

# Real-Time Market Sentiment

## 40% of Home Sellers Plan to Price Above Market Value

by [Ellen Haberle](#) [May 8, 2014](#)

### *Redfin Agents Caution that Buyers are Less Tolerant of Overpricing this Year*

Home sellers are shrugging off [weak sales](#) this year and kicking off the spring season with what might be considered a risky pricing strategy: 40.3 percent of sellers say they plan to price their homes above market value, according to the latest Redfin Real-Time Seller Survey. For the survey, we polled 1,128 active home sellers across 25 U.S. cities.

As [we said last week](#), this pricing strategy is not advised, as it typically doesn't pay off for sellers. According to Redfin Riverside area agent [Paul Reid](#), "Buyers this year are far less tolerant of overpricing, and homes that aren't priced appropriately are likely to sit on the market until the seller is forced to reduce the price. Buyers often interpret a price drop as a sign there is something wrong with the home, leading some to negotiate even more aggressively or lose interest altogether."

As of March, 30.4 percent of homes for sale in Riverside had seen a price drop, compared with 20.9 percent last spring.

"Pricing a home correctly from the start is a critical component of Redfin listing agents' strategy, and we use the very latest local comparable sales to create our pricing recommendations," said Karen Krupsaw, Redfin's vice president of Real Estate Operations. At the end of every transaction, Redfin clients submit a review of their agent, and that agent's bonus is based on the customer's satisfaction, which means Redfin agents are accountable for selling a home at the price they promise.

More than half (51.3 percent) of home sellers surveyed said they plan to price their home in the middle of the range based on local comparable sales. That's wise, considering that a home listing gets nearly [four times more visits](#) on real estate websites during the first week on the market than it does a month later, according to a Redfin analysis.

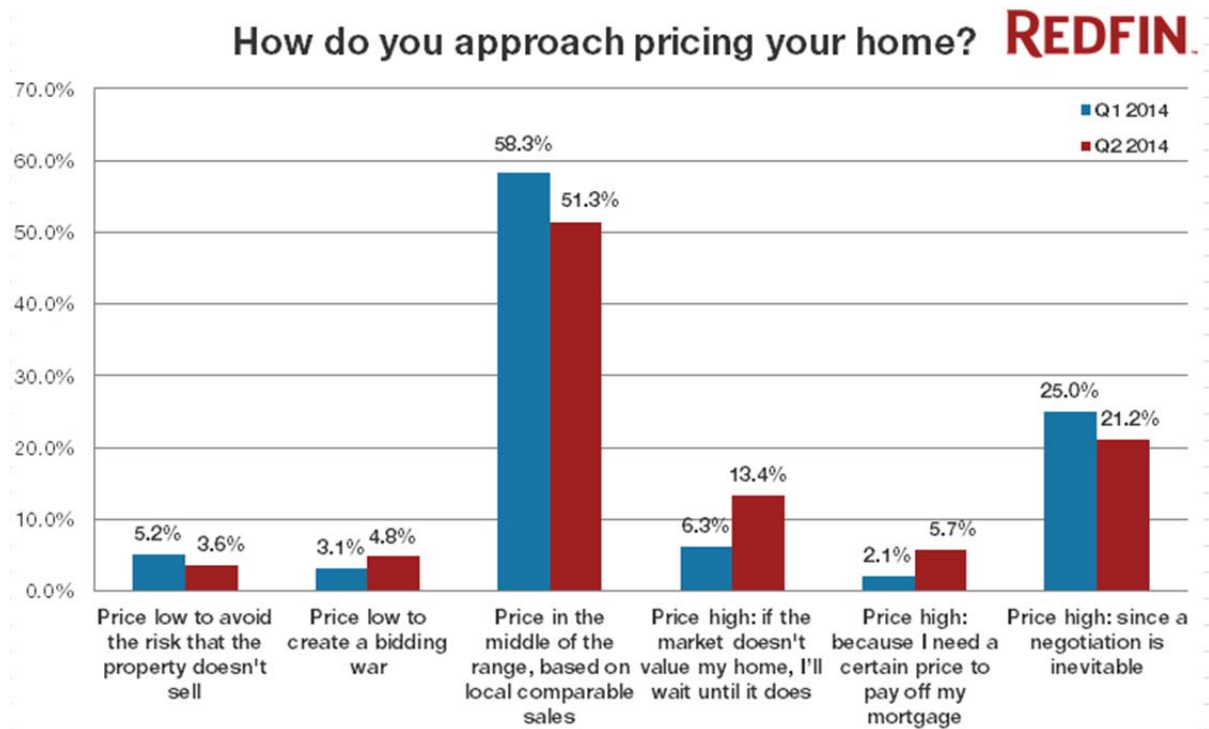
The survey also unveiled that sellers were more confident that now is a good time to sell their home, and 30 percent said rising prices made them feel more confident that a home purchase is a secure investment.

