

Working the local market

With all the national talk about real estate, it's hard to sort out what it really takes to buy and sell a house here in the Knoxville area. It's difficult to know if what you hear about other markets actually applies to our local market, unless you also pay attention to the local market statistics. Are houses properly priced here? What constitutes a reasonable offer? In order to make good decisions about local real estate, you have to know what to expect from our local market.

In many ways, it's easier to take what you hear from the national news and apply it directly to our area. Unfortunately, that usually results in perplexed buyers and frustrated sellers. I have met many buyers recently who are determined to put in very low offers because that's what the national news tells them will work. These buyers have the unrealistic expectation that all sellers will take these offers just to "unload" a house. Most of these buyers extend their house-hunting time by several weeks or even months because the offers they present are rejected by sellers who

are holding out for established market value.

Sellers, on the other hand, are hearing about the record number of houses for sale, about foreclosures and about how this is a terrible time to sell a house. While it is true that the Knoxville area has an overabundance of listings and therefore more competition among sellers right now, if the home is properly priced and in acceptable condition, it will eventually sell. It's up to the seller to review the comparables with their Realtor and to come up with a realistic asking price, and to really understand at what price their home will likely sell.

According to the Knoxville Area Association of Realtors multiple listing service Web site, the average asking price for single-family homes that have sold so far in 2008 was \$190,488. The average final sales price for these homes was \$183,942, or about 96.5 percent of asking price. In 2007, the average list price was \$194,966, and the



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average sales price was \$189,956, or about 97 percent of asking price. Looking back two years to 2006, the average asking price was \$188,074, and the average sales price was \$183,437.

So while average sales price is down from 2007 by about 3 percent, it is almost identical to 2006 sales prices. This tells me that the Knoxville area has experienced a little dip in the market, but certainly hasn't experienced the crushing blow felt by other areas of the country.

Yes, there are more foreclosures now than we have seen in the recent past, and these can be purchased at good prices. Typically, when a foreclosure is listed on the MLS, the listing agent has done a thorough market analysis on behalf of the bank or mortgage company that is selling the home. This agent has looked at the comparable sales, has examined the condition and amenities of the home and immediate area, and perhaps even an appraisal has been done.

Once a foreclosure is listed, the asking price has been thoroughly researched, the fact that the seller will make few if any repairs has been taken into consideration, and the house is usually priced at or below market value the day it goes into the MLS. Buyers must

understand that the asking price is usually low to start with, and that's how buying a foreclosure results in getting a bargain. Not very often can a buyer convince a corporate seller to chop thousands more from the already adjusted asking price.

Sellers, use this information to get your house priced properly. Consult with your agent and research the neighborhood comparables. While it is tempting to price your house by looking at the competition that is currently for sale, the only way to get a realistic idea of market value is by looking at the final sales price of the houses that have already sold.

Buyers, use this information to make reasonable offers. While there's nothing wrong with trying to get a bargain, you should know going in what the average sales price is for the neighborhood and expect to pay close to that amount if the house is similar to those that have already sold.

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