

WSJ Print Edition

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Overpricing Houses Leaves Home Sellers High and Dry

To draw more offers and make a quicker sale, the initial listing price must be right

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If you're serious about selling your home, you might need to drop the price. Overpriced houses are languishing on the market as buyers continue to be deterred by elevated mortgage rates and persistent economic uncertainty.

Many sellers optimistically price their homes based on sales from earlier in the 2020s, when they saw neighbors' homes get snapped up quickly at high prices.

Instead, Jessica Lautz, deputy chief economist at the National Association of Realtors, advises owners to calibrate their asking prices by looking at what comparable houses in their neighborhood sold for in the past month or so.

These charts show why it matters to price a home properly from the beginning.

Just over 20% of active listings in October had a price cut, according to Realtor.com, which is operated by News Corp, parent of The Wall Street Journal. That share is generally higher than in the past couple of years, and about twice what it was when prices soared during the Covid-19 pandemic.

Longer on the market

Setting a price too high can make the sales process drag on. Listings that sold after a price reduction typically spent about five times as many days on the market as the average for homes priced right from the start, according to data from NAR.

Homes priced correctly from day one tend to sell more quickly and get nearly 100% of their asking price, according to NAR. After three months, sellers usually trim prices by more than 5%, and after a year, by more than 12%.

If a listing has been on the market for a month or more, home buyers might sense an opportunity to negotiate a discount.

For buyers, those opportunities are a welcome departure from the frantic seller's market of 2021 and 2022. Buyers today have more time and leverage to deliberate, make offers under the listing price and get home inspections, said Joel Berner, senior economist at Realtor.com.

About 57% of homes sold in 2025 through October had at least one price cut, according to NAR, indicating that a significant number of sellers are entering the market with unrealistic expectations. Between 2020 and 2024, that share was closer to 47%.

For homes that sold this year with a price cut, the sale price was an average of 3.7% below the asking price.

Seeking more offers

Sellers occasionally try to initially underprice their homes to elicit multiple offers, but some agents say that is a strategy betttersuited to markets where homes are sold quickly.

When sellers can't stomach a big price cut, some opt to take their home off the market in hopes that they can relist it later at a more favorable time. They often face a deeper price cut later, though.

Areas with an elevated supply of homes, such as Southern Florida and Texas, have a significantly higher frequency of homes being delisted than normal, according to a survey of real-estate agents by John Burns Research and Consulting and real-estate marketing firm Keeping Current Matters. Tight supply has helped keep delistings low in regions such as the Midwest and Northeast.

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