

Buyers Buy When They Perceive Value



Traditionally real estate is treated as if it were a product. With a product the seller establishes the price, they advertise the product, and the public either buys the product or it does not.

Example: Apple introduced the iPhone. They advertised the new phone, and people stood in line to buy it! The product placement and pricing got it sold at record numbers!

With a commodity it is the buyers who establish the value, and they either push prices up or down.

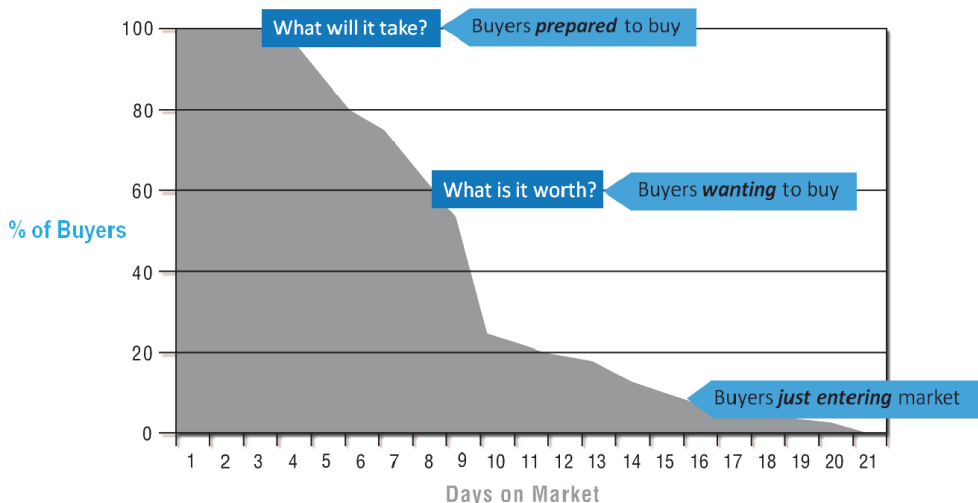
Example: Have you ever seen an ad for the sale of gold or Google stock? They trade every day. It's just a question of the price.

Research is showing: real estate is not a product - it is a commodity.

Like any other commodity real estate should trade every day, it's just a question of the price. There is one big difference between real estate and all other commodities and that is real estate is an emotional commodity. Buyers fall in love with your home, and it's that emotionality that causes people to push prices up.

Inventory sells at the highest prices in the first days of exposure to the market, and the first 14 days of exposure are the most important in the marketing of your home. Creating a perception of value in that initial marketing stage is imperative in order for you to net top dollar. It's that high level of buyer energy and enthusiasm - that sense of urgency, the "I have to have it" that needs to be created initially so that you net top dollar for your home.

The graph shows Days on Market (1-21), and the Number of Buyers who will be previewing your home during that time period. It is important to understand that during the first week of exposure, the buyers visiting your home may not have been attracted by an ad. These are the buyers who answered other property ads 60-90 days ago in order to be today's seasoned purchaser. The buyers we see coming in after three weeks are buyers new to the market and not prepared to buy for another 60-90 days. They are tomorrow's buyers.



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