

REV UP!



MODULE 10

Finding Motivated Sellers
Preparing to Win the Listing



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WELCOME TO REV UP! 10

IN MODULE 09, YOU LEARNED:

- Seller representation agreement
- Agency disclosure
- MLS listing forms
- Seller disclosures
- Counter offers
- Multiple offers
- Multiple counter offers

IN THIS MODULE, YOU WILL LEARN:

- Circles of Opportunity—how to find qualified, motivated sellers
- Customizing your ROG listing presentation
- The seven steps in the listing process
- How to qualify sellers
- Using the pre-listing questionnaire
- Effective research and preparation
- The components of a pre-listing package
- How to determine an accurate price range Comparative Market Analysis (CMA)
- Scripts and dialogues for sellers





CONTENTS.

CHAPTERS

Finding Motivated Sellers	Pg. 01
Prospecting for Motivated Sellers	Pg. 03
Scripts and Dialogues	Pg. 05
Prospecting Schedule	Pg. 09
Lead Follow-Up	Pg. 17
Customizing Your Listing Presentation	Pg. 19
The Seven Steps in the Listing Process	Pg. 21
Determining an Accurate Price Range: The Comparative Market Analysis (CMA)	Pg. 39



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10

AFFIRMATION

I always put my client's best interest first. I do the right thing by them, knowing it will come back to me tenfold.

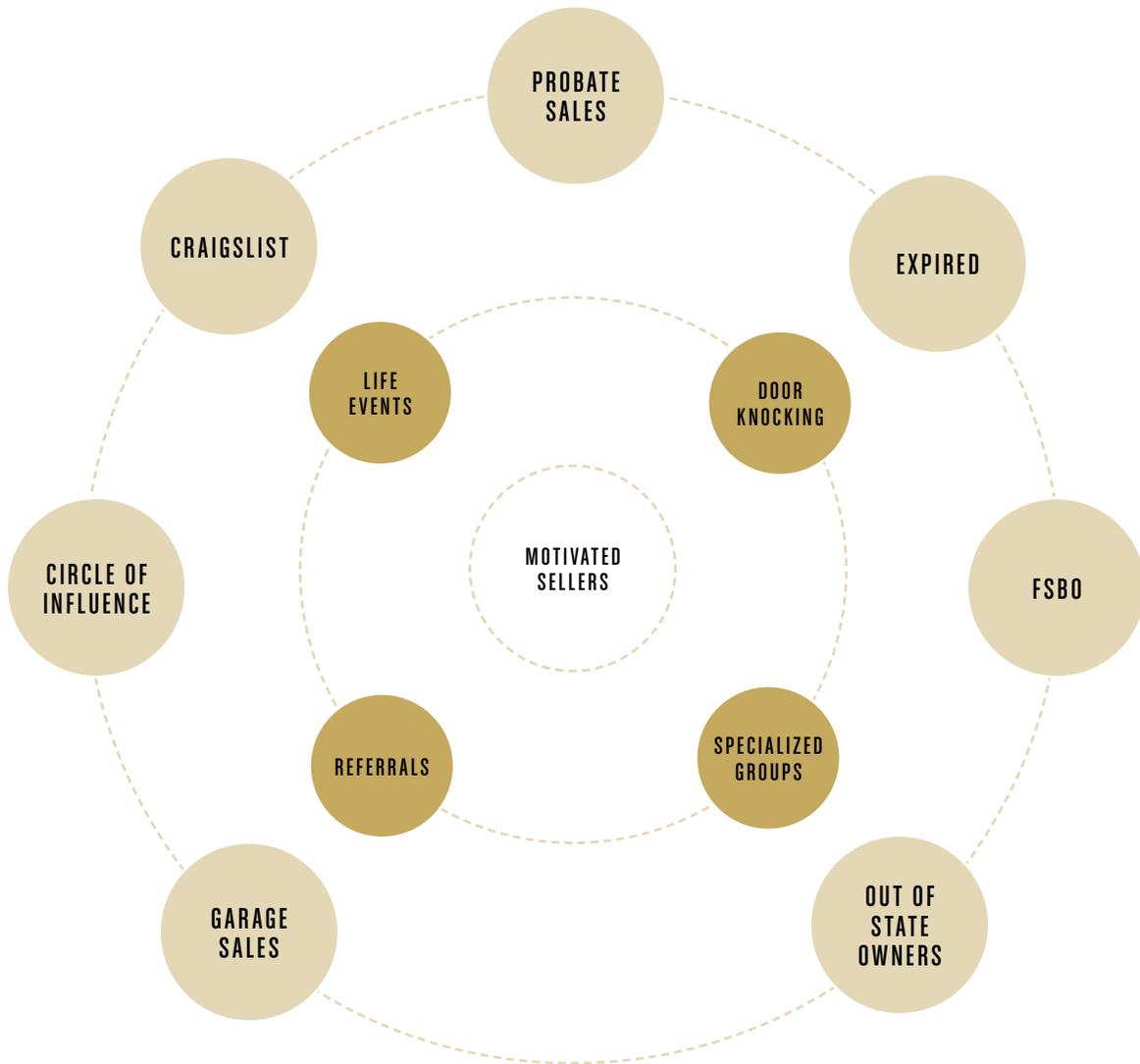
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FINDING MOTIVATED SELLERS.

Pay attention to the top sales professionals in the industry; you will find that the top listing sales people are nearly always the top income earners. As a success-minded business owner, you will want to focus your attention on securing listings. These are some major reasons for this focus:

- You gain greater control over your time and your clients
- Listings build your reputation in the marketplace
- You can handle four to five as many listings as you can buyers, at any given time
- Buyers driving an area are impressed with a real estate company that has signs on many properties, resulting in more sign calls and walk-in business
- In order for any type of marketing company to stay in business, it must have something to sell. The same is true for real estate brokerages. You must have a large inventory of available listings at all times
- Listings are a major source of buyers and referrals; controlling the listings controls the buyers
- Most sellers become buyers when their home sells, or if relocating will possibly need an agent in their new area, providing you with referral opportunities

Use the Circles of Opportunity worksheet to explore ways to find potential property owners ready, willing, and able to sell. Once complete, select three to five techniques (*not more than five*) on which to concentrate your efforts.



