

TIME KILLS

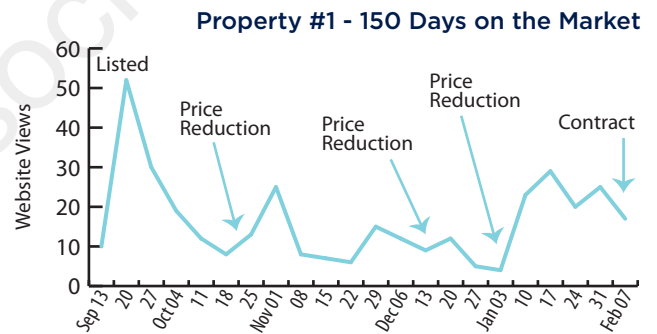
We know from experience that most of the time, homes that sell quickly sell much closer to their original list price than those that take longer to sell. Why is that? It's because time kills.

With the nature of the Internet, buyers know the moment a property comes on the market. In the old days, if a potential buyer was interested, they might arrange a showing to go see the property. Today, that showing is online and immediate. Based on its price, condition, and location, a home either communicates value to that consumer – or if it doesn't, they move on and look elsewhere. Bringing them back to that property means changing the value equation – which usually means changing the price.

Think of it this way: When a home first comes on the market, everyone who is looking for that type of home in that price range and location sees it right away. If it doesn't sell, those potential buyers have moved on and, as time goes by, only buyers new to the market are discovering the home. There are always new buyers coming into the market – but by definition, it is a smaller group than all the buyers that were looking when the house first came on the market.

The charts to the right show the web traffic for two of our listings that recently went under contract. To make sure the comparison is fair, these are homes that are in the same neighborhood, listed by the same agent and at very similar list prices.

The first property was listed in September of last year. Web traffic – online showings – spiked quickly in the first week and then began a steady decline. A price reduction in late October increased web traffic, but not to the levels seen when the house was first on the market. An early December price reduction had almost no impact on traffic, and it wasn't until a substantial price drop in early January that traffic spiked again – and the property finally went under contract three weeks later. Total time on the market was more than 150 days, and the total price reduction was 14% before someone felt compelled to make an offer. And that offer was 3% lower than that new list price.

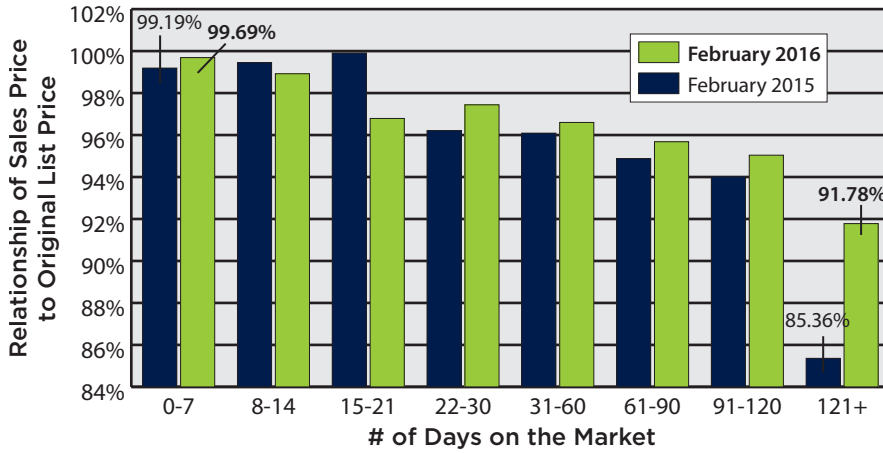


The second chart shows the benefits of coming on the market at the correct initial price. Just like the first example, traffic spiked and then started to taper off. The difference is that buyers perceived value at the initial list price, and in a week, a contract was successfully negotiated. The sellers came on at a compelling price, rode the online traffic wave and got their home sold at almost full list price.

We're not suggesting that it works this way every time because there are always exceptions. But time after time, listing after listing, we see the consequences of pricing strategy – both good and bad. And far more often than not, for sellers, the wrong price means a longer time on the market, and time kills.

