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What's My House Worth?

With housing prices so volatile, it can be difficult to determine how to price your home in this market. Here are some expert tips to help you figure out what your home is worth to buyers today.

Housing used to be a fairly safe investment—you put your money in and, in a few years when it was time to sell, your house would be worth more than you paid for it. Unfortunately, many sellers are discovering that those gains in home equity they thought they had gained during the boom years are nothing more than wistful memories.

That's not entirely true for everyone, however: Even in this brutal real estate market, there are still areas where housing prices are holding steady or even increasing.

How can you know where you (and your home) fit in? It's not an easy answer. Here are six tips for pricing your home correctly in a volatile housing market.



Finding the right list price for your home can save you money in the long run. Photo credit: Alyson McNutt English.

Prepare for a Reality Check

If you bought your home at the height of the market (or if you cashed out home equity when times were flush), you may be in for the seller's version of sticker shock. Real estate experts say that even when homeowners recognize that the value of houses all around them has fallen, they often still hold on to outdated ideas about what their own property is worth. If you're getting ready to sell, it's time for a serious reality check, says Cincinnati, Ohio-based real estate appraiser Lou Freeman.

“There is a saying in real estate that you can't be objective about your own home,” Freeman says. “It's true. When a Realtor tells you that the home you bought six years ago for \$303,500 will now only fetch \$285,000, you may find it hard to believe.”

Sometimes sellers ignore expert advice because they have a number in mind that they can't get away from, says commercial and residential real estate financing broker [Todd Huettner](#). If you can't get past that number and you don't have to sell, it's probably time to just sit on your investment and wait out the current storm. But sellers who have to divest themselves of their property are going to have to face some harsh realities. “What you paid for your house has nothing to do with its current value,” he says. “What you ‘need to get out of the house’ has no bearing on current value, either.” This fact can be a harsh reality check when you consider you need to receive a certain dollar amount on the sale of your home in order to pay off your current mortgage.

Talk to More than One Realtor

When prices are going down and the volume of sales has slowed to a trickle, it may be time to talk to real estate professionals who work with buyers, at least for the purpose of determining the right price for your home. Working with a Realtor® who has a great record as a seller is usually the best first step.

“It’s so important to hear what buyers are thinking in today’s market,” says **Katie Wethman, MBA**, a certified public accountant and Realtor based in McLean, Va. “Too many agents—especially the ones with the most experience in the business—work primarily with sellers, and they never hear the most common objections of buyers.” Wethman says in this market, sellers might even consider working with someone who is primarily a “buyer’s agent,” or someone who specializes in helping buyers find homes. She says having them help you stage your home and market it may actually help you sell more quickly since they know precisely what feedback they’re getting from people currently looking.

Another reason to shop around for a Realtor is to make sure that you’re working with someone who not only knows the area and the market but is realistic about the current state of sales. “Many Realtors are too optimistic or they think providing a high number will get them a listing,” Huettner says.

Use Your Comps Correctly

Any real estate expert will tell you one of the most powerful pricing tools anyone has are what's called "comps," or comparative listings. These are statistics for recently sold homes similar to yours, usually in location, size and/or amenities. But while any licensed Realtor or appraiser will have access to comps, it's not always easy to choose the right ones or to read them appropriately.

First, make sure you're looking at what has actually sold rather than what people with comparable properties are listing them for. "Too many owners focus on what other people are asking for their homes rather than what they're actually getting for them," Wethman says. And when you're looking selling prices of comparative properties, pay close attention to the date the deal closed. "Even if a comp is just a few months old, you must apply regional trend data: If the market has dropped five percent in the last three months, you need to take that comp from three months ago and apply a greater than five percent drop to that price. Too many people price at the last sale without that extrapolation and they end up chasing the market down."



Reducing your home's price little by little can be a more expensive decision than pricing it competitively from the beginning. Photo credit: Alyson McNutt English.

To add to the complication of reading comps correctly, Wethman says your Realtor needs to know and understand your unique situation. "Not every market is declining," she says. "Even in declining markets, there are neighborhoods that are doing just fine," she says.

Consider an Appraisal

If you're still not feeling confident in your analysis of your home's value, it's worthwhile getting an appraisal, say the experts.

"Most homeowners depend on their Realtor to help price their properties, and Realtors usually have a great deal of knowledge about what is and what isn't selling in any particular neighborhood or at a particular price point," Freeman says. "But the cost of an estimate by a state licensed or certified appraiser who is familiar with your neighborhood could save you months of extended marketing time and thousands of dollars in carrying costs by helping you price your home correctly from the start."

Make sure you choose someone who understands not only your area but your purpose in getting the appraisal. You want to choose someone who is willing to talk to you and explain things, says Huettner. "Call three appraisers and tell them what you are doing, and choose the one who is most willing to explain things to you and help you," he says. "If you are selling your home, \$300 to \$500 is worth it to have your own independent expert opinion of what your home is worth, and it's invaluable for educating yourself."



Online Home Price Evaluation Tools

Real estate pricing experts say one easy first step for people considering selling or just wondering about their equity is

Be a Nosy Neighbor

Finally, don't be afraid to be what Realtors like to call "the nosy neighbor." "Start going to every open house in your neighborhood to get a feel for pricing vis à vis square footage, level of updating and so on," Freeman says. "Realtors expect nosy neighbors. Don't disappoint them." An added benefit of being nosy: If/when the home sells, you will know more about it when you look at the comps.

While it's important to realize the only number that really matters is the closing price, comparing the list to closing prices of the homes in your area will give you a good barometer for what direction prices are heading and how long you can expect to wait to find a buyer. "Drive around your neighborhood or go online to Zillow.com or other similar sites and view recently sold homes and listed homes," Huettner says. "Just remember: Only closed sale prices matter."

It can be tough to come to accept your home's value in a declining or volatile market, Huettner says, but it's better to deal with it when putting your house on the market than letting it languish for months if the price is too high. "You will eventually find out the market value of your home," he says. "Don't wait for the market to show you when you finally sell. It costs so much more that way."

Text by Alyson McNutt English
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visiting online home price tools. While you shouldn't put too much emphasis on these prices, they may be good starting points. Here are some online tools that can help you figure the value of your home:

- [Zillow](#) allows you to plug in your home's address to find recently sold properties on a map of your area. You can also check the prices of recent listings in your neighborhood, as well.
- [Trulia](#) shows listings, price reductions and even a "real estate heat map" of average list prices of homes in your area. The downside: It shows listing prices, not selling prices.
- [Domania](#), a Web site from Lending Tree, offers a "Home Price Check" section where you can type in an address and find out the selling price of a house sold within the past five years.
- **Local Real Estate Web Sites:** Some large Real Estate groups may compile a listing of the recently sold properties in their area. One example is [Crye-Leike](#) in Tennessee; its Web site allows you to plug in the address for a specific property to find out what it sold for.