GENSTONE
REALTY

Create & Present an Effective CMA Workshop Summary

Marketing Vocabulary with Owners that Sets GenStone Associates Apart

When discussing marketing properties with homeowners, certain words set us apart from other companies' agents. The suggested words below convey different and better thoughts in owners' minds and emotions than the traditionally used ones. These words are a significant part of our Marketing Presentation and the Market Data & Sales History Report. Use them in all our conversations with owners and buyers when appropriate.

Marketing a property vs. Listing a home/house

Property vs. House/Condo/Townhouse

Owner vs. Seller

Initial market/price position vs. asking price

Repositioning vs. price reduction

Buyer Pool vs. buyers

Properties on the Market and not selling vs. active listings *(Active on MLS for more than 30 days)*

GenStone Marketing Plan for Owners vs. Pre-listing packet

Recent Market Data & Sales History report vs. Competitive Market Analysis (CMA)

Concerns with Typical CMA's

Although a large amount of data and prices looks like the agent has done research, it is overwhelming to owners and doesn't allow them to focus on what is happening in the market. When all properties on the market are classified together, owners will select a price based on other list prices that are wrong for the market. The focus needs to be on recently sold properties, the ones that matter. A recommended price range from the CMA becomes the "agent's price," which has to be justified against the "owner's hoped-for price." Owners usually select the high range price.

Fact-Finding Visit

For a complete analysis of the subject property with others in the area, it is essential to visit the property to know its interior. When it's not possible before making the marketing presentation, adjust your assumptions about the interior and depend on local government public data. At least you should call the owner to get an idea of the interior – legal bedrooms, baths, other rooms, and square footage if known.

Similar Properties

Finding similar properties is more straightforward in more homogenous areas than in more spread-out areas and with dissimilar property types. Select properties as close as possible to the subject property or in similar neighborhoods.

Price per square foot can be a basic guide to price comparisons but is not an exact measurement.

Owners' Understanding of Market Principles

At this point in the presentation, we hope the owners understand and believe real estate is a commodity, and buyers determine the price based on knowledge of the market and their perception of value. Also, they should appreciate the correct initial price positioning brings the highest price. When that is the case, the owners' *"Here's what we need the price to be"* goes away. You may need to remind owners a few times of these principles, including going back to those presentation sections.

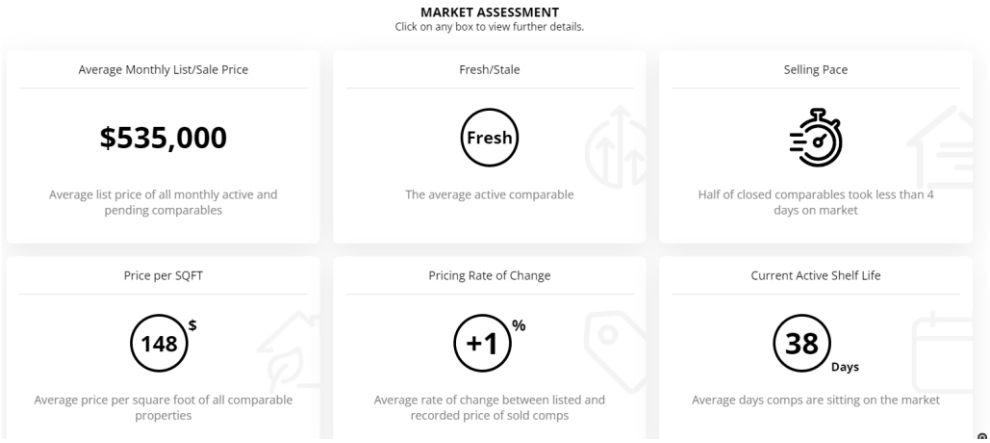
Market Data & Sales History Report Steps

There are four steps for a successful review of the data to lead to the correct initial price position:

1. Use the Market Data page to give a sense of the market.
2. Review the selected properties in each of four categories – that's the Sales History part with less emphasis on Actives and more emphasis on Closed properties:
    - Active, Not Selling
    - Active, New on the Market
    - Pending
    - Closed
3. Based on this data, ask the owners to determine the initial price position.
4. When the owners make a correct decision, add the initial price position to the listing agreement.

