

Most experts would advise that the best way to increase your odds of a successful sale is to price your home at fair market value. But, as logical as this advice sounds, for many sellers it is still tempting to tack a few percentage points onto the price to "leave room to negotiate". To avoid this temptation, let's take a look at the seven deadly sins of overpricing:

1. Appraisal Problems

Even if you do find a buyer willing to pay an inflated price, the fact is over 90% of buyers use some kind of financing to pay for their home purchase. If your home won't appraise for the purchase price the sale will likely fail.

2. No Showings

Today's sophisticated home buyers are well educated about the real estate market. If your home is overpriced they won't bother looking at it, let alone make you an offer.

3. Branding Problems

When a new listing hits the market, every agent quickly checks the property out to see if it's a good fit for their clients. If your home is branded as "overpriced", reigniting interest may take drastic measures.

4. Selling the Competition

Overpricing helps your competition. How? You make their lower prices seem like bargains. Nothing is worse than watching your neighbors put up a sold sign.

5. Stagnation

The longer your home sits on the market, the more likely it is to become stigmatized or stale. Have you ever seen a property that seems to be perpetually for sale? Do you ever wonder - What's wrong with that house?

6. Tougher Negotiations

Buyers who do view your home may negotiate harder because the home has been on the market for a longer period of time and because it is overpriced compared to the competition.

7. Lost Opportunities

You will lose a percentage of buyers who are outside of your price point. These are buyers who are looking in the price range that the home will eventually sell for but don't see the home because the price is above their pre-set budget.

Most buyers look at 10-15 homes before making a buying decision. Because of this, setting a competitive price relative to the competition is an essential component to a successful marketing strategy.

