

Value and marketability - is there a difference?

 By [Adrian Goslett](#)

18 Jul 2016

Those who have decided to list their property on the market will all have the common goal of maximising their home's potential selling price. The first distinction that sellers need to make when listing their property is the difference between the actual value of their home and its current marketability. There are a number of elements that determine a home value, just as there are aspects that impact a home's marketability in the current economic environment and phase of the market.



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While the value of a property is determined by looking at things such as its type, size and features and configuration, marketability is more about the readiness of the property to be sold. This relates to aspects such as the home's condition and aesthetic appeal.

Value

The value of a property is largely determined by the supply and demand in the market, along with buyer's personal preferences. For example, when demand for property is greater than the supply of available properties on the market, the perceived value increases. The opposite is also true, in that when there are a lot of homes for sale, but not many buyers – home values can stagnate. There is a distinct link between property prices and demand and the value of a home is not established by the seller, but rather the prospective buyer. Essentially what this means is that value is largely determined by what buyers are prepared to pay in the current market.

It is important to note that while renovations or alterations to a property will change the price level to some degree, it does not always mean that the value of the property will increase. Why is this? Homeowners who are renovating with the view of selling the property need to be aware of the current trends in the market and what buyers are willing to pay more for. A new kitchen or bathroom upgrade will make the home more attractive to buyers, but that does mean that they will be willing to pay an increased amount to the equivalent cost of the renovation.

Another consideration is when renovated is over-capitalising. If the improvements to the home are beyond what the value that area dictates, it will have a negative influence on the property's saleability. Why would a buyer want to pay more for the home, when they can get a similar one in the same area for less?

Marketability

Considering that the marketability of a home is largely determined by how ready it is to sell, preparing the home before it is listed will increase its marketability and ensure that it attracts a greater number of potential buyers. Essentially increased marketability can result in the seller achieving a higher price for the property. It goes without saying that a home that is clean, neat and well-maintained will be far more appealing to prospective buyers. The marketability of the home is increased by ensuring that it is in its best condition prior to being placed on the market. Although adding a coat of paint and having the garden landscaped won't necessarily increase the home's value, it will increase its marketability and make it appealing to larger number of potential buyers - even through the actual features of the home have not been changed.

Staging the property will also have an impact on its saleability. It is advisable to de-clutter and remove unnecessary items from the home, but still keep it furnished. It can often be more difficult to sell an empty home because it can look bare and it will be potentially difficult for buyers to see themselves living there. An experienced real estate agent will be able to provide valuable advice regarding staging the home and making it more appealing during viewings.

While there is a distinction between value and marketability, both aspects should be considered and are important for homeowners to ensure that they maximise their potential selling price and stand apart from the crowd in this competitive market.

ABOUT ADRIAN GOSLETT

Adrian Goslett is CEO and regional director of RE/MAX Southern Africa. He joined RE/MAX Southern Africa in 2005 as a franchise development consultant, supporting various regions and offices. Throughout his career at RE/MAX he has held various positions. In 2010, after successfully leading 160 offices and over 1500 agents in six countries through the worst years real estate has ever seen in South Africa in 30 years, Goslett was appointed as CEO of RE/MAX Southern Africa.

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