PROSPECTING FOR MOTIVATED SELLERS.

The best way to find sellers is to focus on three primary sources. There are several listed below; however, you will want to focus on the methods that you will not grow weary of doing each day. Prospecting is something you should be doing daily at a minimum of about 15 hours a week. If you are using a method that you do not feel passionate about, you will eventually find other ways to stay busy and your seller database will not be replenished.

AREAS OF OPPORTUNITY

COI: Circle of Influence

Friends, family, and anyone you know.

Farming

This can include a geographic farm or any select group that you stay in touch with on a regular basis.

Door Knocking

Go right to the source. Choose areas close to home, or better yet, concentrate on your farm.

Open House

Probably one of the most effective ways to build your client base of both buyers and sellers.

Expired Listings and FSBOS

These sellers are probably frustrated with lack of activity and if they are still motivated to sell, they can be the best source for listings.

Online Marketing and Social Media

If managed properly and done frequently, this can be a very effective way to build your database, especially since many agents still lack the knowledge of just how to approach this highly effective way to find sellers.

Mailers

If you are considering sending out marketing info to promote your business, be sure you have a decent monthly amount in your budget that will cover your campaign for a minimum of six months. Long-term consistency is crucial in any type of print media or direct mail campaign.

Remember that once you commit to your best method of prospecting, you will want to be consistent with it. Develop a daily plan to spend a minimum of 3 hours a day for a solid year.

SCRIPTS AND DIALOGUES.

FORMULA FOR A SUCCESSFUL SCRIPT

Scripts are an essential part of our industry. Many people, especially in the beginning, object to learning and using scripts, fearing that they will "sound scripted." If you were ever taught how to answer the family telephone, you were learning and using a script. In fact, every single successful agent in real estate uses them on a daily basis. Most of the time they are not even aware of it. Scripts are the most effective way of handling objections and they are limitless. A script that is internalized is not a script.

Scripts accomplish several important objectives:

- Eliminate stammering, stuttering and audible pauses that cause us to sound unsure of ourselves.
- Provide consistent servicing of our clients since we use basically the same words and deliver the same message using scripts and dialogues.

Within ONE University there are many time-tested scripts for you to choose from. Simply search for the type of seller lead you want to pursue, and you'll find a script to match. A script can be created for any scenario. Once a script has been written (*and you do not have to write your own as there are already hundreds that have been created for you*), the formula for utilizing a good script and *not* sounding scripted is as follows: memorize, customize, internalize, and capitalize.

Memorize

To memorize the script, you must read the script over and over again until you can say it without reading it. Even though parts of it may not feel comfortable or roll off your tongue quite as easily, memorizing your script is a crucial element.

Customize

This is where you can customize the script to feel more comfortable and deliver the same message but using your words.

Internalize

After memorizing the script, it will flow and sound in no way rehearsed. Make it your own and be comfortable with it.

Capitalize

This is where you will put your script to work. You are now prepared to handle any objection that comes your way.

An extremely effective relationship building script is one that uses the F.O.R.D. technique. Simply ask the prospect about one of these and listen:

If the client diverts from your question, engage in the conversation and when possible, get back to the script. Take notes and record them in your CRM. When practicing the F.O.R.D. technique, your client will feel that the conversation is about them and not just you. This is a "win-win" conversation. The F.O.R.D. technique is also an excellent guideline for managing the amount of time spent on each call. If you stay on track, your calls will be relatively short. Always finish with: **"Oh, by the way, if you know of someone interested in buying, selling or investing in real estate, this is an incredible time. Please let me know. I promise I will take excellent care of them."**

PRACTICE, PRACTICE, PRACTICE

Practice is necessary in any area we want to excel, and scripts are no exception. The more we practice, the more comfortable we will feel and the more effective our scripts will become. A good suggestion is to find a practice partner and work together to finetune your scripts and dialogues. If an unexpected objection comes your way, write a script to better prepare yourself in the future. Additionally, be sure to seek guidance from a trusted coach, mentor or your broker/manager. Many seasoned professionals have already handled the very objection you encountered.

FAMILY

OCCUPATION

RECREATION

DREAMS

PROSPECTING SCHEDULE.

TIME BLOCKED

An effective prospector has their prospecting scheduled into their week, ideally three hours a day between the hours of 9:00 am and 12:00 pm. Remember, if you erase, you must replace.

WORLD SHUTS DOWN

The time you dedicate to prospect should be the most protected part of your day that is free of any phone calls, emails, or interruptions. A great way to limit interruptions is to post a notice on your door or in your work area announcing, "Prospecting in Progress—Please Do Not Disturb."

MINDSET

Your mindset can affect how you prospect. With that said, positive energy delivers positive results. Confidence and authenticity are key and can be heard through the phone.

PREPARE, PROSPECT, FOLLOW-UP

When agents are met with the three-hour prospecting per day model, they are immediately intimidated. Three hours is a considerable amount of time, especially when doing something you are not particularly looking forward to.

FIRST HOUR - PREPARATION

The first hour is spent preparing to prospect. Begin by preparing your mindset; get your head straight and put on your best positive attitude.

Get your blood flowing by taking a quick walk around the office. Some of the world's best prospectors will prospect while standing. There is a visible difference in tonality and energy when a person is standing rather than sitting; this can be heard and felt through a phone conversation.

