

PRICING

# What's It Worth?

by Matthew Malone



IN THE FRENETIC, rah-rah days of 2006, sellers of Aspen real estate worried little about mispricing their homes. Comparable sales were plentiful, and even if one wasn't available, demand was such that too low an asking price would quickly be rectified by a flurry of bids from buyers flush with cash and credit.


Four years later, sales have slowed to a trickle, and as far as asking prices go, "too low" seems an anachronism. Indeed, the task of coming to a suitable asking price has become more complicated than it's been in decades. Despite signs of improvement—dollar volume of home sales, at \$120.5 million in the first quarter of 2010, was up 35 percent over a year ago—valuing one's home has become as rigorous as a hike up the face of Ajax.

So how to make sure your price is grounded in reality? In the absence of good comparable sales data, Tim Estin, a broker associate at Mason Morse who writes the popular Estin Report and blog, follows a step-by-step approach. "First comes an assessment of replacement value—the estimated value of the land plus the cost of construction. But with little raw land selling these days, that number is often elusive," Estin says. Next might come an income valuation, which generally is difficult in Aspen with the relative dearth of properties, particularly at the high end, that generate rental income.

"Lacking such information, one can take a more macro approach," Estin says. He advises sellers to consider which neighborhoods are selling better than others and how their neighborhood compares.

"A good broker would suggest strongly that if the seller is a real seller—motivated but not desperate, no bank issues looming, no imminent foreclosure—then proper pricing strategy would dictate they be preemptive or ahead of the pack," Estin says.

When factoring in the quality of the home, its age, and any unique attributes, its price should be relatively low compared to its neighbors. Pricing should represent the best value proposition to the buyer—the best quality at the best price. Estin cites last year's sale of a \$43 million house on Willoughby Way as an example of a seller who knew that his home had unique value and stuck to a high price. "The home was 16,000 square feet," Estin says. "You'd never get approval to build that size home again."

"Determining the price is only the first step," says BJ Adams, owner of BJ Adams and Company. Adams helps sellers by giving them a look at types of properties likely to be shown to buyers alongside their own, while also giving them pointers on how to make their home stand out. "Sellers in the market today have to realize they're not only in a price war, but in a beauty contest as well," she says. 

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A home at 781 Meadowood Drive recently closed for \$4 million after being listed for \$7.995 million in December 2007. The owner, Pamela Phillips, is charged with murder for hire in the 1996 pipe-bomb death of her ex-husband, Gary Triano.

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