

'MY HOUSE IS WORTH MORE THAN THAT!'

The listing price is perhaps the most important factor in how quickly a home will sell. But sellers often don't understand how you reached your recommendation.

By Rich Levin, Sales Coach | January 2009

If you know how to price a listing effectively, you're much more likely to succeed in selling that property and making your clients very happy. Get pricing wrong, on the other hand, and you'll suffer the consequences from all sides: prospective buyers will skip that home, sellers will be upset, and the home will stagnate on the market.

So how do you price it right? You must have a well-planned strategy reaching a figure that's appropriate for your market. Just as important, you must communicate your pricing plan confidently to sellers so that they'll understand how you reached your recommendation and why it's the right path to take.

After all, the sellers are really the ones in control of the pricing. If you don't have their buy-in, there's not much you can do. If you're used to hearing "But my house is worth more than that!" then it's time you start using a teamwork-based approach that starts with educating sellers on the process of determining a listing price.

1. Conduct a thorough initial seller interview. Often overlooked as a critical part of a pricing plan, this [initial conversation over the phone](#) should help you understand the sellers' goals and set the stage for your eventual pricing recommendation. Ask good questions to collect detailed information about the condition of the home, what updates have been made in the past five years, what makes the home unique or special, as well as other pertinent information that could affect the price. Be sure to explain to sellers that you will use this information to determine the best listing price for the home.

2. Don't skirt around pricing at the listing presentation. Pricing is a touchy issue, and some salespeople try to avoid it until the last minute. However, the better strategy is to address pricing upfront. Why not? You're the expert, right? A good listing presentation should start out with a thorough explanation of what your role will be in pricing the listing and getting the home sold—as well as what you expect the sellers' role to be during the listing. Remember that effective presentations are full of questions that you ask the sellers as you work toward gaining their trust and building rapport. You also should be subtly laying the groundwork for a later price reduction conversation, if necessary.

3. Do your homework. Gather listing and tax information for comparable properties; conduct drive-bys of those properties; and perform a thorough visual inspection of your listing so you know how it stacks up with the competition. Review, sort, and select the best comparables, then put all of the pertinent information together in format that will be easiest for the sellers to review and understand—perhaps in a slideshow format or on color printouts (or impress them by doing both).

4. Use the right tools and documentation. Many real estate practitioners today are using comparative market analysis (CMA) tools that let them send their analysis directly to clients via e-mail. This is a great way to deliver the information in a timely manner, but be sure the format is easily understandable. Follow up with hard copies to clearly show the amount of time and effort you took to assemble the information, and to substantiate your insight and expertise. Practice presenting the information until you are comfortable, confident, and compelling.

5. Provide consistent communication during listing. [Consistent communication](#) engenders the confidence of sellers so that they will listen to you and trust you. I recommend that you communicate on a regular schedule, preferably weekly, with your sellers to update them on market activity and your marketing efforts. By staying in regular contact during the listing, you are keeping your service promises and building a stronger client relationship. It is essential to build this open communication if becomes necessary to discuss a price adjustment later in the listing period.

6. Schedule price discussions in advance. A price reduction should not come as a surprise to your sellers. Set an appointment during the initial listing presentation to meet at a certain time into the listing, if there are no offers by then, to discuss a price adjustment. To prepare for that meeting, gather all of the market data that will support your price recommendation and review all the factors that help the property sell — or not.

Get Cooperation from Sellers

The biggest obstacle to pricing right is an unmotivated seller. Should you be working with unmotivated sellers in the first place? That's a question you have to answer for yourself. But one thing's for sure: A seller who truly has no urgency won't have the motivation to be flexible or cooperative on price.

To earn the cooperation of sellers on price requires that you [create a sense of trust and establish their urgency to sell](#). You start during your first conversation by asking sincere and detailed questions about why they need to sell and their timetable for selling.

Here are some more tips for gaining cooperation:

Schedule a marketing update meeting. This meeting should be scheduled to occur three or four weeks after you take the listing, and then every three or four weeks thereafter until the property is under contract to be sold. Establish as the context of this meeting to review your marketing efforts, a big part of which is the price. If you do feel the need to reduce the price, this is where you can broach the topic.

Keep your promises. At the listing presentation, describe your service, your marketing plan, and what the seller can expect from you. Then deliver on what you described. Doing what you say you'll do is very important to sellers.

Establish regular communications. At the listing presentation, let the seller know that you will be calling at a given time (say, between 10 a.m. and 12 p.m.) on a given day of the week to update them. When you call, be sure to speak with all sellers (both the husband and wife, for example) so that each has the opportunity to communicate with you.

Now it's Up to You

Pricing is a critical real estate skill that will make or break your career. You may have a natural talent for it, but most people need lots of practice before they're confident and effective. By helping buyers understand the pricing process, and doing your part to make them feel in control, you'll be able to work together with them as a team.

Now's the time to start practicing so you can achieve a level of expertise that generates income, professional self-esteem, and peace of mind. Using the steps outlined above, the scripts available through the hyperlinks, and some dedicated practice, you can add this critical skill to your repertoire.