

*Pricing Your Home for*  
**MAXIMUM VALUE**  
THE DEFINITIVE GUIDE

The  
**Brad Korb**  
REAL ESTATE GROUP

*Focused on What Matters to You*  
*Real Estate Since 1979*

**A PROVEN  
PRICING STRATEGY**  
THAT WORKS IN TODAY'S  
REAL ESTATE MARKET

**INSIDER  
SECRETS  
REVEALED**

WHAT AGENTS  
**WON'T TELL YOU**  
BUT YOU MUST KNOW





# How do you sell your home for more money?

**Did you know** that when it comes to selling one of your largest investments, the Realtor® you choose could literally make or break the deal? There are many factors involved in selling a home, but it really boils down to four things:

- Aggressive marketing
- A sound pricing strategy
- Knowing the numerous options available to you
- Having an agent who is fully invested in your best interest

If you or someone you know is thinking about selling their home, I encourage you to at least give me and my team a chance to tell you about our system for getting your home sold. I will go over all those elements in great detail to show you how we can make you more money, in the least amount of time, and with the least amount of hassle to you.



## **Promises don't sell homes... PROCESSES DO!**

*My team and I have proven processes and systems to help us be more effective at getting your home sold. For the last several years I have worked with hundreds of buyers and sellers advising them on their best options to benefit the most from their real estate transaction. I feel it is my responsibility to guide you with the most knowledge of the market while finding a solution that works best for you and your family. If you or someone you know is looking to buy or sell real estate, keep in mind The Brad Korb Real Estate Group.*

**Brad Korb**



**To find out how we can get your home SOLD,  
give our office a call or visit us online**

**818-953-5300**

# Pricing Your Home for Maximum Value

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## What are the necessary steps in the process of properly listing and selling your home?

Through proper preparation, research and expert consultation, we are able to best serve you throughout the listing process.

We know that step five is the one you're most curious about, but it's important that you make your agent selection based on marketing, not a promise of the highest price.

### Steps of the Listing Process

- 1 Preparation and research
- 2 Establish motivation and objectives
- 3 Examine the marketing plan
- 4 Select a real estate agent
- 5 Establish asking price

## Which criteria should you use to select an agent: best services and marketing plan or highest listing price?

We provide our seller clients with an exceptional level of service and implement the most comprehensive marketing plan available for selling your home. Again, your mission should be to select the best agent, not the highest price.

If you choose our team, it should be because you feel we are the best option to handle the marketing of your home, not because we agreed to the highest price.

### How will you select a real estate agent?

- Best Services & Marketing Plan
- ~~Highest Listing Price~~

An agent doesn't control the market.  
Never select an agent based on price.



## An agent's primary role is correctly marketing your home, not pricing it.

### Role of an Agent in Pricing

- ➔ There is no "exact price" for real estate.
- ➔ What I think your home is "worth" doesn't matter.
- ➔ The market determines value.
- ➔ Together we determine the price.
- ➔ I will show you a range of prices being paid for homes in your area.

All too often homeowners believe an agent's primary role is to determine the value of their home. In reality, agents must develop a pricing strategy based on market data and the factors the homeowner controls.

There is no exact price for real estate. The market determines value. Ultimately the burden of pricing is on you, the home owner.

Together we will determine an asking price based upon the range of prices being paid for homes in your area.

## What would you do if I quoted the highest list price but you didn't think I was the best agent?

"Another agent will list it higher."

### Avoid this Common Mistake



This is a homeowner's most common mistake.

If you say you'd go with the highest price, you could end up overpricing your home by the greatest amount with an agent whom you believe to be the least competent to attain it.

Would you list with an agent who promised you perfect weather during the listing period? Why not? Because an agent cannot control the weather. We have as much control over the value of your home as we do the weather.

## The five elements of marketing a home.

Location and Financing are givens... no one controls them.

Condition and Price are in your control... and it's the market that determines if you can get your price.

