

Sellers still expecting unrealistic prices for their homes

Correctly pricing a property for sale is more important than ever before, says Debbie Justus-Ferns, divisional manager of Renprop Residential Sales. Despite this crucial selling fact being emphasised so often, she says, in the current market, many sellers are still expecting unrealistic prices for their homes, which is having a negative impact on the ultimate sale price.



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“While there have been some positive developments in the local economy in recent months, with a stronger demand for residential property predicted in 2018, the reality is that many South Africans are still feeling the financial pinch and likely will for some time. This, in turn, means that consumers continue to be very price sensitive, especially when it comes to big ticket items like purchasing a home,” says Justus-Ferns.

Still a buyer's market

“Added to this, the South African property market is still very much a buyer's market, meaning that buyers determine the price. There are a number of properties on the market from which buyers can choose in any given area, resulting in the price point being one of the biggest determining factors in the successful conclusion of a sale,” she says. “Buyers want to feel they are getting value-for-money with their property purchase, just like with any other commodity.”

Justus-Ferns explains that this is why a market analysis is one of the tools professional agents use when pitching a price point to a seller. The market analysis is based on deeds office data that includes the actual selling price achieved of recent properties in the area. These properties can be compared in terms of size, finishes and location, access to amenities and major road networks and the like.

Comparing similar properties

She adds that most buyers purchase by comparing the property they are interested in buying with other similar properties currently on the market. If a seller's home is priced higher than other comparable ones in their neighbourhood, they are merely assisting the agents to sell the other properties with a better perceived value to a potential buyer. Properties that take longer to sell, end up selling for less in most cases.

Justus-Ferns explains that this is because the longer a property is on the market, the more exposed it becomes. Properties which are not correctly priced are known to sit on the market for anywhere between four to six months and buyers will remember seeing it advertised and will make lower offers based on that. “The first six to eight weeks are crucial in marketing a property in order to get the right buyers interested,” she says.

Actual selling price vs marketing price

When it comes to pricing their property for sale, sellers should keep in mind that the actual selling price of a property is always determined by what a willing and able buyer is prepared to pay. Many sellers base their price expectations on what they see other properties marketed for. “It is important for sellers to understand that the marketing price of a property, which is the price they see advertised on various websites and in the news media, is not the same as the price a property is actually sold for. The price a property is actually sold for can vary as much as from 15-20% lower than the price that was initially advertised.”

In the current market, only serious sellers with properties priced in line with the market are likely to achieve satisfactory results in terms of selling their property for a price that is acceptable to them and within a reasonable amount of time. “This is definitely not the right climate for those homeowners who are sitting on the fence about selling their home to test their property pricing in an already saturated market.”

Justus-Ferns concludes by saying that it cannot be emphasised enough that the correct pricing of a property is critical to its success in selling for the best price in the shortest time, which is ultimately what every seller and agent wants to achieve.

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