

Negotiating Home Prices

Many buyers - and sellers - wonder what drives housing prices. Unlike an item for sale in a store, the advertised price of a home is not necessarily the figure required to purchase the property. Home pricing is very sensitive to fluctuations in market conditions, plus a host of other variables. Some of these variables include: what the owner originally paid for the home; whether there are additional lines of credit secured against the property; and what kind of margin the seller needs in order to acquire a new home.

This is where the expertise of a professional real estate agent is vital. He or she will help you determine if the house is fairly or properly priced to begin with, and what a fair offer might be. Your sales representative will also counsel you throughout the offer and counteroffer process, where the buyer and seller ultimately negotiate the selling price of a home.

Occasionally, a home may sell above its listing price. This can happen when there are a number of competitive offers.

On other occasions, a house that was initially priced considerably higher than fair market value may ultimately sell for substantially less if there is both the impetus to sell and conditions that suggest the market will not sustain the initial pricing.

What this means for buyers is that it is always wise to view houses that are slightly above your ideal price range so that you don't exclude potential properties that ultimately will sell within your range. Your sales representative can also provide you with historical selling information about similar properties in the area. This may assist you in determining whether there is room for negotiation.

At the same time, you also need to be prepared to accept the fact that an accurately-priced home may sell at or above its list price, and that the process may be competitive.