

## Picking the Price

On a rising market, such as the one we are currently experiencing, choosing the right asking price is a more difficult process.

Normally, realtors study the sales values of the most recent sales on the most comparable properties. They adjust those values to take into account several points. This may include size, location and special features like views, air conditioning, décor and finishing quality. After these adjustments a conclusion as to the value can be reached.

However, all the sold data is based on recent past sales. The key word here is past. The art of choosing the correct asking price must also take into account how much prices are rising. The safest method is to use the recent sold data and then add on a few thousand dollars. One or two percent over the property's current value is about right. According to a recent prediction from CMHC (Central Mortgage and Housing Corp.) prices in this area are expected to rise about 11% in 2006. So, adjusting the asking price at the rate of about one percent per month is probably roughly accurate for most types of real estate.

Another variable in choosing the right price is in assessing the accuracy of the current sold data. Take for instance a sale of a property that was listed at too low a price. If that sale value is used in the process of pricing a property, it would just perpetuate the inferior price. The other scenario that can distort the sold data is if the sale occurred in a multiple offer situation. Sometimes those sales are artificially high as buyers may have bid more than normal to beat out others who were competing to buy the house.

Sometimes pricing your property right at market value or slightly under can cause real excitement from buyers. That added interest from buyers often gets a bidding competition going. The seller may yield a better price this way.

The last factor to be included when arriving at the asking price is assessing the current competition. Are there very many homes on the market that are like yours? Are there very many homes available in your price range? If not, put your home on the market at something of a higher price. Simply put, you could get lucky. All in all, putting a price on a property in a rising, rapid market is not a simple matter. Choose an experienced realtor for the task. Take the time to discuss all aspects of the pricing question with your realtor before your property goes onto the open market.

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