

## Why Pricing Your Home Below Market Value Could Actually Boost Profits

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When most homeowners think of marketing their home for sale, photos, videos and open houses come to mind. But a home's price can be a powerful marketing tool, since it makes a lasting impression on potential buyers, resulting in how quickly a home sells and for how much.

Today, we'll explore three pricing strategies to help homeowners make informed decisions when selling.

### Strategy One:

#### Above Market Value

Many sellers believe pricing their home above market value is the best way to maximize profit. After all, if someone is willing to pay more than the fair market value, why not take advantage of it? Unfortunately, this strategy often backfires.

When a home is priced above market value, it immediately turns off potential buyers. Buyers who are looking in a specific price range will ignore a home that's overpriced, assuming it's out of their budget.

Plus, when a home is first listed, it gets the most attention. But the longer a home sits on the market, the less foot traffic and interest it gets, eventually falling off the radar as newer listings hit the market.

At this point, the home requires a price reduction to re-en-



Photos courtesy of Amalfi Estates/Unsplash

gage interest. Otherwise, the listing goes stale and almost always sells for below market value.

### Strategy Two:

#### Fair Market Value

Pricing a home at fair market value is the most common pricing strategy. This means pricing your home in line with recent comparable sales. In a desirable market like Pacific Palisades, a home priced at fair market value should attract good foot traffic and potentially multiple offers.

However, this pricing strategy does come with some risks. Buyers who are looking for a deal may make an offer below the asking price, which can result in sellers receiving less than

they were hoping for.

Additionally, if there is a lot of inventory on the market, it can be challenging to attract buyers to your home, even if it's priced at fair market value.

### Strategy Three:

#### Below Market Value

Pricing a home below market value seems counterintuitive. After all, why would anyone want to sell their home for less than it's worth? However, this pricing strategy can be incredibly effective.

When a home is priced below market value, it attracts the maximum number of buyers. Buyers who are looking in a specific price range will see a home

that is priced below that range and assume it's a good deal.

Additionally, when there is a lot of interest in a home, it can create an auction mentality among buyers, driving up the price.

In our experience, pricing a home below market value often results in the home selling for more than it would have if it were priced at fair market value. This pricing strategy can be especially effective in a hot market where there is a lot of competition among buyers.

Ultimately, there is no one-size-fits-all approach to pricing a home. Every property is unique, and the market determines how much a home is worth.

However, by understanding these three pricing strategies, sellers can make informed decisions to maximize their profits.

If you're considering selling your home and would like to know which pricing strategy would work best for you, don't hesitate to reach out for a personalized market analysis.

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