

# The sticky-priced condo essay

[Science](#), [Statistics](#)



## The Sticky-Priced Condo

The case in the paper titled, “ Sticky-

Priced Condo,” is basically about Jack and Sarah, a married couple who purchased a condominium for \$145, 000.

They moved in and overhauled the entire unit- repainting every room, putting a closet organizing system in all closets, and laying down a new carpet. However, several years later, they decided to live in condominium townhouse where they would have more space and privacy. With the help of Wendy, real-estate agent, they were able to purchase the dream condo they were looking for and decided to sell their old condo for \$215, 000, no less. However, the agent told them that it was nearly impossible to make such a deal because there are cheaper condominiums in the market. She also told the couple that if they refuse to sell their unit at a lower price such as \$195, 000, they would suffer from sticky prices, in which there would be no buyer.

Personally, I think that Jack and Sarah, despite having fixed their old condo unit, are asking too much in their decision to sell it at \$215, 000. If this is applied in modern context, they would definitely have no buyer because at present, most condominiums for sale are priced lower due to the ongoing economic crisis.

They have to be willing to compromise because otherwise, they will have a hard time selling their unit.

## Discussion Questions

1.

Definitely, my advice to Jack and Sarah would be to lower the price of their condo for sale. They should also first weigh the benefits and risks of selling it at their desired price because most people, especially those who are affected by the global financial crisis, would not show interest in buying their

unit. They should also understand that it is much better to obtain a deal even at a lower price than not get any buyers at all.

2. In a lot of ways, the sellers are exhibiting neuroeconomics as they carefully looked at all considerations before setting their price. They feel that since they remade the whole condo unit into a better one than when they bought it, they deserve a selling price which is more than what they spent on fixing it. They mainly assessed the rewards and the risks before they made their decision.

3. If I were Wendy, I would persuade Jack and Sarah to sell their condominium at a lower price by using the same method the two used in making their decision—neuroeconomics.

I would show them actual facts and statistics of the prices of the current condominiums and would show them a scenario should they decide to insist on their \$215, 000 price. Basically, as much as possible, I would show them that the risks far outweigh the benefits in their decision and make them understand that it would be difficult to find a buyer and that they may be stuck with their old condo for a long time should they retain their desired price.