Prepare and read through the scripts and dialogues you will be using. Know what you are going to say and how you will say it. Remember the F.O.R.D. Technique. Get your call lists organized and be prepared to take notes. Have your C.R.M. program open and ready. Do your due diligence by researching your prospects online.

SECOND HOUR - ACTION

Prospecting should take place in the second hour. This includes making calls, open houses, door knocking, etc. If you are making calls, follow your scripts and take plenty of notes; these notes will be essential when making future calls. Make it about the client-relax and have fun. Yes, fun!

THIRD HOUR - FOLLOW UP

This is the time to enter notes, write personal note cards and follow up on any lead generated through prospecting. Following this tremendously effective three-hour model will keep you motivated and on track. Sounds a lot better than three hours of straight phone calls, doesn't it?

HOUR 1
PREPARE

HOUR 2
PROSPECT

HOUR 3
FOLLOW UP

TRACK PROGRESS

Track the amount of calls you make or doors you knock. Knowing these numbers will allow you to track your effectiveness and gauge your results. Wouldn't it be great to know how much each phone call is worth? For example: the average sales price is \$200,000, multiplied by 3% commission equals \$6,000. If it takes 100 phone calls to obtain a prospect that buys or sells and closes, each call is worth \$60. If you knew that each call you make is worth \$60, would you be more excited to make them? Keep in mind the importance of tracking your numbers. Remember, we are all business owners who make business decisions; smart and successful business owners know their numbers.

	MON	TUES	WED	THUR	FRI	SAT	SUN
	GOALS VS. ACTUAL						
COI FACE TO FACES							
COI CALLS							
COI MAILERS/NOTES							
OPEN HOUSES							
OH CALL CONTACTS							
OH DK CONTACTS							
OH FOLLOW-UPS							
OH PROPERTY EMAILS							
EXP/ WITH CONTACTS							
FSBO CONTACTS							
FARM DK CONTACTS							

COI– Circle of Influence
 OH– Open House
 EXP– Expired Listing
 DK– Door Knocking
 FSBO– Fale Sale by Owner

	MON	TUES	WED	THUR	FRI	SAT	SUN
	GOALS VS. ACTUAL						
FARM MAILERS/NOTES							
FARM JL/JS CALLS							
FACEBOOK POSTS/ADS							
NEW LEADS							
NETWORKING CONTACTS							
VIDEO POSTS							
INTERNET ADS							
LEAD FOLLOW-UPS							
LISTING APPTS.							
BUYER APPTS.							
NEW CONTACTS							

JL- Just Listed
JS- Just Sold

	LISTINGS TAKEN	LISTINGS SOLD	SALES	CLOSINGS	PROSPECTS
	GOALS VS. ACTUAL	GOALS VS. ACTUAL	GOALS VS. ACTUAL	GOALS VS. ACTUAL	GOALS VS. ACTUAL
JAN.					
FEB.					
MAR.					
APR.					
MAY					
JUNE					
JULY					
AUG.					
SEPT.					
OCT.					
NOV.					
DEC.					

LEAD FOLLOW-UP.

NOTE CARDS

Follow the rules of sending note cards. There isn't a better way of making your client feel important. If you had a conversation or left a message with your client, send them a follow-up note card.

USE YOUR CRM PROGRAM

Any lead that you generate through prospecting should be entered in to your C.R.M. program in real time. Categorizing your clients in your C.R.M. is crucial as you need to be able to find them quickly and sort them with like prospects.

Action plans should be applied to a lead immediately after entering them into your C.R.M. An action plan will keep your leads from falling through the cracks and can be created for any type of contact: buyer leads, seller leads, investor leads, long-term, short-term, etc. When applied, an action plan will remind you to make any type of follow-up contact necessary (*e.g., call, email or mail*) while keeping you on track and efficient.

CUSTOMIZING YOUR LISTING PRESENTATION.

Before you are ready to prepare and deliver a listing presentation, you will need to download and customize your Realty ONE Group Listing Presentation. Download and customize the Realty ONE Group Listing Presentation from zONE. Each seller and listing is a little different. Do not use a "cookie cutter" approach. You can create and re-use a listing presentation template and make adjustments, changes, and/or enhancements to fit each situation as needed. Here is a list of the most common listing presentation components:

- Your background and what makes you uniquely qualified to sell their property.
- Your company and how it supports you and the seller.
- Your team, each person's role, and qualifications.
- Your market knowledge.
- The pricing/market research.
- Your knowledge of target marketing.
- The target market buyers you have determined most likely for their property.
- The marketing techniques you have chosen to find those buyers.
- Online strategies: search engines, your website, your personalized app.
- Social media strategies.
- Marketing to agents with listings and recent sales in the same price range and area.

TIP:

- a. Be sure to utilize the Realty ONE Group Listing Presentation tools during your appointment.

- Marketing to all offices/agents.
- The timeline of actions, steps and events for their listing.

