

How to get the price right for a smooth sale

OK so you've decided to move, maybe to another suburb or town, or maybe just to a bigger or smaller place in the same area.

But before you can carry out your plan, you have to sell your existing home – and in order to do that, you have to put a price tag on it.

And this is the exact point at which a lot of home sellers come unstuck, because they don't understand that potential buyers just don't care about certain things – like how you found the perfect flooring for the kitchen or why you chose yellow tiles for the bathroom instead of beige – even if you think they should.

“The fact is that these people have no emotional attachment to your home so all they care about is that it is in the area they want to live in, that it is well-maintained and in good condition, and most of all, that it is priced right in their estimation,” says Shaun Rademeyer, CEO of BetterLife Home Loans, SA's leading mortgage originator.

“In short, price is king and when it comes down to it, your asking price will be the one thing that determines how long it will take to sell your home.”

Setting the price too high, he says, will reduce the number of prospective buyers who are interested in even taking a look at it because they will immediately see it as being too expensive for the area. “This will cause the property to “stick” in the market and when that happens, it can create the perception among other buyers that there is something wrong with it – and lead them to think that they can offer you much less than it is actually worth because you are probably desperate by now.”

On the other hand, if you set the asking price too low, it will probably attract lots of prospective buyers – most of them sceptical about why it is so cheap, Rademeyer says. “You may well get multiple offers but you will be in trouble if they don't drive the price of your home up to its true market value.”

So, you have to price right from the outset, using tangible factors. Here are four top tips for doing so:

*Get a comparative market analysis (CMA). Ask a reputable local agent for a CMA which compares your house with similar properties that have recently been sold in the area and gives you the asking prices, sold prices and time on the market for those properties. You can also draw suburb sold price reports from property websites like www.property24.co.za

*Be fair when you compare. For example, the age of a property may also come into consideration when buyers are looking in your area because it can affect the condition. Buyers generally expect to pay more for brand-new homes so you probably can't expect to get as much for your 20-year-old house as people have recently paid in that new development down the road – even if the homes there are similar in size and layout.

*Consider the market. The CMA may show that similar homes to yours were initially listed at higher prices than you have in mind – but that they were on the market for a very long time and then were actually sold for much less than you would expect. If the market is quiet and you're looking to conclude a sale quickly, you may want to lower your asking price somewhat. On the other hand, if there is high demand in your area and a shortage of supply, you may feel justified in sticking with a slightly higher asking price.

*Be realistic about improvements. If you've recently renovated the bathrooms and repainted the whole house, you may feel justified in increasing your asking price. But be aware that you

are very unlikely to recoup the whole cost of any improvement when you sell – especially the really pricey ones like adding on a room or putting in a new kitchen. Most likely these will just make your home more attractive to more prospective buyers and help you achieve a faster sale at market value.

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