

Property sellers competing for limited pool of value-driven buyers

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While 2018 promises to be a better year for our country, the initial spikes in consumer and business confidence have been short lived. The country has definitely moved from a glass-half-empty to more of a glass-half-full scenario, but in terms of the residential market and property prices, the level of liquid has remained the same.



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Only when supply and demand are more evenly matched will sellers start to see higher offers and better prices. The timeline for this depends on many political, financial and economic factors. For the time being, it remains a buyers' market.

Property pricing

The challenge for many sellers is how to price their property to minimise time on the market and maximise price. The relationship between length of time on the market and final selling price is not a positive one as many sellers in the current market can attest to. In the current market, the competition is not between buyers but rather between sellers for a limited pool of value-driven buyers. Properties that sell in this market are offering better value than other competing properties on the market, value being a combination of position, size, and whether the property needs work with price as the common denominator.

The starting point for most properties that come onto the market is a balance between historic data of similar properties that have sold and the aspirations of a willing seller about the value of their property. In a very short period of time, the market made up of well researched buyers will respond positively or not at all to the asking price.

In the absence of offers, buyers are not rejecting the property, but rather the price at which the property is being marketed. There are very few properties that won't sell in any market. In this market, price is the key decision-making criterion for buyers.

Price adjustments

A key part of the selling process is that sellers need to be satisfied that buyers are not willing to pay the price that they were

hoping to achieve before they are ready to accept the need to adjust to a more market-related price. Sellers believe that they are simply being asked to drop their price but the real goal is to attract a wider pool of buyers to the property on the basis that almost all buyers end up buying above their initial price point.

Pricing in this market is very often not a 'one hit wonder' and often requires multiple price adjustments until buyers respond positively with written offers. The real test of whether a property is within market range is when buyers put pen to paper.

Ultimately the residential market, like all markets, is made up of willing buyers and willing sellers. There are very few properties that can outperform the market. The common denominator that creates the market is not the perception of value but rather the price at which a willing seller and willing buyer agree to transact.

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