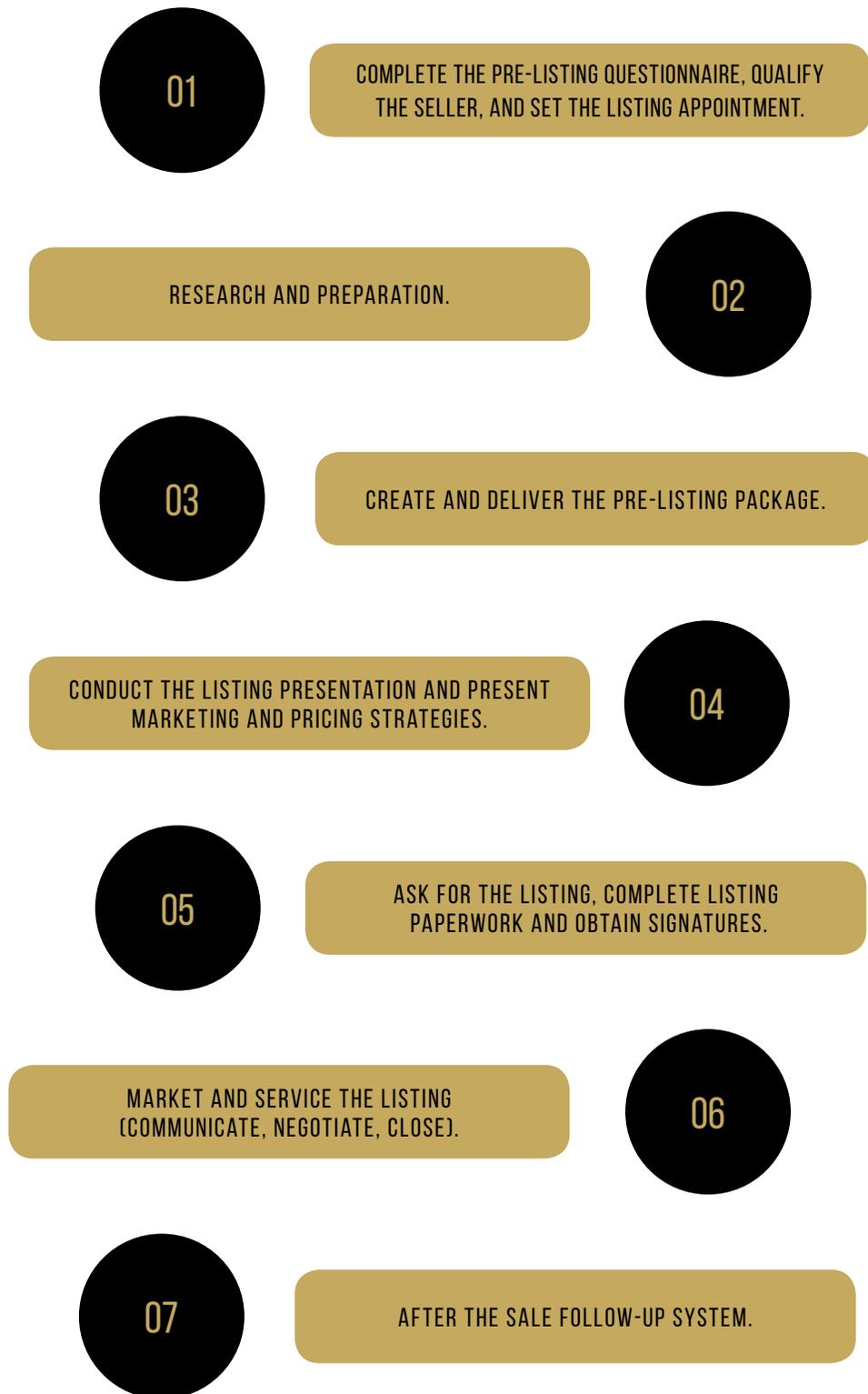
Once you have completed your presentation, you are prepared to take a listing call.

THE SEVEN STEPS IN THE LISTING PROCESS.

1. Complete the pre-listing questionnaire, qualify the seller, and set the listing appointment.
2. Research and preparation.
3. Create and deliver the pre-listing package.
4. Conduct the listing presentation and present marketing and pricing strategies.
5. Ask for the listing, complete listing paperwork and obtain signatures.
6. Market and Service the Listing (*communicate, negotiate, close*).
7. After the sale follow-up system.

TIP:

- a. Your affirmation for sellers: I work only with motivated, qualified, and realistic sellers.



The Seven Steps in the Listing Process.

MINDSET—IT'S OKAY TO SAY NO

All listings are the same, right? Of course not! Many people will claim to be interested in selling their home or property, but remember that "like attracts like." If you choose to work with a seller who is negative, angry, demanding, and unrealistic, not only will they require more of your time, energy and resources, but if you manage to successfully find a buyer and get the listing sold, they will refer their friends and family to you—people who may be equally as negative and difficult to work with. Don't believe this? Ask any seasoned agent and they will confirm it.

Consider the other ramifications of working with unmotivated, unrealistic, and difficult sellers:

- You are working so hard to please them and meet all their demands that other motivated sellers pass you by unnoticed.
- Considering the amount of time and energy it will take to keep the wrong sellers happy, you could have successfully located and sold at least four more listings.
- Unhappy, unmotivated, and/or unrealistic sellers stay that way, no matter how hard you work.
- It will drag you down emotionally, psychologically and physically.

You have the right to say no to people who do not meet your professional standards. Make the commitment right now to set the bar high. Your business will stand a much greater chance of flourishing, and your health, family, and friends will thank you.

Need a great script to graciously and professionally decline doing business with someone?

"Mr. and Mrs. (*name*), I am afraid that we are not the best match for doing business at this time. I know I will not be able to meet your expectations, and I would rather turn you down now than disappoint you later. Thank you for your consideration. I wish you the very best."

No need to justify, risk an argument, or hurt feelings by pointing out their shortcomings. If they ask why, keep it short and sweet. Something along these lines will work:

"It is just that I have very strict criteria for each and every listing that I take. Since I do not make a profit until title changes hands, I have to be as sure as I can that your listing will sell. At this time, I do not think that will happen. If anything changes, let us get back in touch with one another."

STEP I:**Complete the Pre-listing Questionnaire, Qualify the Seller and, Set the Listing Appointment**

Using the pre-listing questionnaire as a guide, ask the questions to determine readiness, willingness, ability to sell, and whether the seller's expectations are realistic.

Many homeowners will press you for opinions on pricing right away. Some believe the only differentiator between agents is in the price they recommend; others are merely excited and eager to get started right away. Regardless, do not make pricing recommendations before seeing the property. Use the correlation of a physician to help you:

"Although I know the market is doing well, I would be doing you a disservice to make a recommendation before I have seen your property and completed the research. Can you imagine a doctor giving you a diagnosis without checking your vitals or running tests? (*Pause for response*) Neither can I. So, is today at (*time a.m./p.m.*) available, or is tomorrow better?"