Marketing is the only factor an agent controls. So it's important that you make your listing decision based upon the marketing plan, then set the price based upon the market.

### Who Controls What?

<u>Factor</u>		<u>Control</u>
Location	➔	Given
Financing	➔	Given
Marketing	➔	Agent
Condition	➔	Owner
Price	➔	Owner

## What about all of the unsold inventory?

In the current market environment, the increase of unsold inventory has been rising. However, there is a very important statistic to consider...actual home sales!

While inventory has increased, sales have reduced by a more modest amount. Two facts: 1) homes are still selling, and 2) the ones that aren't selling are overpriced.

On the adjacent chart, where the Sales line intersects the Inventory column, it divides sellers into two groups; those who want to Stay and those who want to Sell. Which group do you want to be in?

### Inventory Exceeds Sales





## The relationship between cost and value.

### Principles of Evaluation

- ➔ **Cost**  
The amount paid
- ➔ **Price**  
The amount asked
- ➔ **Value**  
Worth to someone
- ➔ **Market Value**  
Appeals to many buyers and causes a sale within a reasonable time

Cost is the amount you paid, plus any improvements. Price is what you ask, the amount you attempt. Value is what it's worth to ONE person, someone who needs that exact property.

The problem is, that person knows he only has to pay Market Value. And Market Value is the amount that appeals to many buyers and will cause a sale within a reasonable time. The key point is; Cost and Market Value are not related.

Even if you had inherited your home, you would still want Market Value because it doesn't matter what was paid for a home.

## Which criteria determines a home's true value?

### Criteria That Determine Value



**Location and Size account for the majority of value. Amenities contribute less.**

Owners often place major value on minor things — proclaiming their home to be better in terms of condition, amenities or decorating. You need to understand what really determines value.

Location and Size account for the majority of value, while Amenities, etc. contribute much less.

Whenever you see a new listing on the market, what's the first thing you ask an agent? WHERE is it? That's because location is the most important element.

## How does a home buyer determine value?

When you're looking at homes, how do you determine what one is worth? You probably compare it to the others available.

Well, buyers still establish value the same way, so we'll look at the Comparative Market Analysis (CMA) to learn about the competition.

Whether it be groceries or automobiles, we establish value mostly by comparing the product to the other options and their related prices.

### How Buyers Determine Value

- ➔ **When you bought this home, how did you establish value?**
- ➔ **By comparing it to others for sale at the time?**
- ➔ **Buyers still determine the value of a home by comparison shopping.**
- ➔ **When you choose your price, you choose your competition.**

## Understanding the concept of establishing value.

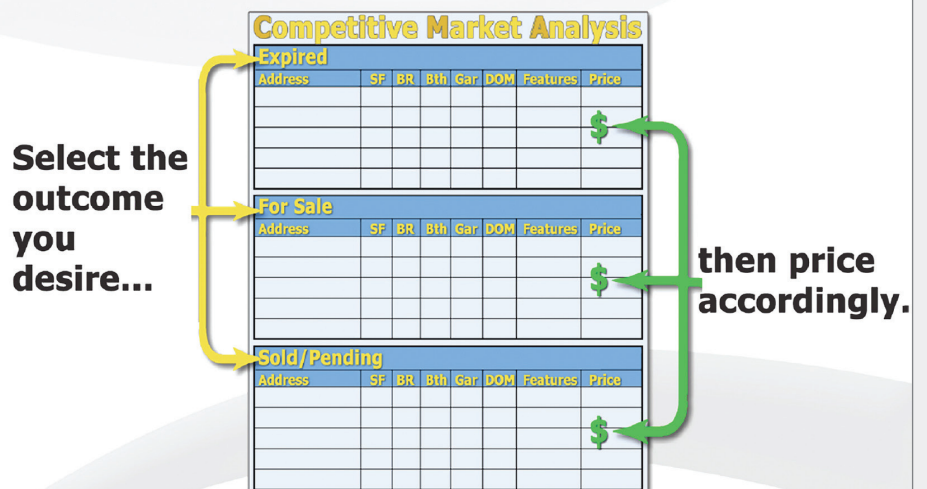
Many sellers think that everything will sell. In reality, many homes expire and many remain on the market.

