

Simple method determines whether a property is overpriced

Editor,

There are many theories on how to tell if you have an overpriced listing. I keep it simple. First, I ask them if they really have to sell the home. Then I tell them that I will come up with a price that it should be listed at. If they think that I am too low, I explain to them that I do not take overpriced listings and walk out. Let someone else get the calls when the home does not sell.

I look at properties that sold over the past six months (and even longer sometimes in this market) and find the average price per living square foot of similar homes in the county. (I already know that the prices that paid one month ago are over priced in this market. The market changes month to month on a downward slope.) Then I look at homes on the market and look at DOM (days on market), original list price at the start date and price that it is currently at. I plug in average price per living square foot. This is usually lower than the homes that sold in the past. I take the average and multiply it by the square foot of the subject home. This will give me a good starting price but know it will sell lower than that price.

And the key is: If I do not get calls after 21 days, we must lower the price and keep on looking that price every month thereafter. Sometimes it will be a short sale.

Example: I had a short sale with a home that had a \$165,000 note on it. I priced it at \$129,900 and three weeks went by with no calls. I looked at the cheapest house on the market at that time and found that the price was too high, and I dropped it to \$121,900. I received 20 calls in two weeks and four offers on the home. The sellers took full price and it saved them from being foreclosed. We are closing in a few days.

CMA's should be done once a month on your listings. This is the easiest way to see where the market is heading. It does not matter where and how you advertise. It all comes down to PRICE!!

My advice is that if you have overpriced listings, its time to fire your clients if they refuse to come down. This will stabilize the market and the true homes that are priced correctly will sell and the market will rebound over time. My opinion is that 30 percent of the market is 15 to 25 percent overpriced.

David Heroux
Tropic Shores Realty
Spring Hill

Letters to the Editor posted on floridarealtors.org are opinions expressed by the letter-writer in response to news articles and not necessarily those of the Florida Association of Realtors® or other local associations and boards.

Floridarealtors.org reserves the right to edit letters for length, accuracy and grammar. Some letters are not published due to legal considerations or limited space.

For more information, please read the [Editorial Guidelines page](#) in the News and Events section.