SELLING WITH NUMBERS Real-estate agents Brent Chang and his mother, Linda Chang, show a house they're listing in San Marino, Calif., where many of their clients are Asian.

Do You Feel Lucky? When Pricing Homes Is a Numbers Game

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data of all homes listed for sale, excluding foreclosures, from October 2011 to the present. The affinity for eight comes across most frequently in luxury homes over $1 million, with 37% of listings ending in an eight before the zeros.

The Chinese pronunciation of eight is similar to the word that means "prosperity" or "wealth," says Zili Yang, professor of economics at Binghamton University. Four sounds similar to the Chinese word for "death," making it a very unlucky number in Chinese culture, Prof. Yang adds. "All businesses try to avoid it in all occasions. We don't even want to put it onto our car plates," he says.

Brent Chang, a real-estate agent with his mother, Linda Chang, with Coldwell Banker San Marino in California, says his clients stay away from fours in nearly all circumstances. He says about 85% of his Asian clients use numerology when buying or selling. "If we suggest $2 million for a property, they will want to price it at $2,188,888. They'll put as many eights in there as possible," Mr. Chang says.

Manoj Thomas, a marketing professor at Cornell University, says lucky numbers are a subconscious strategy used by sellers: If a person believes one number brings him luck and uses it more frequently, it will seem intuitive to him, and he will feel more comfortable using it.

But numbers—and their placement—have a subconscious effect on buyers, too. People tend to look at digits on the left, says Prof. Thomas, who studies the psychology of pricing. Prices with lower left-hand-side numbers give buyers the impression that they're getting a better deal.

That's why prices are often listed with multiple nines, like $19.99, says Alan Cooke, a marketing professor at the University of Florida. "People mentally round down, dropping the cents off of $19.99 and seeing it as $19 and not $20," he says.

The same strategy can be seen in homes priced under $1 million, where 54% of homes have prices ending in a nine, according to the Trulia data. But the picture changes for homes at the higher end: Only 25% of homes that cost more than $1 million end in a nine. One theory: Nines are associated with mass consumer goods, making them less appealing to high-end buyers, says Jed Kolko, chief economist and head of analytics at Trulia.

And pricing psychology may be a tougher game as prices go up. "It's harder to make a $3 million home sound inexpensive," Mr. Kolko says.

Instead, high-end home sellers gravitate toward the number five. With homes over $1 million, 55% have a final nonzero digit of five, such as $2.5 million. Under $1 million, only 26% of listings have the five. Five is a common default number when people end their price listing, Mr. Kolko adds.

"Five does have a special status in our minds," Prof. Thomas says. "We see it as the midpoint on the 1 to 10 scale, and we tend to spontaneously compare any single digit as higher or lower than five."

After a homeowner arrives at an approximate value of his house, he can fine-tune the price by changing the numerical pattern, Prof. Thomas says. "The makes a difference," he adds.

Using precise numbers can give the sense of a bargain, he says, because precise numbers are usually used for lower-cost purchases, like a grapefruit, while round numbers are reserved for bigger purchases. "You can list a house for $500,000, or you can list it for $505,550," he says. "The second one seems like a better deal."

But the strategy can backfire if the number is too precise. A sale price of $1,328,972, for example, can turn potential buyers away, Prof. Cooke says. Since that kind of "bizarre" number isn't used often in daily life, it seems harder to work with, and people may subconsciously reject using it.

For some, lucky numbers are purely a way to stand out in the real estate scene. Triple sevens are three times more common in Nevada than in the rest of the country, but Tina Ott, who works with her family within the Coldwell Banker Woodbury office in Minnesota, has been listing homes with the lucky trio since 1995. "Instead of $319,900, we'll do $319,777," Ms. Ott says.

The strategy works twofold: it bumps the 777 listings up before the 999s when listed by price, and it also puts clients at ease in what can be a stressful process.

"When we're getting ready to get to the pricing part, which can be a tense subject, it helps soften the process," Ms. Ott says. "We try to make it a little lighter by asking, 'Shall we try our luck?' "

▶ See an interactive map of lucky numbers for listings at **WSJ.com/Mansion**.

In Asian-majority neighborhoods, **20%** of listings have an '**8**' as the final, nonzero number (example: $480,000), compared with **4%** in the rest of the U.S.

Throughout the country, the number '**13**' is about **15%** less likely to appear than either '**12**' or '**14**.'

54% of homes under $1 million end in '**9**,' compared with **25%** of listings over $1 million.

Crazy 8 Effect On Addresses

The impact of numbers goes beyond pricing. The street address matters, too.

In a paper presented two years ago, called "Superstition in the Housing Market," Nicole Fortin, professor of economics at the University of British Columbia, found that home buyers in Chinese neighborhoods in the metro Vancouver region were willing to pay a premium for lucky numbers in their street addresses.