The purpose of a CMA is to provide factual documentation of market conditions as a way of measuring Market Value.

Expireds are the ones that didn't sell and represent prices above the market. Those For Sale represent top of the market and Solds represent market value.

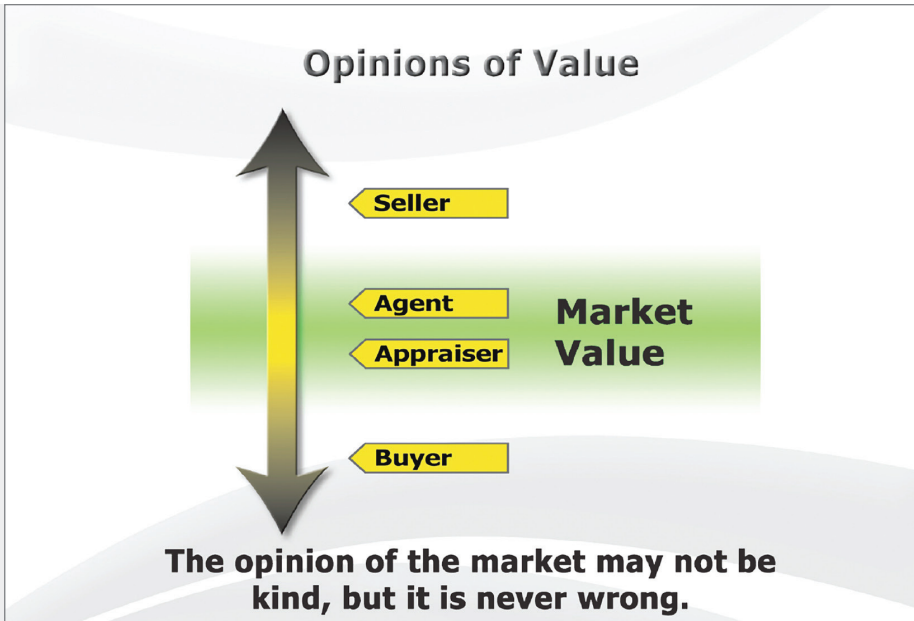
Select the outcome you desire... then select the price accordingly.

### The Market Determines Value





## Isn't what I think about the value of my home just as important?



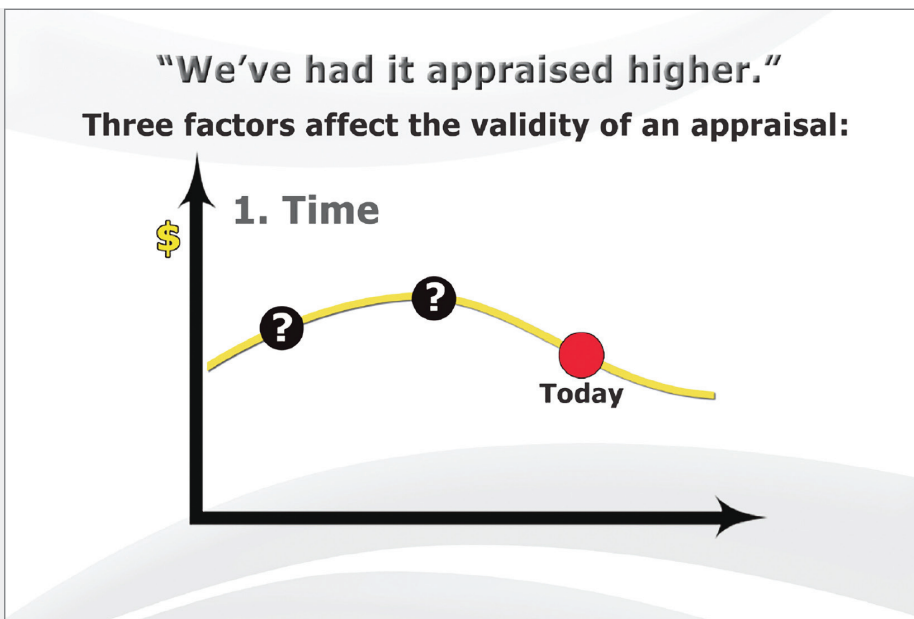
Everyone seems to have an opinion of value and a willingness to express it.

