



Staircase Pricing

The Problem

Sellers, in this market of declining prices you can keep lowering your prices and never get a sale. It feels like you are continually punished in spite of your best intentions. The frustration keeps building inside of you. You might commit afresh to a new price only to find that instead of being rewarded for your sacrifice, you are punished again!

The dynamics have become common: If your list-price is set to the current market price today, the reality of it is that tomorrow the market has already left you behind and is dropping some more. Ninety days later it will become apparent that you are out of sync with the market, and so you drop your expectations and your pricing to the new market value. The very next day your price again is subtly becoming obsolete, but it may take some time for the nuanced changes to become obvious again. Ninety days later you repeat this again. Ninety days later again. At the end of a year you are frustrated that although you faithfully do what you must do, you seem to get all the pain of lowering your price without the reward of a sale. It is so unfair!

We have come to call this **stair-stepping** your way down the market. You are always hopeful and willing to take the next step, but you are always one step behind the market, catching up with it but following it down the staircase. You get all the misery of lowering your price, and when there are sales, it seems other properties are always chosen.

It seems that the only buyers in our markets are bargain shoppers, and that is mostly true. Some get referred to as vultures or bottom-feeders as they come in to clean-up the carnage of the battlefield. They are usually professional investors and actually are a sign of better things to come. But the reality is that every buyer today is well-informed. They know that if they buy today, the market will likely go down more tomorrow. To mitigate their risk, they must go for the best prices and often make the rudest offers, often called low-ball offers. Certainly all buyers are at least value shoppers. Report after report, ad nauseam, will show that current active listings are at \$X price, pending sales are at \$X price (lower), and sold comps come in at \$X price (lower still). We do not like this, but it is reality.

Pricing is one of the most fundamental functions of successful sales. Today, more than ever, there can be no compromise. We recommend **pricing two steps ahead** of the market so that you can be positioned well to get attention, showings, and a sale before the market goes down again. It is counter-intuitive to price yourself below the market because it feels like you are leaving money on the table. Get out ahead of the market, and you will be more likely to get an offer. If you sell low now, you may be selling much higher than if you keep stair-stepping your way down the market until desperately you blow-out your price and walk away with nothing.

We want to get you the best price in the time you need to sell. When we advise to go lower, or to reconsider pricing more often, it is not to make our job easier; it is to get you more money today than you might get 9 months from now. The market is powerful, independent, and autonomous; no one really controls it. We ignore its lessons at our own peril.



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