

PRICE REDUCTION (Oops... it didn't sell... now what?)

It's amazing that some agents idea of listing a home is to roll the dice, hope for the bet and avoid the seller until you have an offer in hand; but alas, that is how some real estate agents prefer to do business. Satisfying the seller seems a distant and obscure concept, especially when things are not going well. It is difficult to accurately predict the future or we would all have hit the lottery and be relaxing miles away from the worries of real estate.

One of the best ways to leverage the market in your favor is to adjust your inventory to compete with market demand. This means as the market falls, so must the prices of the listings to compete. The longer you wait, hoping the market will re-adjust, the longer your listings will sit unsold; and in order to make money in real estate you have to sell houses.

So how do you create demand? How do you generate interest? How do you get the seller to agree? Start with pricing the home in a widely diversified search criteria? Here's how...

As a real estate professional, you should not only know how to sell a home, but how to price a home. Listing a home for \$249,000.00 is a HUGE MISTAKE! Why? The home may be well worth every bit of \$249,000.00 and more, but by pricing the home at \$249,000.00 you're missing a large portion of potential buyers.

The Marketing 9's

It's long been known that perception sells; it also has been a perception by the public that the marketing 9's create demand. Just look at the blue plate special for \$2.99 or the \$99.00 subscription. But are all 9's the same or is it perception? It is possible to pay more because of the 9 than sometimes without.

Gasoline today was \$4.04 per gallon, or was it? Most consumers pay no attention to the fact that the same gallon of gasoline was actually \$4.049 per gallon – and with everyone watching pennies, you're actually paying a penny more per gallon. If you were to figure the same concept on the price of a home, it would be thousands of dollars.

Zero's versus Nines in Real Estate:

Let's say you list a home for \$249,000.00 – the next day, 30 agents are searching the MLS for homes between \$300,000.00 and \$325,000.00 – where is your listing? If you are a good real estate agent your going to search in a wider range, but what if they have already narrowed the search. You are doing a disservice to your seller by not listing the home at \$300,000.00, therefore making it more widely searched. Buyers looking from \$275k to \$300k will find it, and buyers looking from \$300k to \$325k will find it. You

are only showing your professional expertise to the seller when you tell them why the home is listed for \$300,000.00. To attract more buyers.

3 ways to get a price reduction:

- 1 **ASK!** If you've done your due diligence, then your sellers already know what needs to happen. If you have prepared them, give them market updates, called them about the market trends, it should not be a hard sell.
- 2 **PROVE IT!** Sometimes convincing sellers to lower a price is like pulling your own teeth. So ask them if they would pull their own teeth? Give them the tools they need to make their own decision and then hold their hand as you guide them to the extraction.
- 3 **BEG!** Just seeing if you're paying attention... never beg... if they cannot see a reasoning to adjust the price, you have not made a clear enough presentation about the need. The only reason a home does not sell is price, it's not lack of buyers.

Remember first and foremost... it is the seller's home. If they will not or cannot budge on the listing price and you've done everything to justify a price reduction, you have to make a decision. Do you keep the listing for the sake of the listing or do you let it go? If the seller understands that keeping their home on the market at an over market value can

- 1 Destabilize the value of other homes
- 2 Sit without showings or activity
- 3 Potentially not sell no matter how long on the market and
- 4 Cost you money on an investment that isn't going to pay off

You need to make a professional decision and inform your seller. Some agents take listings just to have listings, knowing full well they are overpriced and probably will not sell; if your seller has been made aware of the situation and you can accept the outcome of a non-marketable listing, it is your decision. Remember – buyers want the best price and also look at how long a home has been on the market.