

Expert Voices: The asking price – what is realistic in the current market?



1. What is your estimate of the % of homes in your area that sell for the asking price ?

Asking prices and achieved prices are completely different things, so when you read that London prices are falling, more often than not it is the asking prices

being lowered to closer to what has been achieved to get interest.

2. According to the NAEA 86 per cent of homes nationally sell below asking price. Why do you think this is? Over-ambitious vendors, nervous buyers, or something else at work?

“This is very simple, the majority of sellers think that asking the highest price will get them the highest price so most estate agents have adopted this mono-strategy for marketing all properties regardless of the market conditions. Pandering to a seller’s greed by giving over inflated valuations, wins estate agents instructions and is the right strategy to achieve record prices in a boom market. Unfortunately its continued use in a flat or down- turning market is catastrophic as, in these conditions, asking more than 10% above the street’s record selling price becomes in reality a decision not to sell. The marketing stalls as buyers who can afford the high price see bigger and better houses for the same money and will never offer. As we are not really a nation of barterers, getting buyers through the door never mind offering, on a house on the market for 25% more than they can afford is a tough trick to pull off. Most agents do this by telling the buyer that they know it’s too much money but to make low offers which

defeats the object of asking a high price in the first place.

The solution is simple, recognise that the best time to sell a house for the best price is when it is new to the market so get the price right at launch. Do this by looking at what similar houses have actually sold for via the Land Registry, not what other houses are asking, and choose the estate agent who explained the strategy they will use and who was honest from the start.”

3. Are any types of homes particularly susceptible to price cutting (new builds, starter flats, family houses, very top end of the local market ...)? And why?

“Just like a car you pay a premium for a new home so, on a flat market, don’t expect it to have gone up in value for at least a few years.

Remember, when you come to sell it, it will be a ‘second hand new development’.”

4. How should buyers handle this kind of market, where asking prices seem very flexible? How do they know they are paying the right price?

“There is no rule of thumb, some houses are asking over inflated prices, some have come to the market priced correctly or have been reduced to the correct level. So

get out there and see everything in your price range in your chosen area to get a picture of what your money buys. You won't be able to spot a bargain unless you have done this research.”

Courtesy : **DBPR**

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