Ms. Fortin says buyers paid a premium of 2% to 3% for homes that ended with an eight, while sellers had to accept a 2% discount if they were selling a house that ended with a four. The trend was most pronounced among luxury homes.

"It's a luxury to get that number. It's considered to be prestigious," she says.

Brent Chang, a real-estate agent in San Marino, Calif., explains the thinking: "If you have a listing, and the address is 180, you know Asian buyers will be very interested in the house because it's so hard to change the address."

—*Sanette Tanaka*

In the Bible Belt, listings are **39%** more likely to include '**666**,' which is associated with evil, than elsewhere in the U.S.

55% of homes over $1 million end in '**5**,' compared with **26%** of homes under $1 million.

Also in the Bible Belt, listings are **27%** more likely to include '**316**' in the price, a nod to **John 3:16** in the New Testament.

T-B: F. Martin Ramin for The Wall Street Journal (11); Michal Czerwonka for The Wall Street Journal

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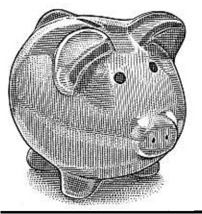

Home Buyers Do the Mortgage Time Warp

PAY CASH FOR your next home or get a mortgage? Some wealthy home buyers are choosing both.

It's called delayed financing, in which buyers pay cash for a home and then take out a mortgage soon after closing. Rarely used even two years ago, experts say it has picked up over the past 12 months.

"It was an extremely unusual phenomenon, but it's going on quite a bit now," says Jack McCabe, an independent housing analyst in Deerfield Beach, Fla.

The practice is growing mostly in affluent coastal housing markets, including New York and San Francisco. And it all boils down to competition. Sales of million-dollar-plus homes are on the rise nationwide, while inventory remains limited. All-cash buyers have a better chance of standing out from competing bids and getting the home at a lower price since their offer isn't contingent on financing.

After the deal is done, these buyers also want to regain some liquidity. So they get a mortgage and, in some cases, stash this money in investments that might have higher returns than what they pay in mortgage interest. Other options: They might use it to purchase another property or to simply bolster their cash cushion.

In July, William Martin and his wife closed on a 6,500-square-foot home in Diablo, Calif. Sensing that there was a lot of buyer demand for it, the couple gave a competitive offer: all cash, at slightly above the $1.785 million asking price. Those funds came from a mix of savings and money from his father-in-law and a friend, who were paid back a few months later when the Martins got a delayed-financing mortgage from Fremont Bank, a community bank in San Francisco. "That's what helped me make the decision to go forward with the purchase from the beginning," Mr. Martin says.

Delayed financing is similar to a cash-out refinance—in which a borrower with a mortgage also takes equity out of the home. But cash-out refis may require waiting a few months or longer to execute, says Keith Gumbinger, a vice president at mortgage-info website HSH.com. Rates and fees can also be higher, partly because of the extra legwork involved transitioning from an existing loan to a new one. Conversely, buyers who apply for delayed financing can be considered as early as the day after they become the new homeowner, since they own the property free and clear.

Still, not all delayed-finance options are alike. Some lenders, including Wells Fargo and Fremont Bank, say they charge the same interest rate and fees on this mortgage as they would if the borrower applied while buying the home.

Other lenders charge a rate somewhere between a regular mortgage and a cash-out refi rate, which can be higher. National lender EverBank says its delayed-financing rates are often about one-eighth of a percentage point higher than regular mortgages. Community bank Grand Rapids State Bank, based in Grand Rapids, Minn., says rates can be 10 to 30 basis points—or 0.10 to 0.30 percentage point—higher than on a regular mortgage. Noah Wilcox, the bank's president and CEO, says the higher rate often influences buyers to sign up for the more affordable purchase mortgage upfront. "When you talk about $1.5 million, that can add up quickly," he says.

Here's what to consider regarding delayed financing:

• **Loans types vary.** For delayed-financing applicants, many lenders provide a regular mortgage, but some offer pricier alternatives, like a home-equity loan or a home-equity line of credit. Their rates average 6.44% and 5.06%, respectively, according to HSH.com. In contrast, rates on 30-year private market jumbo mortgages average 4.03%.

• **Limits on equity withdrawal.** In many cases, homeowners will need to keep at least 20% to 25% equity in their home after withdrawing funds. Separately, the lenders mentioned here offer loans that run into the millions via delayed financing. But some lenders don't, instead capping out at lower limits set by the government. That's $417,000 in most parts of the country but can run up to $625,500 in some pricier metro areas. By keeping to those limits, lenders can try to sell these loans to Fannie Mae and Freddie Mac.

• **Thorough underwriting.** In most cases, lenders check applicants' credit scores and tax returns—and they also ask for copies of statements that show where the funds to buy the home came from, a copy of the wire transfer, and the receipt for the home purchase. Lenders say they do this partly to screen out buyers who might try to hide money or who are involved in transactions that help sellers evade taxes on the sale.

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