



3 Formulas for Fearless Pricing

Key:
LP = List Price at time of sale
SP = Sales Price at time of sale
S = Sold
P = Pending
A = Active
Mos = # of months of data that you looking at—
optimally 12 months

Trading Range: $TR = (LP - SP) / LP$

The Trading Range (average list to sales price ratio) shows the average negotiated discount sellers are accepting in a successful sale. It parallels, compliments & gives efficacy to the Average Price Per Square Foot of Sold properties compared with the Average Price Per Square Foot of the List Price of properties at the time of sale. It adds a 3rd dimension when viewing the Competitive Price Lines, as it helps explain why the Expired / overpriced listing don't get shown & don't get offers. The “secret”? It's virtually always 3 to 5%. It represents THE AVERAGE NEGOTIATED RANGE in residential real estate. Bottom line: It makes the case for pricing within a narrow range of true expectations—based on comparable Sold prices; Absorption Rate & # of Month Supply of Active comparables (see below).

Absorption Rate: $AR = (S + P) / \# \text{ Mos.}$

The Absorption Rate powerfully demonstrates the pace of activity in any given market segment. It makes a compelling case for how (together with the # of Month Supply) to position your listing against the competition.

Mos. Supply: $\#MS = A / AR$

The # of Month empowers you & the seller to effectively control the marketing time for their property. This is done by mindful positioning—so that for example, with a high # of Month Supply they “buy-in” to the fact that they need to be the “next best” property without leaving anything on the table.