

## N.J. appraiser finds 'test pricing' doesn't work

NEW JERSEY – Nov. 2, 2007 – Home sellers who list at a high price to “test” the market do themselves a disservice, according to research by a New Jersey appraiser – their homes spend more days on the market and eventually sell for less than similar homes priced realistically from the start.

New Jersey-based appraiser Jeffrey Otteau of Otteau Valuation Group Inc. conducted the research of sales in a declining market in the first six months of 2007. In his analysis of 4,500 home sales mainly in North and Central Jersey in the \$500,000-to-\$700,000 range, Otteau first looked at homes that sold within one month of listing. He found that the median asking price was \$599,900 and the median sales price was only slightly less at \$599,000.

However, the disparity was greater for homes on the market longer than one month. In that group, the median asking price was \$634,900, and the median sales price was \$585,000. Otteau believes the higher price immediately turns off many buyers and, if prices are falling, becomes even more overpriced three months later if the house languishes on the market.

According to Otteau, many buyers fear that home prices will continue to decline and are afraid to make a commitment. But if a home is priced slightly below the competition, it not only attracts immediate attention, it also assures buyers that they won't have to worry about local median prices falling a bit more.

“Overpricing extends days on the market and guarantees that you will sell your home for less in a declining market,” says Otteau.

Source: Philadelphia Daily News (11/02/07) Lynn, Kathleen

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