Nevertheless, home sellers are not free from worry, with many sellers worried about being able to afford their next home. This is unsurprising considering that home prices are up [9.9 percent](#) from last year, and mortgage rates have risen about a percentage point.

When thinking about their next home, the majority of home sellers plan to stay in the same type of neighborhood where they live now: Most either want to stay in the suburbs or stay in the city, but few want to make a switch.

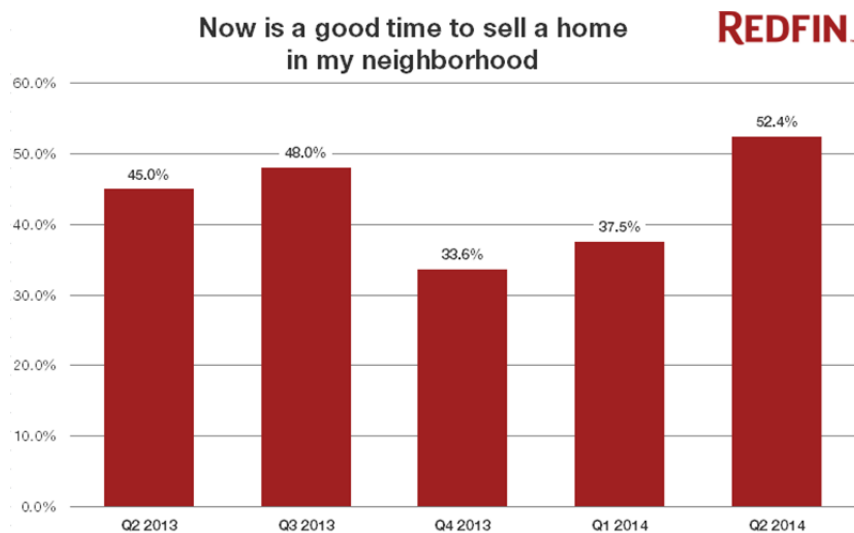
## Sellers Pricing Aggressively ...

A combined 40.3 percent of home sellers surveyed say they plan to price their home high, compared with 51.3 percent who aim to price in the middle of the range based on local comparable sales and 8.4 percent who plan to price low.



