**14 Things to Know About How to Price a House**

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**How to Price Your Home: Know the '99' Strategy**

In real estate, the "99" strategy is nearly always employed. For instance, if a seller prices their home at $499K instead of $500K, the $1K they lose will cover some of the buyer's closing costs, but in the buyer's mind, they are paying $500K**. In most cases, though, knocking off $1K to bring the price below a rounded figure doesn't make that much difference to a buyer or seller.**

Nonetheless, there's a fair amount of [psychology (and strategy) that goes into determining a home's asking price](https://www.familyhandyman.com/smart-homeowner/follow-these-8-steps-to-successfully-purchase-your-first-home/).

If you're a seller, you and your real estate agent should identify (and agree on) the approximate value of the property. Let's say you determine your home is worth around $500K, based on [comparables of similar properties sold in your neighborhood](http://www.zillow.com/wikipages/All-About-Comps/)and other market considerations.

The next step is to understand the price range for the list price. In this case, somewhere between $480K and $520K, depending on market conditions, competing properties, time of year or inventory. The price range typically goes a bit higher with more expensive properties; a home worth about $1 million might have a range of $950K to $1.05 million.

Once you know your home's value and have a price range in mind, it's time nail down the final "list" price.

**Appeal to the 'Herd Mentality'**

[Given the high stakes of real estate](https://www.familyhandyman.com/smart-homeowner/10-things-people-regret-overlooking-when-buying-a-home/), a buyer doesn't want to be the only one interested in a house. By pricing your property on the lower end of the value range, you could [stimulate interest among more than one buyer](https://www.familyhandyman.com/smart-homeowner/10-secrets-first-time-home-buyers-should-know/) and create a herd mentality. Also, if you're under the gun to sell quickly, this would be a good option.

**Price it to be Found in Real Estate Searches**

Most buyers tell their agent they want a three-bedroom home in a certain neighborhood under $500K (or some other dollar amount). [Their real estate agent may then set up an automated buyer search](https://www.familyhandyman.com/smart-homeowner/house-hunting-and-home-buying-mistakes-you-can-easily-avoid/) in their local database for properties under $500K. But if a home is listed at $510K, that buyer will miss it. So, if your list price is higher out of the gates, you may miss a segment of buyers.

While this scenario happens frequently, many savvy agents will set up search parameters for their buyers to include properties listed a little bit more above their price ceiling. Knowing how flexible home prices can be, buyers should be made aware of properties that could be a good match for them, even if those homes are above (but within a reasonable range of) what they want to pay. [Often times the buyer can offer under the list price, or the property will get reduced.](https://www.familyhandyman.com/smart-homeowner/10-important-things-to-consider-when-buying-a-house/)

**Don't Get 'Creative' with Your Asking Price**

Sometimes, sellers want to get creative with their asking price. A seller whose home was valued between $750K and $800K wants to ask $787,777. Say what?

[Such an oddly specific figure calls attention to itself for no good reason](https://www.familyhandyman.com/smart-homeowner/10-reasons-to-hire-a-home-inspector-when-buying-your-first-home/), like a house painted purple. Buyers will often wonder why the seller chose that figure. From there, they get curious about who the seller is, and so on.

**Work Out a Pricing Contingency Plan Before You Put Your Home on the Market**

Sometimes, sellers have high expectations about their property's appeal and they want to ask top dollar for it, even if their agent doesn't believe they’ll get it. Or perhaps another agent they talked to planted a high price tag in their mind.

**Pricing is an Ongoing Discussion**

Ultimately, listen carefully to your agent's pricing strategy. It's their job to know what works and doesn't. And as with any strategy, be prepared to have an ongoing discussion about pricing with your real estate agent.

Pricing a home isn't a "set-and-forget" procedure. A lot of factors can come into play when selling or buying a home, and not all of them can be anticipated. If you can be flexible and react quickly to changing [market conditions](http://www.zillow.com/local-info/) or new information, you're more likely to get the best price with the least aggravation

**Know the Comparables**

According to Zillow, the asking price of a home should be within 10 percent of the average sold price in your neighborhood. Look for home sales in the past three months. Appraisers only look at comparable homes sold in the last three months.

**Compare Square Footage**

Appraisers look at square footage for determining a home's value. So it's important to take a look at similar homes that fall within 10 percent of the square footage of your home.

**Be Prepared for Additional Closing Costs**

Additional costs during closing can include things such as inspections, loan origination fees, and title insurance, so keep those in mind when putting together your down payment. The additional costs right at closing means it might make sense to put less money down in order to pay for the added expenses. Often closing costs are paid by the seller, but in competitive markets, it’s becoming more common for the costs to be split with or paid by the buyer. While you're spending all of this hard-earned money, be sure to [budget your move](https://www.familyhandyman.com/smart-homeowner/budget-your-move/) to cut down on expenses.

**What Appraisers are Looking at**

Appraisers will focus on the condition of the important parts of the home like the age, square footage, number of bedrooms and baths, the size of the lot, as well as the location of the home. Appraisers will also take a look at the furnace and plumbing.

**Speak Up**

It's important to say something if you don't agree with the final report of value because a lender might choose not to fund a mortgage if there’s a big difference between the agreed selling price and the appraised value. Try to find out about the appraiser and their knowledge of your neighborhood before they come out to your home. If you're not comfortable, ask for another appraiser.

**Inspection Report**

The inspection report can be a critical negotiation tool in buying a home. Whatever issues the inspection report turns up can move the price down potentially.

**What can Boost an Appraisal**

Discover says appraisers often value homes in $500 increments so it's likely worth fixing something that costs $500 or more. Also, curb appeal is always important during an appraisal as well as for buyers looking at the home

**Use the Federal Housing Finance Agency's home price calculator**

The [home price calculator](https://www.fhfa.gov/DataTools/Tools/Pages/HPI-Calculator.aspx) won't give you the [actual value of your home](https://www.familyhandyman.com/smart-homeowner/10-things-to-know-about-the-cost-of-a-house/) but it can provide a fairly good price range estimation for a home. These tips will help you know how to price your home.