can look at other homes currently on the market, homes with sales pending and those that have recently sold and are most similar to their home, with similar geographic location, style, square footage, age, or even number of bedrooms and baths.

Numerous other factors, also have a significant impact on selling price – factors such as the status of the economy, interest rates, zoning issues and the quality of local schools.

Enter the concept of "market positioning," or figuring out exactly where your home "fits" in the market of today. It's not guesswork; it is science. Jackie Leavenworth, director of education for Smythe, Cramer Co., actually teaches the subject to the company's real estate agents.

"I try to teach agents to be wise to the market conditions when they help a seller position their home, and once they position it, not to be reactionary," says Leavenworth. "Our agents study market conditions that would affect an asking price before they position a home. They read the marketplace and respond to it effectively."

Leavenworth says the ultimate course



A key to setting your home's price is the va

of action really depends on the goals of sellers. Do they want to sell their home quickly or can they afford to hold out for what they want?

"They have two options, meet the marketplace or wait for it to change," she says. "If they're not in a hurry to sell their home, they can wait. But the future may hold a change for the better or a change for the worse. If they need to sell it quickly, they need to respond to the what the market is telling them."

The only way for real estate agents to measure the accuracy of the position of a home is to measure the positive or negative response from the market. If the market is not responding the way the sellers want it to and in their time frame, then they need to consider repositioning to meet the market.

Repositioning can include adjusting the price, terms, condition or marketing of the home. The goal is to make a change that will get the attention of the agents and the buyers.

According to Leavenworth, every seller stands a chance of getting the best possible price and the best possible terms early in the marketing when the property is new and exciting and seems to have competition.

"With the urgency of competition and a feeling of being new and exciting, buyers are willing to pay more," says Leavenworth.

The best way to sell a home quickly is to convey that sense of excitement and urgency as soon as a property is listed. Pricing the home correctly right off the bat is a must if you want to attract a buyer quickly. Believe it or not, there isn't an unlimited pool of buyers out there looking for a home just like yours. According to Leavenworth's "Flood vs. Drip" philosophy, if your property is not positioned properly in the first three weeks, the "flood" of local buyers can

## Directory

# right for quick sale

...lue of homes in your neighborhood.

be lost, with the future pool of buyers "dripping" into the market.

"When a home is first listed you have an immediate spike of potential buyers coming to look at the home," says Leavenworth. "Then, by the third week, it slows down because you've exhausted the local pool of buyers. The future pool of buyers drip into the marketplace, coming in one at a time due to relocation, a job change or pay raise."

If the local pool of buyers didn't snap up your home in that first three weeks they didn't perceive it as the best value on the market. The property was either positioned too high to attract offers or the offers that came in were unacceptable to the seller.

Obviously what the market may say is not always what the seller wants to hear. Take Leavenworth's own experience when she put her home on the market in February of 1996. Responding to negative comments from potential buyers about her old furnace, Leavenworth decided to bring in a furnace repairman to check it out. Unfortunately, a repair snafu ended up shooting oily soot throughout the home. Leavenworth had to take the home off the market and put $23,000 into it to fix the damage. When she went to put the home back up for sale in May, she found the market was a much different place than it was just a few months earlier.

"That two months made a substantial difference in the value of my home. My market value was impacted negatively by market conditions that were totally out of my control," says Leavenworth, listing factors including tumultuous political issues, climbing interest rates, the appearance of those famous orange barrels for street repairs, and both the general economy and consumer confidence taking a nosedive.

"These conditions made a big difference in what consumers were buying and what they were willing to pay. My story, unfortunately, proves that when we wait for the market to change, it may not change in our favor," says Leavenworth. The ultimate selling price for her home was about $20,000 lower than an offer that was made the night before her furnace problems.

"Take that $20,000 loss on top of the $23,000 that was spent to put the home back in top shape and you see my point. The seller may set the initial market position, or price of the home, but the market place and the buyers really control its true value," she says.

In addition to market factors like those that affected the sale price of Leavenworth's own home is the factor of competing properties. What else is for sale in the same price range as your home?

Leavenworth's home was 67 years old and priced in a range where the typical buyer would be the young, double-income buyer, or the baby-boomer empty nester. Here again, she ran into a problem with competition.

"The younger generation buyer wanted new construction and the baby-boomer wanted a condominium. Rarely do sellers or real estate professionals look at condominiums or new construction as a competing market for a 67-year-old classic home," says Leavenworth. "But the reality was that those markets did indeed compete with my home, and sadly, they won!"

Based on her experiences, Leavenworth says that sellers and their chosen real estate professionals must keep abreast of the market place and its changes. "What is out of our control will have an impact on property values. Also, buyers don't think like sellers of real estate. Buyers will compare all ages, all styles and many communities when deciding what represents the best value in the marketplace," she says.

If the change is in price, Leavenworth says, sellers have to make enough of an adjustment to expose their home to a different category of buyer.

"Realtors don't control what buyers buy. They do control what buyers see based on requested price range," she says. "When sellers reposition a home by dropping the price only a couple thousand dollars, they're still keeping it in the same price range. You end up inviting the same buyers back and typically they don't come. An adjustment needs to be something that puts it in a different search range.

"Sellers believe that they control the value of their home, when only by keeping it would that be true," she adds. "Value is created when a buyer and seller come together. Therefore, only when a buyer is present and willing to buy can true value ever be established."