Buyers believe the value to be lower and sellers believe it to be higher.

Appraisers and agents are more objective and see the middle ground of Market Value.

The market is the only opinion that counts. The market may not be kind... but it is never wrong.

## What about the appraisal?



The only time a previous appraisal presents a problem is when it's higher than what the current market will bear. It is important to challenge the appraisal, not the appraiser.

Three factors determine the validity of an appraisal:

1. Time – how long ago was the appraisal done.
2. Purpose – why it was done.
3. Comps – to what was the home compared. Each is addressed on pages 9-10.

The market changes over time, so for an appraisal to be valid, it must have been completed recently.





## What about all the money we've put into the home?

### Value of Improvements

- ➡ **When were the improvements made?**
- ➡ **At that time were you planning to sell or stay?**
- ➡ **If you had known then that you were going to sell today, would you still have made the improvements?**
- ➡ **If the improvements were removed, what percent of today's buyers would put them back and pay what you did?**

In reality, it's rarely possible to recover all the value from an improvement.

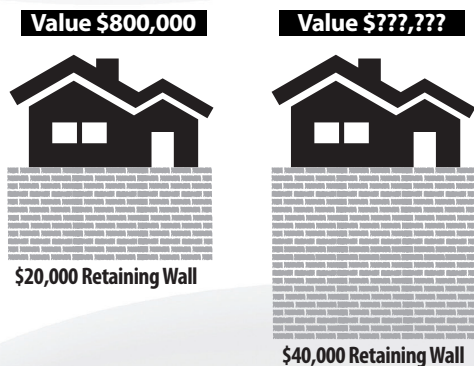
Consider the questions on the left. The final question determines how many buyers would attach the same value to an improvement that you as the owner would.

In most cases, very few buyers value your improvements as you do.

## Shouldn't I expect to get out of the property the cost of what I put in it?

"I need to get my costs out of it."

### Principle of Substitution



**Value is determined not by what an owner has IN a property...but what a purchaser gets OUT of it.**

A builder sold the home on the left which included a \$20,000 retaining wall, for \$800,000. A similar home was built next door, but the wall went through harder rock and deeper, so it cost \$40,000. How much is this home worth?" \$800,000. Even though the builder has an additional \$20,000 in the cost of building it.

According to the principle of substitution, value is determined not by what a seller puts IN a home, but by what a buyer gets OUT of the home — in both cases they get a retaining wall.



## What external factors affect the value of a home?

### External Influences on Value



A common mistake that many owners make is to focus solely on their home when determining value. Yet in dynamic markets, many influencing factors are completely out of their control.

We've witnessed recent dramatic market change in which the economy, interest rates and financial markets have affected values.

The simple act of a neighbor reducing a price can lower street values. A subdivision of new construction can lure buyers away from existing homes and lower their value.

## What is a buyer's market?

### Buyer's Market



As simple as these terms are, they can be confusing to explain.

The law of supply and demand is like the law of gravity... it works whether you like it or not.

See the diagram to the left. When there are more sellers (supply) than buyers (demand), the scale will tip to the left – falling prices.

Thus, if you are a buyer in this type of market you can always expect to get more for your money.