TIP:

a. When you list, you last.

HOW TO QUALIFY SELLERS

Not dissimilar to qualifying buyers, the process of qualifying sellers includes asking several questions to learn if the seller is truly ready, willing, and able to sell now. Additionally, you will need to determine how realistic the seller is with regards to price. Why not just take any and all listings? Consider:

You do not make a profit until title changes hands. Unmotivated and/or unrealistic sellers demand more of your time. Overpriced listings take more of your valuable time and resources. Typically, these listings expire unsold. Once expired, the seller usually relists with another broker at the price they should have in the beginning. Overpriced listings help sell the competition.

Calculated risks are a requirement in the real estate business. "Calculated" implies that you have done your homework, while the "risk" is the listing. After all, there is a chance that even after you take the listing and spend the time and money to market the listing, it still may not sell. There are no guarantees, that is why this is a calculated risk. Smart real estate professionals work with only motivated and realistic sellers, putting the odds in their favor of being paid for their efforts.

- You have carefully questioned the seller to determine his or her motivation level.
- You have determined that the seller is realistic about pricing and timing.
- You have checked public records to ensure the transferability of the property.
- You have previewed the home and surroundings for marketability.

Using the Pre-Listing Questionnaire as a guide, ask the pertinent qualifying questions, such as:

- Why are you thinking of selling?
- If you sell your home, where will you go? If you are moving out of state, do you have a real estate professional there?
- If your home does not sell, do you plan on staying put or moving away?
- Ideally, when would you like to be in your new home? (*In the case of job relocation*) When do you start your new job?
- Will all decision makers be present for our appointment? (*This is an important detail to consider. You could give your entire presentation to one of the decision makers and believe that you have the listing, only to find that the other decision maker is on an entirely different agenda.*)
- What do you think your home is worth?

The last question is extremely important to ask and will help you establish a baseline for your research. If you know the market well, you will also know instinctively whether the owner is realistic about pricing.

Many sellers will dodge the question, fearing that you will somehow use their number against them. However, every homeowner has an idea of the property's value. You must probe to get a feel, while also reassuring the owners.

Agent: "What do you think your property is worth?"

Owners: "I don't know. Is that not what we are hiring you to tell us?"

Agent: "Yes, and I will definitely do the market research and report. However, it is helpful if I have a place to start. What do you think it is worth?"

Owners: *(Stalling)* "Gosh, we really do not know."

Agent: "Well, how about the tax assessment? *(Referring to public record.)* The tax rolls show your property value to be \$ _____. Do you agree?"

Asking if they agree about the tax assessment works every time. Assure the homeowners that you will in no way use their opinion of price other than to give you a baseline.

If while asking qualifying questions you hear statements like the following, it should be considered a signal that the sellers may not be ready, willing, and/or able to sell at this time:

"Oh, there is no hurry. If it sells, it sells. If it does not, we will just stay put." *(Or)* "We spent \$X on additions to the *(roof, chandelier, swimming pool, etc.)* and we plan to add that amount to the price." *(Or)* "We have heard that realtors routinely underprice when they do CMAs. Whatever an agent tells us, we will add X% to it."

STEP 2:**Research and Preparation**

- Order a Property Profile from your Title Representative.
- Research comparables to determine the seller's equity position (*or lack thereof*).
- Drive the surrounding area of the property and gather research such as community features and amenities. Be sure to also note any challenges, which may affect salability.
- Preview any comparable properties currently on the market.
- Take exterior photos of the property. Look at the property through a potential buyer's eyes and note the following:



ANYTHING ELSE NOTED?

PAINT PEELING?

ROOF IN GOOD SHAPE?

GARAGE DOORS IN GOOD SHAPE?

PLANTS OVERGROWN?

CURB APPEAL?

STEP 3:

Create and Deliver the Pre-Listing Package

A Pre-Listing Package is an incredible tool will allow you to minimize objections that may come up in the listing appointment, distinguish yourself from the competition, and in some cases, get you the listing before you even give your presentation. It is such a distinct advantage that you can almost not afford to utilize it. If prepared properly, a Pre-Listing Package will be no additional work and can be used as your actual Listing Presentation.

A Pre-Listing Package can either be printed or digital, and can be delivered by email, mail, or hand delivered, depending on the client preferences or the property's proximity. Keep in mind that any material printed or otherwise that is delivered to a potential client must be of the highest possible quality standards. Poorly prepared materials can eliminate your chance to even get in the door. A key element in utilizing a Pre-Listing Package is a system; a template or outline for how it is prepared is key.

TIPS:

- a. Pre-listing package: Share (the benefits), Build (the value), and Win (the listing).
- b. "Clients First" means always conducting your business with honesty, competence, and care.
- c. A good cover letter is an excellent way to set a positive pace and is full of assumptive closes that can give you an advantage over the competition.

Here are a few important components to include:

INFORMATION ABOUT YOUR HOME

This section would include any pertinent information gathered during the Research and Preparation step. For example:

- Current photo taken while researching the community
- Tax information
- Plat maps
- Aerial photos
- Property Demographics
- Community information

COMPARABLES (CMA—COMPARATIVE MARKET ANALYSIS)

Property Comparables:

- Available homes comparable to the subject property. These will not determine value; however, they are relevant because they represent the competition.
- Pending or contingent homes comparable to the subject property. These will not determine value. However, they will give a good indication of a saleable range.
- Recent properties that have sold which are comparable to the subject property. These are the best indicator of fair market value and are what an appraiser will use to determine so.

