Chapter 4 Summary
Determining the List Price

Highest and Best Use – a property's value is directly affected by how it’s being used.
- *Physically possible*
- *Legally allowable*
- *Marketplace demand*
- *Creates the highest possible property value*

Conformity – In a neighborhood, homes that are similar in size and style will be of higher value.

Increasing and Diminishing Returns – When an improvement increases property value, it’s an increasing return. If an improvement adds no value, it’s a diminishing return.

Supply and Demand - The law of supply and demand is as applicable to the housing market as to any other commercial market.

Competition - This is similar to supply and demand, but gets more specific.

Future Value Expectations - If a house can generally be expected to increase in value, it can be listed at a higher price than if its value is expected to diminish or even remain the same.

When you set a **listing appointment**, get some general information about the house so that you can determine an accurate fair market value.
- Getting basic information will help you find **comparable** homes already on the market.
- Drive by the home and view its exterior condition, the neighborhood it’s in, and how many other homes in the area are currently on the market.
- Upgrades and improvements could significantly affect the way you price a home.

Comparative Market Analysis

Introduction - page one should give a brief overview of the CMA's components. The second page should give a brief overview of you and your company.

Technically, you can make **adjustments** for any difference, but the more similar homes are, the more reliable your suggested list price.
- **For Sales** - Show your client who and what he'll be competing against.
- **Solds** - Show your client what buyers think is a fair price for similar homes.
- **Expireds** - Show your client that homes don't sell if there isn't perceived value.

**Summaries by Type** and **Summary of List Price vs. Sale Price** are two of the most beneficial summaries.

The **Seller's Net Sheet** is a one-page breakdown of the estimated monies a seller will walk away with once the home is sold and all commissions and fees have been paid.
- It’s based your suggested listing price and includes things like title insurance, closing and recording fees, payoff of the current mortgage, and your commission.
- You’ll need some information, like the mortgage payoff, from the sellers.
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Benefits of Hiring a Real Estate Agent
- Security is one of the best benefits you offer your clients.
- You can also get better exposure for the home.
- You should point out that legal issues surrounding real estate are complex, as is the paperwork.

Marketing Plan
- Tell clients how often you intend to hold open houses, on what days, and during what times.
- If your company conducts office tours, include that in your marketing plan.
- Dedicate a section Internet marketing - company web site, your personal web site and e-newsletter.

Ways to Increase the Sale-ability of the Home
- Clean the home thoroughly, both inside and out.
- Pay close attention to the windows, especially if the sellers have children.
- Fix broken shutters, clean spots off the driveway; keep the lawn and bushes trimmed.

Creative Problem Solving
- You might need to narrow your search.
- You will experience seasons during which houses won’t move very quickly.
- Sometimes pricing a property to sell and pricing it to make the seller happy are two different things.