




HOW TO SELL

The excessive demand does not cause every property to be a quick and easy sale. To succeed in getting a property sold in a swift, healthy time frame, it must be marketed and priced properly. I like to determine two types of value for a property: *fair market value* and *prospective market value*. **Fair market value is what the appraiser would assess as value based upon past sales. Prospective market value is an estimate of what the market can bear based more upon selling competition than past sales.** On occasion, that might be 5–10% more than fair market value. Contingent upon the seller's goal, testing the market with the prospective value as the list price is often a good place to start. Carefully measuring and adjusting for the market's reaction will lead to the highest viable price at which to sell.

HOW TO BUY

Whether they deserve it or not, most new listings will start with the prospective value as the list price but only the best properties will succeed with it. I call those the 'gems'. A gem is a property that has the best features in its

SELLING	GEMS	BUYING
Prospective Market Value <i>ideal selling price</i>	 +5 - 10%	Prospective Market Value <i>tolerable purchase price</i>
Reasonable Sale Price	 +1 - 5%	Reasonable Purchase Price
Fair Market Value <i>'worst' case scenario</i>	 CONTRACT PRICE	Fair Market Value <i>ideal but unlikely purchase price</i>

The percentages are an example applicable to some but not all values in the marketplace.

segment of the market: location, setting, views, condition, amenities. These are the properties that might get multiple offers and go under contract within a few days. Some gems are overpriced beyond the prospective market value and thus do not sell swiftly. **Quantifying both the fair market and prospective market values is the first step to making a smart offer and a buying decision.** With a gem, if you are not willing to pay at least a portion of the prospective value, you will most likely not succeed in buying a gem in 2021. That's the reality. How can you justify paying more than fair market value? *Time*. If you plan to own for 3+ years before selling, buying at today's price will prove to be a victory. I try to avoid prognosticating, but I believe it is going to be a while before inventory gets back to the typical levels. Thus, buying this year will require the utmost diligence. **The most vital aspect of buying is making an educated decision. Getting to know the market, being prepared to identify your perfect property, and comprehending its market value is the prerequisite to succeeding.** Go figure...that is exactly what I help people do.



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