INFORMATION ABOUT YOU AND REALTY ONE GROUP

Your Resume

You can utilize the Realty ONE Group Listing Presentation download to create this section. Components to include would be:

- Your professional experience
- Education and industry designations—Realty ONE Group history and growth statistics
- Family information (*spouse, children, etc.*)
- Outside interests (*hobbies, pets, sports, etc.*)
- Your mission, vision, and ONE value proposition
- Client testimonials
- Social media information, your personal website
- Your team information:
 - a. Transaction coordinator
 - b. Title
 - c. Escrow
 - d. Loan officer
 - e. Office broker/manager
 - f. Support staff

Sample Contracts

This section should include all the necessary contracts to list the property, providing you with two distinct advantages. By completing the contracts with both the client's and your information, you are creating an "assumptive close." This is when you naturally assume that you will be taking the listing. Once your client sees their information as well as yours on the completed contracts, they will have already pictured themselves under contract with you. Assumptive closes are powerful tools that can be used throughout the process.

Remember that real estate is a relationship-based business, so do your best to help people see you as more than just a real estate agent. Many agents supplement their Pre-Listing Package with additional materials. Be as creative as the situation warrants:

- Family movie DVD with microwave popcorn
- Treats for the family pets
- Coloring books and crayons for the kids
- City/area information for relocations

Delay the mention of marketing tactics, search engines and other ideas for finding motivated, qualified buyers. Your plan will be addressed in the listing and pricing presentation. Think of the Pre-Listing Package as a way to keep the "interview" process moving forward while deepening the relationship.

The Pre-Listing Package should include a cover letter stating the following:

New Message

To Cc Bcc

Subject

Dear Mr. and Mrs. Seller,

Enclosed is some information I have gathered about your home. I have also included information about myself and my company, and the listing contracts for you to review if you choose. Please feel free to review any of the enclosed information ahead of time and note any questions you may have. I look forward to answering all your questions and reviewing this information in detail during our appointment on XXXX at XXXX. By the way, there are a few things you may want to have handy for our appointment:

1. A spare key. We will need this for the lockbox.
2. A recent mortgage statement.
3. Home Owners Association information (if applicable)
4. A copy of your trust or L.L.C. if the property is held in either.

Again, I look forward to meeting you on xxx, and please don't hesitate to contact me with questions.

Sincerely,
Your Name | Real Estate Professional

REALTY ONE GROUP
O: XXX.123.4567
Your address here

Send  | 

DETERMINING AN ACCURATE PRICE RANGE: THE COMPARATIVE MARKET ANALYSIS (CMA).

A few words of wisdom to keep in mind with regards to pricing properties for sale:

- Always suggest a price range, never a single price.
- Do not use price per square feet to determine value.
- Focus on active listings rather than those that have sold.
- Always think like a buyer.

Before you can become proficient at pricing real estate, you must understand two things:

- How buyers buy
- How market (*number of months*) supply affects pricing

The number of homes that have been selling in an area in the past one, three or six months will give you an idea of how strong the market is:

- Are homes selling quickly? (*Less than four months' supply = seller's market*)
- Are homes selling slowly? (*More than eight months' supply = buyer's market*)
- Are homes selling at a steady rate? (*More or less six months' supply = balanced market*)



To calculate the number of months of inventory, search the subdivision or neighborhood the seller's property is located. Do not cross busy streets when determining the boundaries of an area. Find the total number of homes currently for sale in the area in the MLS, and divide that number by the number of closed sales in the past month. Do not forget to include FSBO properties if the data is available.

Total homes currently for sale / Total homes sold last month = X months' supply (*if no other homes were to come on the market*).

Example 1a:

The Sunny Brook community—there are currently twenty homes for sale and five homes sold last month: $20 / 5 = 4$ months' supply of homes.

Example 2a:

The Lazy Day community—there are currently 25 homes for sale and two homes sold last month: $25 / 2 = 12.5$ (*twelve and a half months of supply*).

This data only gives you a recent snapshot of market activity. To determine a possible trend, find out how many homes sold in the same area over the past three or six months.

Example 1b:

Twenty homes for sale, 20 sold in the past 3 months. $20 / 3 = 6.67$ (seven) homes per month sold on average. $20 / 7 = 2.8$ (three months of supply).

If an average of 7 homes per month sold in the past 3 months, but only 5 sold last month, it could indicate a slowing of market activity. If the data is unclear, go back 6 months.

Example 1c:

Twenty homes for sale, 30 sold in the past 6 months. $30 / 6 = 5$ (five homes per month sold on average). $20 / 5 = 4$ (four months of supply)

Example one shows a robust market. Potentially, the owner could ask for a slightly higher price with the knowledge that sales have been strong in their area over the past six months. There are no guarantees, of course, and the market can change quickly as we all know from living through the economic downturn. It is important that you pay close attention to the sales activity in the area.

Example 2b:

Twenty-five homes for sale, 6 sold in the past 3 months $6 / 3 = 2$ (two homes sold per month on average). $25 / 2 = 12.5$ (twelve and a half months of supply)

To double-check your suspicion that this area might be in a sluggish (or buyer's) market, take a look at the sales over the past six months:

Example 2c:

Twenty-five homes for sale, 15 sold in the past 6 months. $15 / 6 = 2.5$ (two and a half homes sold per month on average). $25 / 2.5 = 10$ (10 months of supply)

While 10 months is an improvement over twelve and a half months, it still indicates a sluggish market. If the seller is truly motivated (*and we hope by now you are working with only motivated sellers*), they will have priced the home very competitively, or offer terms or other incentives to attract a buyer quickly.

This information is important to impart to your homeowners. With your guidance, it will help them decide if they can price a little higher (*as in the case with more than four months' supply*) or if they must price a little lower to sell quickly (*as in the case with less than eight months' supply*).