## How competition differs by price brackets.

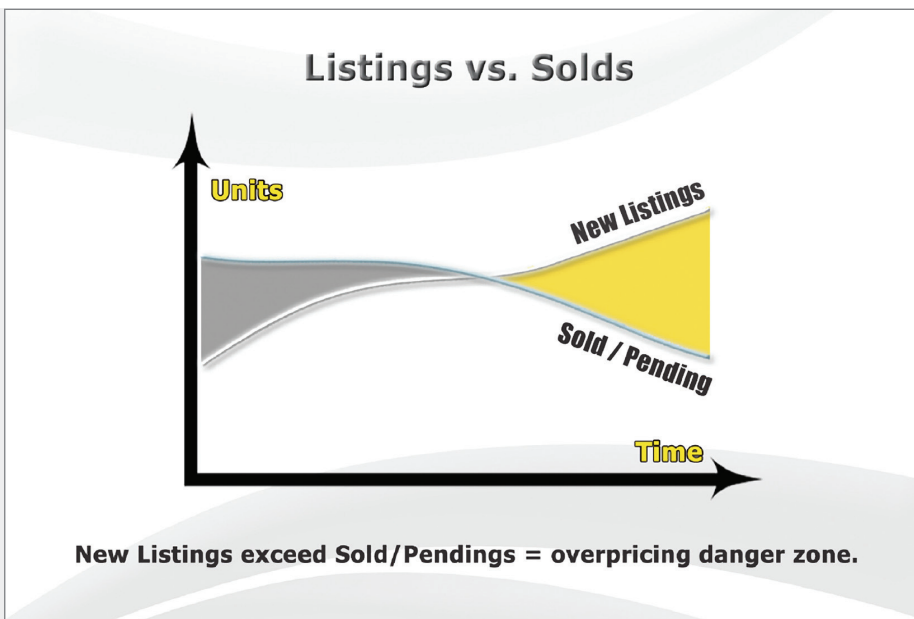


By raising the asking price, the seller could face more competition and/or a longer time on the market. It is a double-edged sword, however because a seller might conclude that raising a price to a less competitive bracket will bring more money.

The 'check-and-balance' to this is the property's internal characteristics: location, size and amenities.

For this chart to have real effect, count the houses and determine the real Days On Market for your own area and chart them out.

## How can I determine the best listing price?



In a strong seller's market, the number of sold/pending homes exceed the number of new listings on the market.

This is the grey zone for sellers and a time to price near the top of the market.

When the market reverses, new listings exceed sales creating a yellow zone for sellers: time to price competitively.

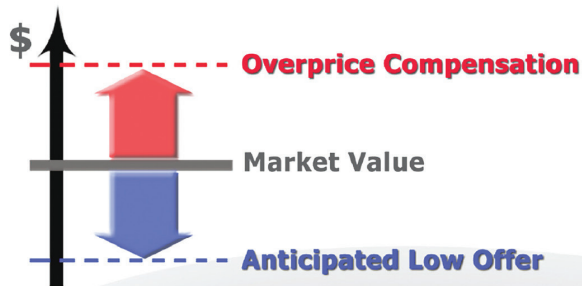




## Codependent pricing.

### Codependent Pricing

Overpricing Your Home in Anticipation of a Low Offer



**You harm your own marketing efforts by appealing to the wrong buyers.**

Codependency is a behavior in which a party engaging in dysfunctional behavior stays the same while the codependent “enabler” changes their behavior to compensate. In this case, the buyers are the dysfunctional party making low offers, but the seller overprices to compensate. Sellers say: “But I know the buyers will offer low so I’m just going to raise the price so we end up at market value.”

By doing this, sellers end up with an overpriced home that doesn’t sell, while buyers continue on with their lives. Price properly and you’ll get the buyers to change their behavior.

## How do buyers react to homes that are overpriced?

### Pinball Listing



**Buyers will “bounce off” an overpriced home making other homes appear more attractive.**

You don’t want to become a ‘Pinball Listing’. In a pinball game the ball bounces off bumpers (overpriced homes) to scoring positions (properly priced homes).

Buyers ‘bounce’ off an overpriced listing into properly priced homes instead.

If your home is overpriced, it makes the others look better and may help the competing homes sell first.



