

# Thriving in a Changing Market

A Webinar with Larry Kendall

1. Maintain your discipline! Work the system and the system will work for you.

2. Ninja Mastermind Group:

10 a.m. Every Thursday, 10:00 a.m. Pacific Time

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3. Market Challenges:

a. Buyer Urgency – Step 9

1. MLS – show under contract/pending

2. “The Cream Puff Discussion”

b. Once you have a problem, there are no \_\_\_\_\_ fixes.

c. Reset the process.

4. Tips for working with buyers in this market.

a. \_\_\_\_\_.

b. \_\_\_\_\_.

c. \_\_\_\_\_.

5. 7 Ways your buyer wins:

1. \_\_\_\_\_.

2. \_\_\_\_\_.

3. \_\_\_\_\_.

4. \_\_\_\_\_.

5. \_\_\_\_\_.

6. \_\_\_\_\_.

7. \_\_\_\_\_.

a. \_\_\_\_\_.

b. \_\_\_\_\_.

c. \_\_\_\_\_.

6. Tips for working with Sellers in this market.

a. Just read the questions!

b. "Dynamic Pricing" versus "Static (snapshot) Pricing"

c. Dynamic Pricing – A Housing MRI

1. Solds, Actives, Expireds

2. Current competition – preview with "buyer's eyes"

3. Supply/Demand by quarter – past 2 years

4. Absorption rate by quarter – past 2 years

5. Seasonality?

6. Predicted supply/demand for next quarter

7. [www.Focus1st.com](http://www.Focus1st.com)

d. Dynamic Pricing Example:

Expired Listing:

\$ \_\_\_\_\_

6 months on the market

Listed at \$ \_\_\_\_\_

\_\_\_\_\_ offers

Sold for \$ \_\_\_\_\_. Appraised!!!

7. Tips for working with appraisers in this market.

- a. \_\_\_\_\_.
- b. \_\_\_\_\_.

8. Tips for negotiating.

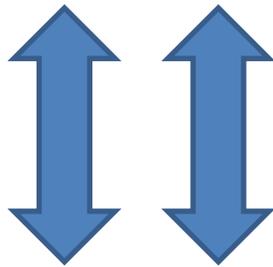
a. Negotiating Effectiveness:

Collaborative (win/win) = \_\_\_\_\_%

Competitive (win/lose) = \_\_\_\_\_%

b. Negotiate for “Home” – think at least 2 moves ahead.

c. Negotiation Dynamics



d. Excess Cash Example

\$300,000 = contract price

20% down payment = \$60,000; \$240,000 loan

\$290,000 = last sales price

Buyer agrees to buy if appraisal is \$290,000 or more

Appraisal is \$290,000; loan is \$232,000 (80%)

Down payment is \$\_\_\_\_\_

9. Are you a player?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

“It is not just a competition between the good and the bad.  
It is also a competition between the \_\_\_\_\_ and the \_\_\_\_\_.”

10. 10 Ways to generate listings.

1. The Curious Neighbor & the Modern Open House

2. The Neighborhood Letter

3. Set up an Early Warning System for Listings

4. Show Up!

5. Check the showing log daily.

6. Expired listings

7. Hot List/Warm List & Real Estate Reviews

8. Out of Town Owners

9. Reconnect with Builders

10. Move-up Buyer Opportunity



# Buyer Process

(10 steps - detailed)

## 1. Greet

- a. Prepare and coach receptionist: "You must be customer's name. We're really glad you are here. Agent's name is looking forward to meeting with you.
- b. First 2 minutes – 3 steps - Connect & Control

Connect:

Step 1: "How are you today?"

Step 2: "Thank you" or "welcome" or "compliment"

Step 3: Introduce yourself

Ask rapport building (F.O.R.D.) questions

"How much time do we have together today?"

Control:

Once you feel you are connected (nod and see if they nod back) take control of the process.

“If it is alright with you, what I’d recommend we do first is sit down and get acquainted. I would like to ask you a few questions that will help me help you find the right home.

Will that work for you?”

2. **Meet – different location** (fresh energy) – offer a gift (drink? pen?)
3. **Buyer Interview:** (Have a file made up with their name on it.)

Open their file. “I would like to ask you a few questions that will help me help you find the right home. Is it OK if I take some notes?” (Power of the Pad)

Follow the proper question sequence:

- Rapport questions
- Foundational (prior learning) questions
- Diagnostic questions – who, what, when, where, why, how?
- Solution (closing) questions

Five key foundational buyer questions:

- a. “Where are you living now?”

