

Pricing Your Home - What is it really worth?

By Charles J. Kovalski

You might have lived in your house for years, raised your family there and watched your daughter be married in the backyard. Or, you might have bought the same house during a quick career stopover, merely providing a place to hang your hat before the next transfer.

Which house is worth more? Does emotional value translate to financial value?

Determining exactly a home's value is one of the most difficult tasks a homeowner faces when deciding to sell. What your home is worth to you, considering the newly remodeled kitchen and the children's park across the street, could be very different from what the home is worth to a couple who dislikes cooking and whose kids are grown.

Pricing your home fairly and accurately is essential-today's buyers are smart consumers who do their research and have ready access to volumes of home-value information.

Home prices are most accurately determined with a thorough "Comparative Market Analysis" or CMA, which compares your home to homes in the neighborhood that are similar in size, age and condition.

The CMA usually contains information such as how long each house listed was on the market, and how close the final sale price was to the asking price. It will also include specific notes that compare each home to yours.

Other factors in determining the price of your home include:

- **Interest rates.** Are they going up? This could cut into the pool of prospective buyers who may wait for rates to come down again before they seriously shop for a home.
- **Housing market conditions.** Are home prices in your neighborhood going up or down?
- **Economy.** The local and national economy can affect your home's price.
- **You.** If you're in a hurry to sell for whatever reason, you may not have as much leverage in the final sales price.
- **Supply and demand.** What's the availability of homes in your area? Is it a seller's market or buyer's market? Sellers in hot real estate markets often make the mistake of overpricing their homes-and see them go unsold month after month.

Factors that should not be used in determining the price of your home include:

- **Sentimentality.** No matter how rich your home is in happy memories, you'll be in a better position to take a businesslike approach to pricing your home if you are realistic about your emotional attachment.
- **Improvements.** Unless your upgrades were in premium areas such as the kitchen or bathroom, the reality is that you probably won't recoup the money and sweat you've invested in landscaping, pools or ponds.

You can *try* to price your home way above fair market value, based on your own needs, opinions or emotions, but it's not likely buyers will pay it. In fact, you'll probably waste months of time only to have your house become stigmatized by its length of time on the market. You could even wind up getting less than fair market value this way.

Finally, remember that price isn't everything. The overall package of what a buyer offers is what counts. One buyer may offer you your full asking price, but also demand that you pay his closing costs and his mortgage loan "points." Another buyer won't go higher than \$3000 below your asking price, but has no such contingencies. You need to weigh the options to determine which is the better deal for you and then consult your real estate attorney to ensure the details are outlined correctly in the purchase contract.