

# Looking Twice at Overpriced Homes



From [Elizabeth Weintraub](#),  
Your Guide to [Home Buying / Selling](#).  
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## It's Not Always a Physical Defect that Drives Away Homebuyers

Common knowledge dictates that if a [home doesn't sell](#), there must be something wrong with it. That's a true statement. In a market that is moving, there is something wrong with a home that doesn't sell. But contrary to popular belief, it's not always location or condition. The number one reason why an otherwise attractive home does not sell is price. Homes that are grossly overpriced often never sell at all. Why? Because homebuyers don't make offers on them.

### Why Don't Homebuyers Make Offers on Overpriced Listings?

- They don't want to offend the seller. It goes against human nature to offer substantially less than asking price to a seller. It's insulting to the seller and embarrassing for the buyer.
- Buyers erroneously believe that the seller knows the home is overpriced. They believe that if a seller would be willing to sell for less, the seller would simply lower her price.
- Buyers also assume that the seller must have turned down low-ball offers from other buyers because surely someone, somewhere along the line, had offered a reasonable price to the seller. But many times, there are no offers at all.

### How Do You Find an Overpriced Listing?

The easiest way is to ask your Realtor about the average [days on market](#) (DOM) for your area. Multiple listing systems are designed so it's fairly easy to compute the DOM. Then ask your Realtor to sort through the listings and give you a print-out of every home that has been on the market longer than the average DOM.



This Home Sold After 90 Days on Market  
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### Writing Purchase Offers' Advice

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If your Realtor is a neighborhood specialist, it is likely she has toured these homes and has intimate knowledge of condition and layout of these homes. Ask her to share this information with you. You can also ask your Realtor which of the homes she thinks are overpriced as well. You will be amazed to learn that often agents don't tell listing agents whether their listings are overpriced because agents don't want to offend anyone either! But listing agents aren't infallible. Sometimes they make mistakes when estimating [market value](#) prices for a seller. Ultimately, however, remember that it is always the seller's responsibility to select the sales price.

### Why Would a Seller Lower the Price?

A couple who bought the house you see pictured on this page at first wondered the same thing. That home sat on the market at an asking price of almost \$950,000 for three months. In a hot market, it probably could have sold for about \$800,000, but the market was softening and demand was decreasing. Moreover, the sellers had moved out of the area, leaving the home vacant. The listing agent was unaware that the home was overpriced. The sellers were motivated. Pointing out market conditions to the seller, this couple was able to negotiate a deal to buy the home for about \$400,000 less than list price. Their contract was the only offer on the table while the sellers' clock was ticking.

To make the offer more attractive to the sellers, the buyers did not include the sale of their existing home as a contingency. They offered the seller a sizable [earnest money deposit](#) to show that they meant business. And they also showed the seller a list of homes that sold in the neighborhood at more reasonable prices.

Now, not every home that is overpriced will ultimately sell for less than market value. But many homes that are listed at unrealistic prices are owned by sellers who are motivated and who are willing to listen to reasons why they should sell at a reduced price to you. If you find out that a seller has turned down multiple offers for less money, it might mean that it's just a matter of timing. Eventually the light bulb will go on and a seller will say yes.

There are overpriced gems hiding among the inventory of homes for sale every day. Don't just pass them by. You could be passing up an opportunity to buy your dream home.

**Interesting Side Note:** After this transaction closed and the final sales price was published, an irate buyer who had previously seen this home called the listing agent. She was upset and complained, saying if she had known the seller was willing to go that low, she would have bought the house and offered \$100,000 more. Well, why didn't she?

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