Market Data & Sales History Report Step 1

Use the Market Data graphic to give a sense of the market.



Market Data & Sales History Report Step 2

Review each category spending much more time on the Closed properties.

- **Active, Not Selling *(more than 30 days)*** – Explain these remain on the market after more than 30 days, indicating no perception of value by the larger Buyer Pool. Point out the days on the market. Most likely, these prices need to be lower to attract attention.
- **New on the Market *(less than 30 days)*** – Explain these have come on in the last 30 days competing for the Buyer Pool's attention.
- **Pending** – These are properties with a price position sufficient to allow a buyer to make an offer acceptable to an owner. Until it closes, we won't know if it's a lower offer than the list price at the time.
- **Closed** – This demonstrates what buyers ***were willing to pay*** in today's market. Therefore, these sold prices are the *primary guide for initial price positioning. In addition, t*hese sold properties are ones an appraiser will use to determine the appraisal value for the lender of one who buys this property.

Market Data & Sales History Report Step 3

With the Average of Closed Comps directly in front, ask the owners, based on this data, to determine the initial price position.

"Based on this data, especially the closed properties, where does your property fit?"

This approach is contrary to most agents' method of giving a recommended price or price range and letting the owner agree or disagree. We don't provide a recommended price range and let the owner agree or disagree for three reasons:

- The agent then "owns" the price and must justify it to the owner
- Owners usually take the high end of the price range
- When multiple agents compete for the listing, owners often take the highest recommended price, incorrectly assuming that the agent can get it.

Market Data & Sales History Report Step 4

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 and justify it.

Get the owner to suggest a price, so it's the owner's decision. If the owner is not sure or wants a higher price, ask this to get a better initial market position:

"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!

Market Data & Sales History Presentation Conversation Guide

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. **The research on the market is summarized in this graphic of local Market Activity to give you a sense of what's happening now.** *(Review data that may indicate an appreciating or depreciating market.)*

2. **These active properties are 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. **These active ones have been on the market for fewer than 30 days. These compete for the Buyer Pool's attention.** *(Review data similarities and differences, including square feet.)*

4. **A Pending property's price position was sufficient 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 at 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 correct 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 to negotiate up?"**

- *Need a higher price to net enough for my plans*

  I can appreciate you were hoping for more to move on. However, 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. So 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

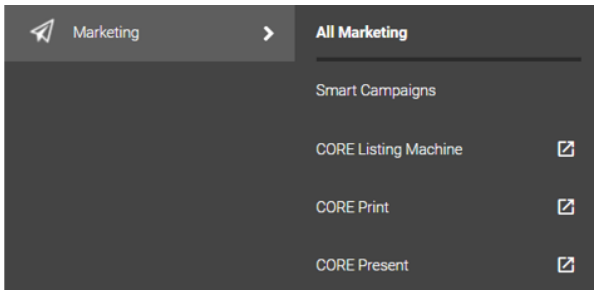
features may make a property more attractive to a buyer. However, if they don't fit what adds value for an appraiser, it doesn't increase the appraised value. Even if the accepted higher price is advantageous to the owner, when the appraised value is lower than the price, buyers who are getting a mortgage 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?

kvCORE CMA

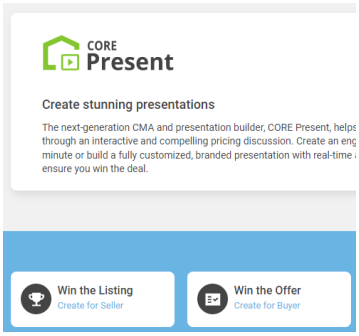
The CMA in kvCORE is the best CMA program for you to use for several reasons:

- It's easy to use, and your setup and selection of properties is quick.
- It creates a simple-to-understand presentation for owners in a format that mirrors the GenStone principles for how to explain the market positioning for a property.

In the left menu of kvCORE, go to Marketing and select "CORE Present."



Then select "Win the Listing."



Enter the property address, and you are on your way in less than two minutes to review the data!

