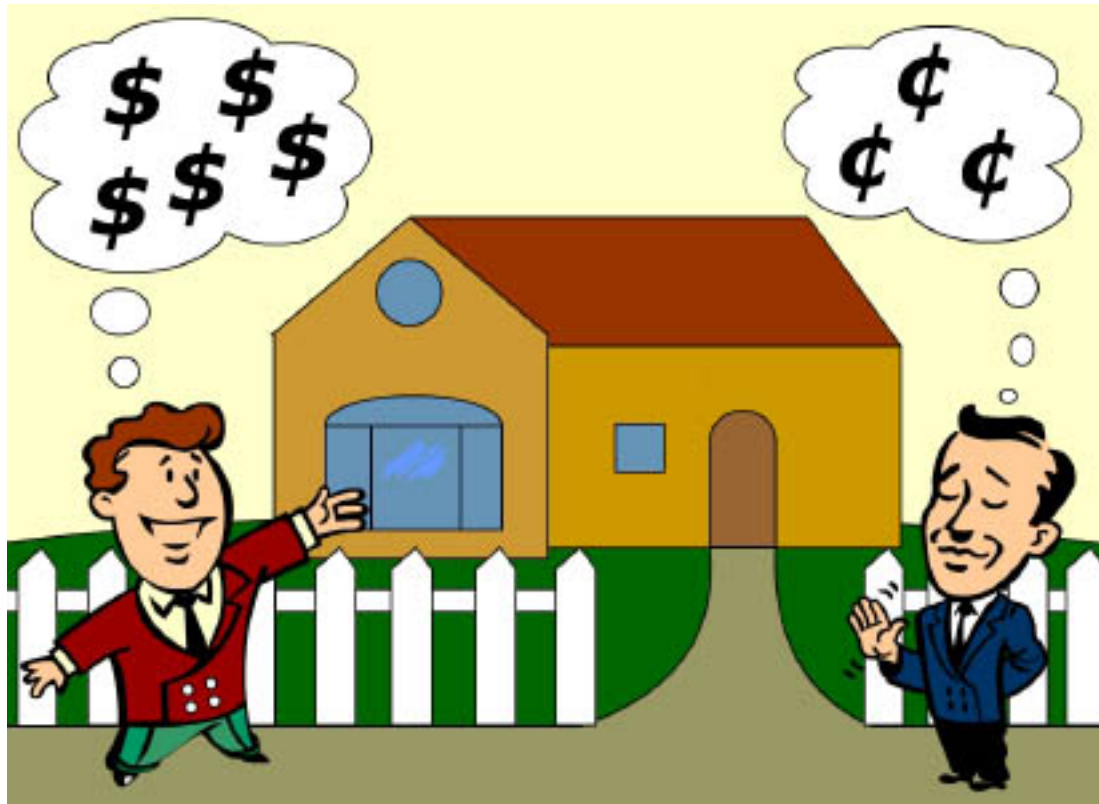


Home Improvement

## Five Signs Your Home Is Overpriced

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Home is where the heart is, and it's also where the debts, headaches and wealth can be. Small wonder, then, that selling a home is a loaded and emotional experience.

All too frequently, homesellers' opinions of their properties are clouded by sentimentality. Every parent thinks his or her children are extraordinarily gifted beings, and in a similar way, most families believe their homes are worth a great deal more than the average. It's only natural--couples remember the particular spot in the living room where their first-born took his first step, or the outrageous the bill they received after having the plumbing overhauled, and they assume it all should show up in the sales price. Regretfully, it doesn't work that way.

In a booming real estate market, in which fixer-uppers in up-and-coming neighborhoods receive multiple bids above the asking price, an overpriced home isn't a deterrent to buyers--it simply insures the seller will make a nice profit. When the market declines, however, an irrationally priced property is a guarantee that the home will languish on the market longer than comparable properties.

In a down market, the risk of an overpriced home isn't simply that you won't get the asking price--there is also a risk of turning off potential buyers and brokers, since an unreasonable price could stigmatize the property. The first flurry of activity occurs in the first month a property hits the market. After a home sits on the market for six months or so, it could become a stale listing that gets filed in the junk drawer of forgotten and overlooked properties.

Now that real estate markets around the country are showing signs of sputtering, it becomes even more important that a home is priced appropriately. In New York one of the targeted "bubble" real estate markets, prices per square foot in the third quarter basically remained unchanged from the second quarter; and the price-per-room declined 2.9%, according to the Corcoran Group, a Manhattan-based real estate brokerage firm.

In markets where inventory is rising, even if prices aren't falling, simply getting the home shown could be difficult if the price is too high. George Ballantyne, a realtor with Sotheby's International Realty, says that many of his clients have revised the prices on their homes in recent months.

"I have been encouraging many of my clients to put the most competitive price forward to ensure the property will at least be looked at," Ballantyne says. "Buyers have lots of choices, and they don't have time to see everything. One important criteria for looking at a home is its price."

It isn't hard to imagine, however, how a rational person can turn into a starry-eyed pipe dreamer when it comes to selling a home. After spending years in a home, and investing heavily in it, it doesn't seem unreasonable to assume that all the care that has gone into a home will increase its value. But veteran brokers say the biggest mistake home sellers make is confusing the price or costs with property value.

"Just because I have a thing for platinum faucets and I spend several thousand dollars on them, doesn't mean anyone else cares about platinum faucets at all, nor does it mean that the house will sell for \$100,000 more than the house next door," says Jack Cotton, president of Cotton Real Estate in Osterville, Mass., on Cape Cod. "Market value is determined by how the home is valued by the market, not by one individual. It has nothing to do with how much a seller paid for the house; or how much he is hoping to profit from the house."

We asked a number of veteran brokers and appraisers the telltale signs that a home is overvalued, and this is what they said.

1. Your home is priced well above neighboring properties. The first thing brokers do before they recommend a price to a seller, is they look at the sales prices of the last three sales of comparable-sized homes in the your neighborhood. You can conduct your own research to determine a reasonable price before you hear estimates from brokers. Do a quick search online to see what neighborhood homes are selling for, and there are some tools that can help determine a roundabout value of your home based on your zip code and other factors.
2. After a couple months, you still haven't received an offer. Don't panic just yet. This isn't true for all homes, (it's not uncommon for high high-end homes, for example, to stay on the market for years) but there should be a flurry of showings and interest in the first four to six weeks the home is on the market if it's priced properly. Although one assumes that overeager buyers are indicative that the price is low, realtors say competitive bids are more likely indicative of a reasonably priced home.
3. You spoke to several realtors before you hired the one who recommended the highest price for your home. Realtors seldom want to take a property that is overpriced, simply for the fact that the chances of selling it are slim, and that means their chances of making a commission are greatly reduced. Common sense is that you should speak with several realtors before choosing one to represent you, but if you consistently hear a ballpark price that seems low to you, the price may be right. Realtors are (or should be) intimately familiar with most real estate activities in their market, and they should have the best idea of how a home should be priced.
4. There aren't any scheduled showings. Immediately after the home hits the market, there should be at least a few appointments for showings. If there aren't, it might indicate that local brokers think the home is overpriced and therefore aren't showing it to their clients. Realtors suggest that after a month, if there is very limited interest in the home, it's not too late to reduce the price, but it's important to act quick in order to sustain some interest.
5. The home is priced for expensive, unique amenities that may not hold broad appeal. Your family may have enjoyed endless hours of fun in your indoor badminton court, but not everyone loves badminton as much as your family does. The more customized the home's amenities, the less likely the seller is to see their value in the sales price.