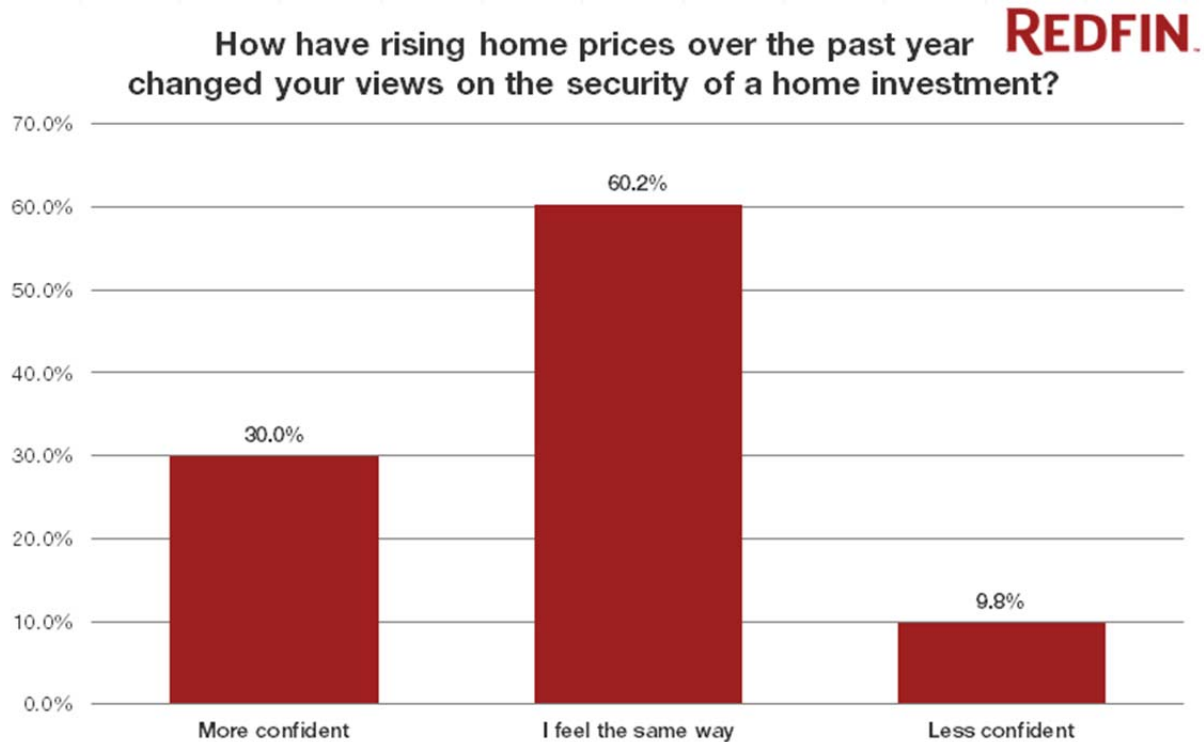
## ... As Confidence Surges

When asked, “Do you think now is a good time to sell a home in your neighborhood?,” 52.4 percent of survey respondents said now is a good time, up from 45 percent last year.



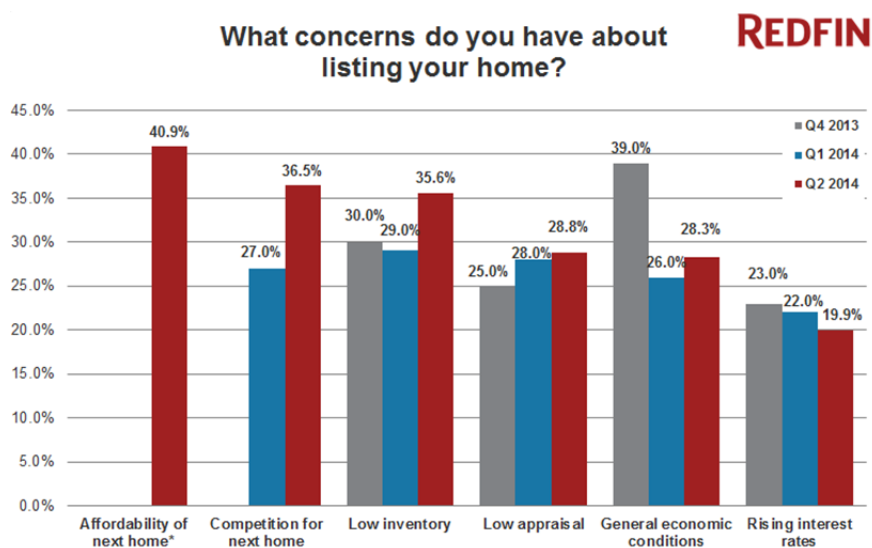
## Rising Prices a Source of Reassurance For Some

For 60.2 percent of home sellers surveyed, rising prices over the past year haven't changed the way they feel about the security of a home investment. However, 30 percent say they feel more confident, and 9.8 percent feel less confident.



