Dangers of Overpricing a Listing

1. MINIMIZES OFFERS
An overpriced house discourages prospective buyers from making offers since the difference between the asking price and market price becomes substantial.

2. AGENT ENTHUSIASM AND RESPONSE
Agents lose interest in property that is overpriced. They do not spend as much time showing the house as they would if it were priced right.

3. QUALIFIED BUYER EXPOSURE
Overpriced houses fail to attract qualified buyers, or attract "wrong" buyers.

4. DECLINE IN SHOWINGS
Agents avoid showing overpriced houses in order not to lose credibility with buyers.

5. LOSES PROSPECTS FROM SIGNS
Prospects who learn about the house from the sign get turned off if it is overpriced. They do not pursue the matter to even see the house.

6. LIMITS FINANCING
Financial institutions and mortgage companies finance only a percentage of the real value of the house. If the house is overpriced, they usually will finance a lower percentage, thus reducing the available financing.

7. WASTE OF ADVERTISING DOLLARS
A house that is unrealistically priced fails to get normal advertising response. This reduces the effectiveness of advertising and results in the loss of advertising dollars.

8. LESS FOR SELLER
Eventually market interest in the overpriced property completely declines. As this stage is reached, the seller becomes desperate and he begins to feel he would sell at any price. In the meantime, he or she must bear maintenance and holding costs. The net result is that the seller gets much less than he could have if the house was correctly priced in the first place.