



Tighter Market Brings Innovative Pricing

(June 30, 2006) -- Thanks to changing real estate markets, pricing a house is getting trickier than it was a year ago. As a result, some home sellers are trying new strategies.

In a slowing market, real estate professionals typically recommend setting a price that's around 5 percent below what similar properties are selling at. But some are trying less-conventional techniques.

A technique that appears to work in some places is setting a price range rather than a specific price. Carlton Lund, a real estate associate in Carlsbad, Calif., advocates this approach. "It's all about widening the pool of buyers and getting them to the table," says Lund, who suggests a spread of between 10 percent and 12 percent.

Another idea: Cutting the price quickly and continuously until the house sells. Rob Cohen, a real-estate professional in Boston, thinks this works, especially for sellers who have a lot of equity in a house and can afford to be flexible.

Another theory is that switching pricing blocks may help because it brings a house to the attention of home buyers searching online who only are looking between certain parameters. Houston real-estate associate Melinda Noel says buyers tend to look in \$20,000 to \$25,000 increments for homes under \$500,000, in \$50,000 increments for homes between \$500,000 and \$1 million, and in \$250,000 increments over \$1 million.

She counsels sellers to set a price at the top of a break point, and then jump down a whole notch if the market doesn't respond, say, from \$749,000 to \$699,000. "The goal is to hit the top of the market, without going over the edge," she says.

Source: *The Wall Street Journal*, June Fletcher (06/30/2006)