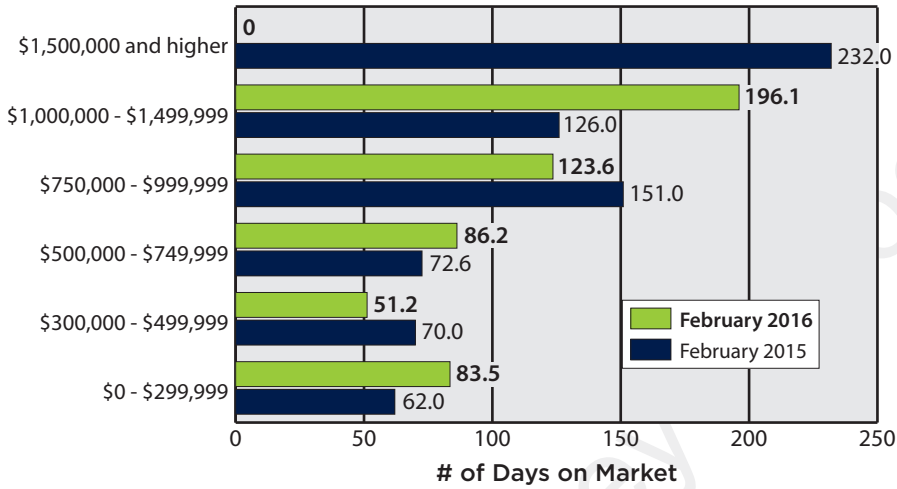
RELATIONSHIP OF SALES PRICE TO ORIGINAL LIST PRICE vs. DAYS ON THE MARKET

Loudoun County - Feb. 2015 vs. Feb. 2016 - Resale Properties Sold



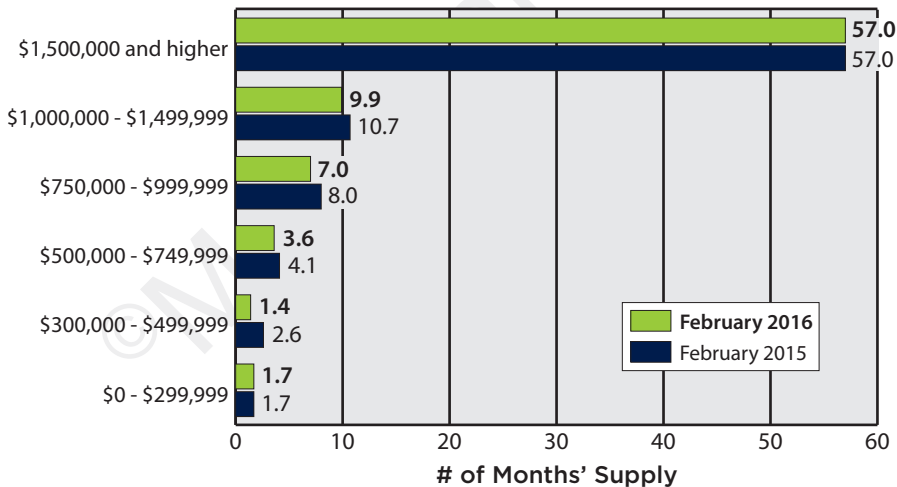
AVERAGE NUMBER OF DAYS ON MARKET

Loudoun County - Feb. 2015 vs. Feb. 2016 - New Contracts



MONTHS' SUPPLY

Loudoun County - End of Feb. 2015 vs. End of Feb. 2016



RELATIONSHIP OF SALES PRICE TO ORIGINAL PRICE vs. DAYS ON MARKET

- As we have noted above – time kills, and initial pricing strategy is critical to seller's success.
- Homes settling in February 2016 that received contracts their first week on the market sold, on average, **0.31% below list**. Those that took more than 120 days to sell sold **8.22% below the original price**.

AVERAGE NUMBER OF DAYS ON THE MARKET - NEW CONTRACTS

- The average number of days on the market for all homes receiving contracts in February 2015 was **73 days**, which is a **2.7% decrease** from 75 days in February 2015.
- Average days on the market in Loudoun were higher than Northern Virginia at 67, but lower than Montgomery County at 78 days. The District had the shortest at 46 days.

MONTHS' SUPPLY

- The overall supply of homes on the market at the end of February was **2.7 months**, down from 3.4 months at the end of February 2015.
- This is the tenth month in a row with a decrease in months' supply after twenty consecutive months with increases.
- At 2.7 months, Loudoun has the lowest supply it has seen since April 2014.



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