“Do you own your current home?”

“How long have you owned it?”

“Tell me a little bit about it.”

- b. "About how many homes have you owned in your lifetime?"
- c. "When you purchased your current home, what was the process you used to find that home?"

"How did you start looking?"

"What did you do next?"

"How long did it take to find the home?" Etc.

- d. "How did that process work for you?"

"Is there anything you would like to change on this purchase?"

"If you could wave a magic wand and have this purchase go just the way you want it, what would that look like?"

- e. "Are you familiar with how real estate works here in     place    ?"

If they are from the local area ask, "Are you familiar with the current market conditions?"

#### **4. Buyer packet and agency disclosure**

"I prepared a packet of information for you that has everything you need to buy real estate in     place    ."

Briefly review packet, point out contracts, & finish with agency disclosure.

(Confirm that they are not working with another Realtor.)

## 5. Funnel process

Our goal is to help you find the right home and, at the same time, make sure you don't miss anything or pay too much. We have a process called "The Funnel Process" that will help us accomplish those goals. Would you to see how it works for you? Great.

Let's start with what you have so far. "Do you have a list of homes you have found that you are interested in?"

Review what they have. "Have you gone inside any of these homes?"

"If it's alright with you, let's start by putting these homes into what we call the 'funnel'. To **make sure you don't miss anything**, let's also put into the funnel any home you might consider. Will that be OK?" Discuss:

- MLS?
- New listings? (Explain "Home Search")
- New Construction?
- For Sale by Owner?

"Once we have everything in the funnel, we'll start a **simple process of elimination** to remove those properties that don't work for you. We'll use the **comfortable process of elimination versus the often frustrating process of selection**. This way we'll make sure you don't miss anything."

"We'll go from 1,000's of properties in the funnel to 100's and then to dozens as we begin to eliminate those that don't work."

"Some we will look at on-line, some we will drive by, and some we will decide to make an appointment and go in. **You will be in control of the decisions.**"

“As we go through the process, our goal will be to find our Top 3 Favorites that could work for you (and this can be a rolling top 3).”

“Once you have identified your favorites, I’ll do a simple market analysis showing you sold properties to help you get a feel for value. Our goal is to **make sure you don’t pay too much.**”

“Does this look like a process that will work for you?”

**Funnel Process Summary and Key Phrases:**

- a. **Process of elimination versus process of selection**
- b. **Make sure you don’t miss anything.**
- c. **Some we will look at on line, some we will drive by, some we will go in. You will be in control of the decisions.**
- d. **Our goal: Identify your “Top 3 Favorites” and I’ll do a market analysis on them.**
- e. **We want to make sure you don’t pay too much.**
- f. **Draw it! Showing is better than telling.**

**6. Scale of 1 – 10.**

“Just for fun, to give me an idea of where you are in the process, on a scale of 1 to 10 (with a 1 being you are just starting the process and a 10 being you would like to find a home today) where would you rate yourself?”

“What would have to happen for you to be a 10?”

Drill down on each item – ask questions and listen

- “What specifically about .....?”
- “Why is that important to you?”
- “Tell me more about that.”

Take notes. (Power of the Pad!)

7. **Pieces of paper exercise.** (Give each person a piece of paper.)

“If it is alright with you, I would like each of you to make a list of the things you want in a home.”

“After you have made your list, put stars beside the 3 things you can’t live without.”

8. **What and why? Features & benefits.**



Remember: People buy their “whys” (benefits) not their “whats” (features).

Explain the concept of “the 85% perfect home.”

**9. Cash? Loan? House to sell?**

“Will you be paying cash for this home or will you be getting a loan?”

If getting a loan: “Do you have a loan arranged? Do you have a lender?”

“While I’m doing the computer work for your MLS search, would you like to meet with name of lender for a second opinion?”

“There is absolutely no obligation to use name of lender. However, it will give you a second opinion.”

Do the preliminary MLS search while they meet with the lender

They return from the lender:

- “How did it go?” Discuss their loan options
- “Are you familiar with the 1% = 10% Rule?”
- “Every 1% change in interest rate affects your buying power 10%.”

**1% = 10%**

(1% in Rate = 10% in Mortgage)

- 4.5%, 30-year, \$1,013/month = \$200,000 mortgage
- 5.5%, 30-year, \$1,013/month = \$178,476 mortgage
- 6.5%, 30-year, \$1,013/month = \$160,326 mortgage

“What is your interest rate risk right now?”

