

# Criteria Used To Price Properties

1. A sales associate has no control over the market, only the marketing plan.
2. Never select a sales associate based on price.
3. Pricing in rising and falling markets:  
Overpricing in a rising market may be OK;  
Overpricing in a falling market is disastrous.  
*Market trend is as important as pricing. Make sure your sales associate understands market trends.*
4. Four indicators used to represent your property:
  - a. Cost                      What was paid plus capital improvements
  - b. Price                      What the seller wants
  - c. Value                      What the buyer is willing to pay
  - d. Market Value              What a willing buyer and seller agree upon
5. Regression and Progression:
  - a. Regression –              the phenomenon of an expensive house being decreased in value because of the less desirable homes around it.
  
  - b. Progression –              the phenomenon of a home selling for more than its worth because of having more expensive property or a more desirable area around it.
6. Substitution:  
The value of an amenity as based upon what it will produce not what it will cost.
7. Reasons for overpricing:
  - a. Over-improvement – a seller cannot select, add to their lifestyle, enjoy it and expect the buyer to pay the original cost.
  - b. Need – the need for money does not increase the value.
  - c. Buying in a higher priced area.
  - d. Original purchase price high.
  - e. Lack factual comparables.
  - f. Room for bargaining.
8. Reasons a Property Does Not Sell:
  - a. Over priced
  - b. Under exposed

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