The Next Step in the Pricing Puzzle

All too often real estate professionals focus on sold listings as a method of pricing listings. This happens for two reasons:

1. Agents learn about appraisals and appraisal concepts in pre-licensing courses and mistakenly assume that it is the approach to use when working with potential sellers.
2. Sellers become fixated on what has sold recently in their neighborhood and try to sell agents on the virtues of their home over the neighbors' home(s).

Both approaches are usually off the mark. Every one of us, regardless of what we buy, shop by comparison. Let us illustrate.

Think back to the last time you purchased a vehicle from an auto dealer that had a great number of inventory. When thinking about a vehicle, you likely developed criteria and created a physical or mental list. For example:

- A four-door Sedan
- Air conditioning
- Sun roof
- Stereo system
- Built in GPS Navigation System

Before you spend time test-driving a vehicle and dealing with pushy salespeople, there was one important bit of criterion that had to be established: the price range. How much could you afford?

Four-door sedans come in a variety of prices ranging from more affordable models to high-end luxury vehicles. However, you likely won't be driving a car that deviates too high or low from your price range—that would be a waste of time. As a buyer, you evaluate all the choices within your price range and decide which vehicle offers the most features for the price.

In other words, it's all about:

- Available inventory for sale now
- Features and benefits

Would you ever ask a car salesperson to tell you how many cars were sold last month and for how much? Of course not! As buyers, we generally care about what's currently for sale and whether the vehicle is in our price range. Afterward, we will decide which vehicle provides the greatest number of features and benefits for the price, and then negotiate the terms. Homebuyers follow the same process:

1. They dream about the new home they want to buy, establishing their lists of must-haves, bonuses, and knock-outs.
2. With the help of a mortgage lender or knowledgeable, trusted real estate professional, they will determine how much they can afford.
3. Armed with a price range and using the lender's criteria, the buyers will look at several properties that fall within those standards.
4. Using the process of elimination, the buyers will narrow their selection down to two, maybe three properties.
5. The buyers then choose the property that most closely fits all of their search criteria, timeline desires, terms, and so forth, and will make an offer.

Think Like a Buyer

In addition to checking active listings and giving them the most weight, you will want to check the most recent sold listings in your seller's neighborhood and the immediate surrounding area. The lender's appraiser will use sold listings to support or refute the final sale price. Sold data will give you an indication of whether a low appraisal might threaten your transaction.

Be sure to check the number of pending transactions and expired listings. Explain to the sellers what expired listings mean:

- The property was overpriced—pure and simple. The buyers were not willing to pay what the seller was asking.
- Expired listings set the upper limits of the price range. These homes did not sell because they were not priced within the market demands.

It will take some time to complete the research in the beginning, but in due time you will get faster the more research you perform. Always offer to do the market research for comparative market analysis (CMAs) for as many people as you can, whether they intend to sell or not.

DEVELOP A PROPERTY SPECIFIC MARKETING PLAN

Target marketing does not have to be complicated or involve a lot of research. Start by answering this question: who would most likely be attracted to and want to buy this house/property?

Let's revisit our seller's home in Sunny Brook. Its features include:

- Four bedrooms
- Two and a half baths
- Two levels
- Approximately 2300 square feet
- Three-car garage
- Standard Lot (no pool or spa)

Additionally, let's say that Sunny Brook features a community swimming pool, basketball and tennis courts, and three small playground areas for children. Who will most likely be attracted to this house/property?

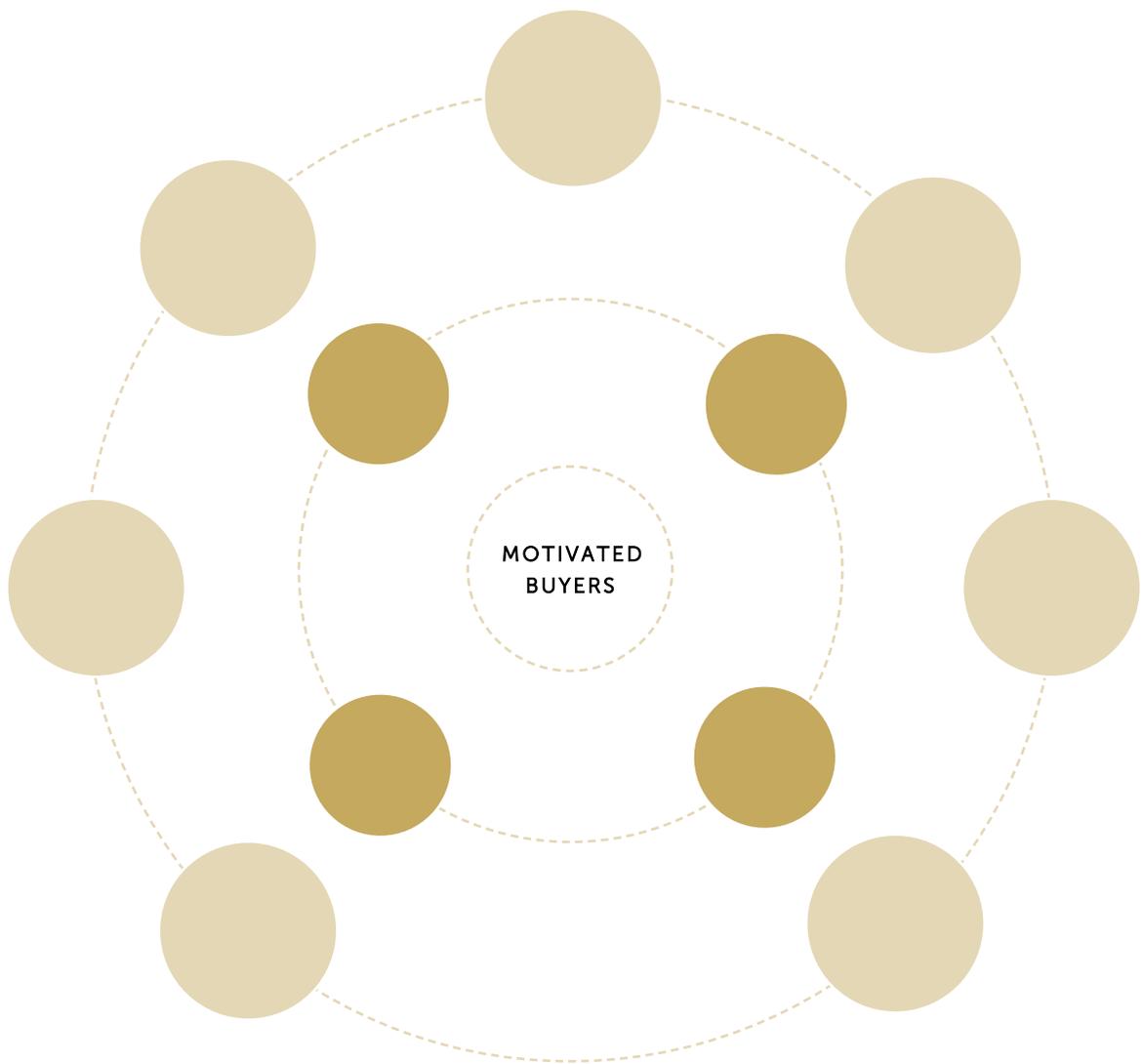
- Singles? Families? Retired?
- Income Level?
- Educational levels?
- Nearby major employers?