## How MLS computer database searches are done by price range.

### Buyer Website Search

The screenshot shows a search interface with two dropdown menus for 'Price: Minimum' and 'to Maximum'. Both are set to '\$400,000'. A list of price increments is visible below each dropdown, with '\$500,000' selected in the 'to Maximum' dropdown. A 'State/Province' dropdown is also present.

Price: Minimum	to Maximum	State/Province
\$400,000	\$400,000	
\$425,000	\$425,000	
\$450,000	\$450,000	
\$475,000	\$475,000	
\$500,000	\$500,000	
\$525,000	\$525,000	
\$550,000	\$550,000	
\$575,000	\$575,000	
\$600,000	\$600,000	
\$625,000	\$625,000	

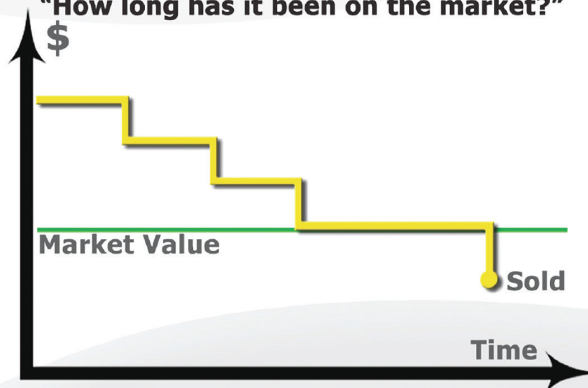
If your home is priced just \$1 higher than a buyer's search parameters, you'll be excluded from their home search.

Agents don't determine what buyers buy, but what buyers SEE. If your home is priced even \$1 higher than those in the search, you won't make the show list.

## The history of an overpriced home.

"We can always come down."

One of the first questions a buyer asks is: "How long has it been on the market?"



Successive price reductions reduce buyer confidence in your home.

A home that started out priced over market value didn't sell, so they reduced the price. It still didn't sell and they reduced it again. Finally they reduced it to market value. What do you think happened? It stayed on the market.

Why? Because if a home has been on the market a long time you can buy it for under market or something is wrong with it. That's what happened to this home. It sold well below market.

What if it had been priced right in the first place? Is this the way you want your home marketed?





## Pricing Your Home For Maximum Value

# What does the property showing record indicate?

### Property Showing Record

Address:		
Date:	Time:	Company/Agent:
May 7	10:00	John Smith/ABCD Realty
May 8	11:00	Mary Jones/Your Neighborhood Realty
May 9	12:15	Steve Johnson/XYZ Real Estate Company
May 11	9:30	Carl Thompson/ABCD Realty
May 12	10:00	Brenda Lewis/Lewis Realty, Inc.
May 14	10:30	John Smith/ABCD Realty
May 15	2:00	David Jansen/Local Company Realty
May 16	4:30	Steve Johnson/XYZ Real Estate Company
May 18	3:15	Steve Johnson/XYZ Real Estate Company
May 20	10:30	John Smith/ABCD Realty
June 5	11:00	Tracy Thompson/Lewis Realty, Inc.
June 7	1:15	John Smith/ABCD Realty
June 9	1:30	Brenda Lewis/Lewis Realty, Inc.
June 11	2:00	Sharon Alexander/Sharon Alexander Realtors
June 16	5:30	Brenda Lewis/Lewis Realty
June 21	3:30	Mary Jones/Your Neighborhood Realty
June 24	10:00	Steve Johnson/XYZ Real Estate Company
July 5	11:15	Tracy Thompson/Lewis Realty, Inc.
July 9	11:30	David Jansen/Local Company Realty
July 13	11:00	Kelly Simpson/ABCD Realty
July 14	1:15	Tracy Thompson/Lewis Realty, Inc.
July 26	12:00	Steve Johnson/XYZ Real Estate Company
Aug 7	9:00	Mary Jones/Your Neighborhood Realty
Aug 12	4:30	Kelly Simpson/ABCD Realty
Aug 23	3:00	Sharon Alexander/Sharon Alexander Realtors
Aug 30	2:45	Brenda Lewis/Lewis Realty, Inc.
Sept 1	3:15	John Smith/ABCD Realty
Sept 10	11:30	Sharon Alexander/Sharon Alexander Realtors
	11:45	Steve Johnson/XYZ Real Estate Company

The majority of showings occur in the first few weeks of marketing. It is important to have your home priced right during this period.

