GENSTONE
REALTY

Market Data & Sales History Conversation Guide

This conversation follows the last page of the Marketing Presentation and uses the kvCORE CMA

Since your property is a commodity, the Buyer Pool ultimately determines what price to offer you. Therefore, we need to approach the market with an initial price position to achieve a perception of value. The right value energizes the Buyer Pool, generating multiple showings and, hopefully, a bidding mentality to move the price up. In this way, we may obtain the highest possible price in this market, achieved in the first days on the market.

1. **I've researched the market, and it's summarized in this graphic of the Market Activity locally to give you a sense of what's happening now.** *(Review data that may indicate an appreciating or depreciating market Price changes indicate incorrection initial price positions.)*

2. **Here are some Active properties on the market but not selling. After more than 30 days, these have remained on the market, indicating no perception of value by the larger Buyer Pool. Most likely, these prices need to be lower.** *[Point out the days on the market.]*

3. **Here are other Active properties that have been on the market for fewer than 30 days. These are competing for the Buyer Pool's attention.** *(Briefly review data similarities and differences, including square feet.)*

4. **Pending properties had a price position to allow a buyer to make an offer acceptable to an owner. We won't know if it's a lower offer than the list price until it closes.**

5. **Most important are the Closed properties. These properties demonstrate what buyers *are willing to pay* in today's market. These sold prices are the *primary guide for initial price positioning* because they are the ones the appraiser uses to determine your property's appraised value. In addition, their lender requires the buyer to have an appraisal to ensure the value offered is in line with recent sales.** *(Review data similarities and differences, including square feet.)*

6. **Based on this data, especially the closed properties, where does your property fit?**

   In most cases, the ideal position is apparent. If the owner sets an acceptable price, that's the initial price. Sometimes the owner doesn't want to commit by asking you what it should be, making you "own" the price. Try to get the owner to suggest a price, so it's the owner's decision. Point the owner back to the data and the education you provided:

   Let's put your price in a position of strength for you. Let's have a buyer feeling if I don't offer enough, I won't get it, instead of, "how low should my initial offer be?" Then, let's energize the Buyer Pool to action. From what we see here, at what position will your property get the attention of the Buyer Pool?

(When you feel the owner is at an acceptable market price, add that to the listing price on the listing agreement!)

If the owner is wondering if the position is the right price position, use this:

The best answer is the current data we are looking at. In the first several days, we will know if the Buyer Pool is attracted to this price. If we don't have it right, we can adjust the position quickly to get the kind of response we need. If the adjustment is correct, the interest and showings will let us know. Should we go ahead with what you feel is right now?

Other Owner Objections to Price Position

Usually, the price objections stem from two reasons – the owner has a price in mind the property "is worth," or the owner "needs" to net a certain amount from the sale to complete future plans.

- *Set it at a higher price so we can negotiate down*

  If asking for a position of strength doesn't work, try this. **"Some people think that the normal process for real estate prices is negotiation down. It frequently happens because prices are set too high, and the buyer who knows the market well offers a price far below the market. They do it so that the seller will come down to a little below the market. That way, the buyer gets the bargain, and the seller loses money. As we discussed today, it's better to have the right market position at the beginning before the property is on the market too long, losing value. Should we go ahead with a price position to get competing offers so we can negotiate up?"**

- *I need a higher price to net enough for my plans*

  I can appreciate you were hoping for more to move on. As we discussed, the current market is known very well by the Buyer Pool, and unfortunately, they won't pay above market for a property to help you out. Your choices are to wait a while for an appreciating market or make the tough choice to sell it now at the highest possible price to get the most you can. Even though it's not what you hoped for, are you ready to get it sold now?

- This property is better than all the others because we have something extra, etc.

  I understand those extras will undoubtedly appeal to help buyers choose this over another. However, when appraisers determine the value of a property for a mortgage company, they use specific features and aspects. Some additional features may make a property more attractive to a buyer. However, if they don't fit what adds value for an appraiser, it doesn't increase the appraised value. Even if the accepted higher price is advantageous to the owner, when the appraised value is lower than the price, buyers who are getting a mortgage often cancel the sale, leaving you to start over to find another buyer. I don't think you want that, do you? Should we move ahead now?