TIP:

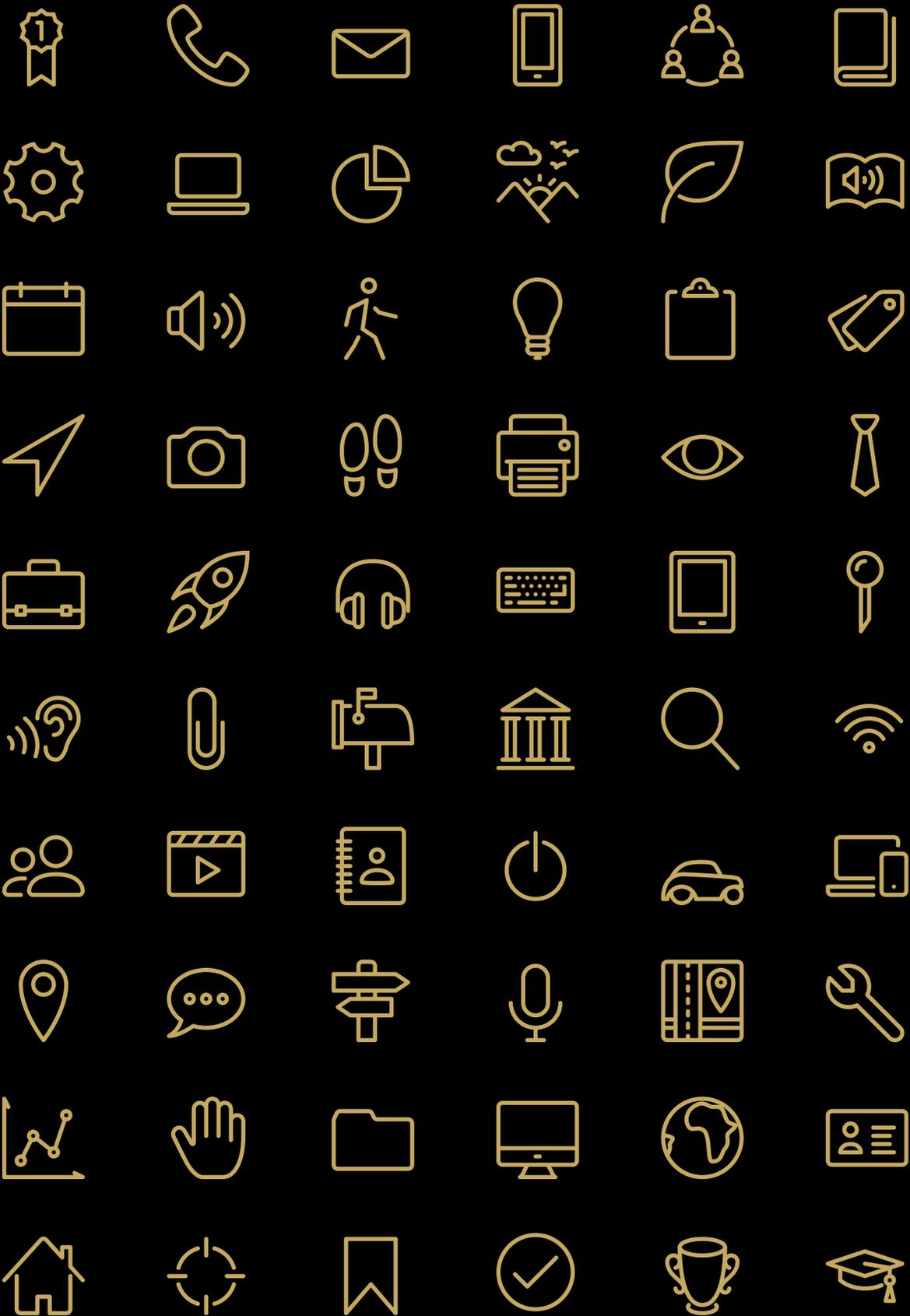
- a. Every listing is an opportunity for three closed transactions.

Are there special features of the property that will narrow the field of potential buyers? Examples of features that narrow the pool of buyers can include:

- Horse set-up
- Two-story homes in senior housing communities
- Garage conversions (e.g., turning a garage into a workout room, family room, or music studio)
- High-end homes
- Less than three bedrooms







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