A property showing record is another way to demonstrate higher showing activity in the early weeks and tapering off in later weeks.

# The benefits of pricing your house to sell.

### Advantages of Proper Pricing

- Faster sale**
- Less inconvenience**
- Increased salesperson response**
- More internet response**
- Better sign and ad response**
- Avoids being "shopworn"**
- Attracts higher offers**
- Means **MORE** money to sellers**

Remember your last move? How long was your home on the market? What was it like to keep your home ready for showings all the time?

Did you know that up to 60% of sales are generated by cooperating agents? Overpricing will deter them showing it to their prospects. Proper pricing increases the response we get from the internet.

When a home is priced right, buyers get excited and make higher offers.

## The first offers are usually the highest.

Historical market data always confirms that the longer a home is on the market, the lower the final sale price will be.



## Price it right the first time.

This chart illustrates the negative triple impact of lowering the price after the buyers are gone; then suffering from market age and receiving lower offers.





# What are people saying about us and our home selling strategy?

*"After researching dozens of agents, we selected Brad Korb and his team. His professionalism, marketing strategy, market knowledge, and confidence convinced me that he could sell for top dollar! The entire process from start to finish astonished me! Including getting quality advice from his professional stager, to his remodeling team perfecting the house, to comprehensive marketing plan, weekly analytical reports, and super cool showing time app. Brad exudes compassion and confidence and always has an upbeat, can do attitude that inspires trust and respect. He promised he would sell my mother's home in 30-days and he did! I am so grateful. If you have a home to sell or are in the market to buy — call Brad!"*

– Christine M.

*"We knew several realtors, including Brad, but he had the broad experience that seemed most appropriate to our situation. During the process of listing and selling the house he was always supportive, informative and communicative. He was very flexible in helping us set terms that would give us maximum value. He was able to negotiate a great sale price, which greatly facilitated our purchase of a new home. He has stayed in touch, which makes us likely to contact him again should we ever decide to move from our current residence."*

– Steve P.

*"Using Brad Korb was such a wonderful experience. He sold our home and I would use him again in a heartbeat. He suggested small details that would help the home to sell and he was right on the mark. Our house sold so quickly we could not believe it. We also took advantage of his offer to use his moving truck, and used it to move some of our things. He is so easy to talk to and extremely friendly, but gets the job done! I highly recommend him."*

– Melanie B.

*"We had our property listed with two prior agents and did not even receive one offer. We had open house almost every weekend to no avail. We were desperate! Brad stepped in, his team came out and made a video, took many pictures inside and out and went to work marketing the property. Within 2 months the house was sold! Brad was always reachable as were members of his staff to answer our many questions. I highly recommend Brad Korb and his team."*

– Carol F.

*"Brad personally came to our home, appraised the property and layed out his strategy for selling our home. He used every source available including lots of social media. He explained that if we didn't get a realistic offer in about 21 days he would suggest coming down in price. Well, the property sold in 10 days at a very good price. We were very happy we took Dave Ramsey's advice and chose Brad Korb to list our home."*

– Bill M.

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**KFI AM 640**  
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**Bill Carroll**  
says on his  
radio show...

“Brad Korb **sold our home...**  
**In just 4 days**, we had multiple offers  
and he got above market price!

**AMAZING!**

Pick up the phone  
and call Brad!”

**Shark Tank's Barbara Corcoran says,**  
**Partner with the agent I TRUST!**

“In Los Angeles  
**I would hire Brad Korb.**

He knows how to attract the right kind of buyers  
and he creates so much demand that if your home  
doesn't sell at a price and deadline you agree to...

**Brad will BUY IT!”**



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