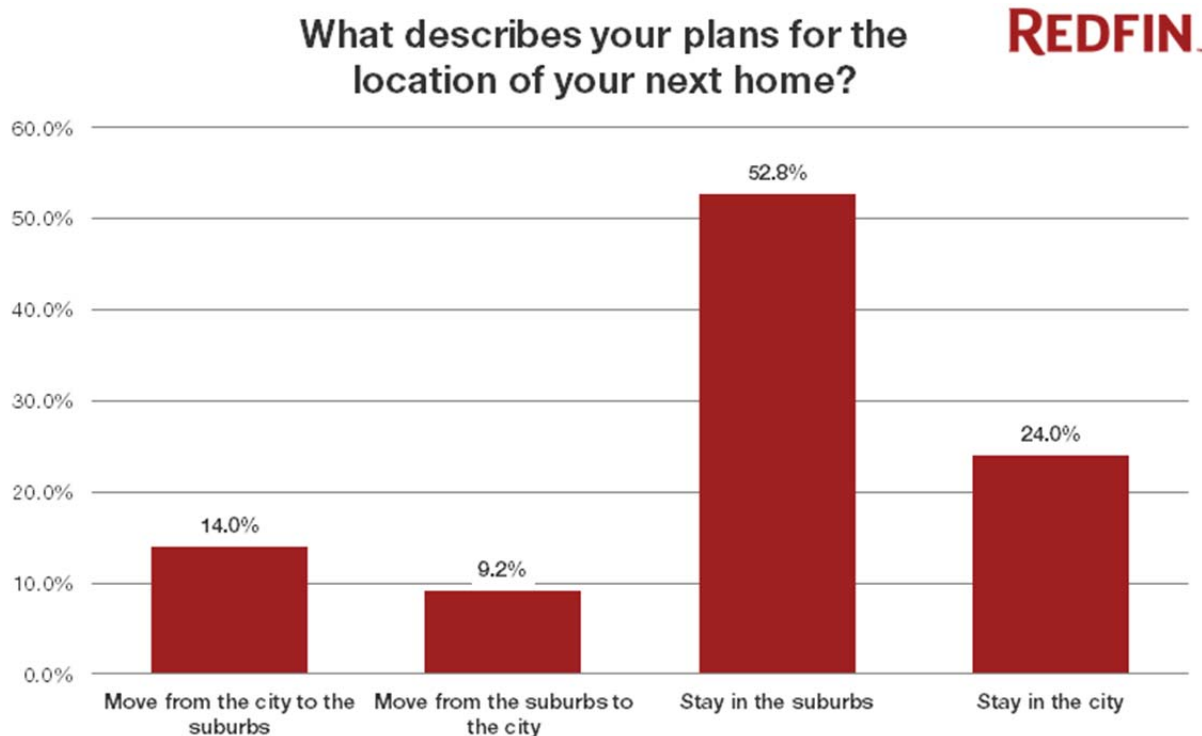
## Sellers Worried About Buying Next Home ...

While home sellers may be confident about selling their homes, buying their next one may keep them up at nights. Affordability (40.9%), competition (36.5%) and low inventory (35.6%) were sellers' main concerns. Interestingly, worries about mortgage rates have waned since the fourth quarter of 2013.



## ... But Most Plan to Stay in a Similar Neighborhood

Home sellers may be ready for a new home, but most want to stay in a similar neighborhood. Of those polled, 52.8 percent planned to stay in the suburbs and 24 percent planned to stay in the city. The least common response was from home sellers who wanted to move from the suburbs to the city, with just 9.2 percent of respondents choosing that option.



Whether people are buying or selling, it's always critical to take the time and space to make the right decision to avoid home buyer's remorse. According to a [nationwide survey from Redfin and conducted online by Harris Poll](#) among more than 2,000 U.S. adults, one in four American homeowners (25%) who bought the home they're currently in said that they would not buy their home again if they had to do it all over.

### About the Survey

This survey was conducted between April 15 and 18 and survey respondents included 1,128 active home sellers. Respondents spanned 25 U.S. metropolitan areas, which are: Atlanta, Austin, Baltimore, Boston, Chicago, Charlotte, Dallas, Denver, Houston, Riverside-San Bernardino, Las Vegas, Los Angeles, Miami, Minneapolis-St. Paul, New York area (Bronx, Long Island, Queens and Westchester), Orange County, Philadelphia, Phoenix, Portland, Raleigh-Durham, Sacramento, San Diego, San Francisco, Seattle and Washington, D.C.

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