



### 4 Strategies for 'Price Improvements'

1. It is a good practice to **run a FlexMLS Custom Hot Sheet** to continually monitor the activity of competing properties both in your listings subdivision, as well as nearby subdivisions at your price point that could be considered competition.
2. Then, keep your sellers informed of changes that impact their properties competitive positioning. For a good review of the notion of competitive positioning, **see the RLSIR Listing Presentation Online version on "Competitive Positioning"** (Click Here).
3. A useful strategy, that's actually best used in your initial listing presentation, is to **show your sellers the history of competing Active and Sold properties**. For them to see how the overpriced properties did not sell and suffered becoming 'market worn' (more than average days on market for that market segment) can help them avoid wasting precious time 'testing' the market. Forget 'time is of the essence'...'time is the enemy'!
4. Another useful strategy is to **show sellers how banks (REO properties) often get above the asking price by 'on the button' pricing**. They capture the 'hovering' (buyers waiting for that next best property) and create a competitive environment that drives up the price and shortens the market time. By contrast, sellers often want to 'pad' their price in anticipation of low offers, but in the process put themselves out of the 'sweet spot' of the 'Trading Range' (list-to-sales price ratio).

Remember, when you look at what properties are listed for at time of sale versus the actual sales price it is a very narrow range—typically 3 to 5%. The residential real estate market is very efficient. When you get outside the trading range (LP to SP ratio) you simply won't get serious attention. Conversely, pricing within the trading range creates the competitive dynamics that drive price and shorten market time.