- Review MLS results:

\_\_\_\_\_ Matches

\_\_\_\_\_ Under Contract

\_\_\_\_\_ Available

- Discuss MLS Search

- View on-line
- Drive by
- Show

- Refine MLS search and discuss

- Print “Show” properties
- Have “Actives” available
- Have “Solds” available
- Give them the “Greenlight!”

**10. If we find it . . . . What will you do? (story)**

## Seller Process

- A. Prelisting Interview Questionnaire
- B. Deliver Prelisting Packet
- C. Property walkthrough goals: rapport, review, qualify seller, qualify house
- D. During property walkthrough:
  - 1. How many properties have you sold? (If this is their 1<sup>st</sup>, go to question 2.)
    - a. When did you sell your last one?
    - b. What were your experiences with that sale? How did it go for you?
    - c. What did you like the best? What did you like the least?
    - d. What would you like to do the same or different on this sale?
    - e. If you could wave a magic wand and have this sale go just the way you want it, what would that look like?
  - 2. (Review) Why are you selling your home?
  - 3. (Review)? Where are you going?
  - 4. (Review) How soon do you need to be there? (Fill out calendar.)
  - 5. Do you have any other properties that you need to sell? Would you like me to help you with those properties?
  - 6. (After you have asked about inclusions and exclusions) Do you want to price your house with this \_\_\_\_\_ or with \_\_\_\_\_? (Qualify the house.)
- E. You are now at the kitchen table, kitchen counter, or in a conference room in your office.

7. I prepared a package of information for you and had it delivered yesterday. Have you had a chance to review it? (If not, briefly review the package with them.)

8. Do you have any questions regarding the package?

9. Based on the information in the package, do you feel we are qualified to market your home? (a. and b. are optional dialogues)

a. (If "Yes") "Would you like for me to handle the sale for you?"

b. (If "Yes, but....") "How do you mean?"

"So....you feel I'm qualified once we can agree on \_\_\_\_\_.

"Setting \_\_\_\_\_ aside for a moment, is there anything else?"

Playback and list all their concerns. Write them all down.

"Would you agree that we both have the same goal - to get you to \_\_\_\_\_  
\_\_\_\_\_ new place \_\_\_\_\_ on time?"

c. You know, one of three things will happen today:

1. You may decide to hire me to help you.
2. You may decide I'm not the right fit for you and you may choose not to hire me.
3. If I feel I can't help you achieve your objectives, I have a responsibility to tell you that and not take your listing.

Shall we proceed and see where we are?

10. As I said earlier, my mission is to help you get to new place on time. Would you like to see your odds? Show them:

- a. "The Pond" (how markets and supply/demand work)
- b. Their market odds by price range
- c. Their market odds and absorption rate for their neighborhood (Note: Neighborhood can be defined as a map area (old town) or type of location (waterfront, golf course, acreage, etc.)

11. Are you willing to list your home at fair market value?

(If they ask, "What is fair market value?" Fair market value is determined by what buyers are willing to pay given their choices and what sellers are willing to sell for given their choices and the competition.)

Would you like to see how buyers and sellers determine fair market value?

Let's start by looking at the market through what we call "Buyer Eyes". Buyers start selecting homes based on 3 criteria:

1. Size/style
2. Location
3. Price

Later they also consider condition and features/amenities.

Show "scattergrams" and "price lines".

12. Based on the supply and demand for homes in your price range, where do you feel we should price your house to get you to (new place) on time?

13. Do you think that will get you there on time? If not, what's your Plan B?

If they want to start at a higher price and come down, show charts on “Overpricing in a Depreciating Market” and “Why Your First Offer is Often Your Best Offer”.

When do you think your home is most exciting to buyers? When it is fresh on the market or after it has been on the market for several months?

The first 30 days your home is on the market is the most critical because this is when it is “fresh” on the market and buyers are most excited about it.

Do you believe we need to have your home positioned at its best at the start?

14. If we get to     (date)     and your house isn't sold, what will you do?

15. If we got a contract on your house for \$\_\_\_\_\_ today, what would you do?

If necessary, take a tour of the competition.

Sample dialogue (sports metaphor):

If we look at selling your house as a game, how do we win the game?

(We win the game by getting your house sold.)

How do we lose the game?

(We lose the game by not getting your house sold.)

Do you want to win the game?

The game of real estate is unique because the competing players will let us go into their locker rooms. So, if it's all right with you, let's set up a tour of the competition and look at their houses through "Buyer Eyes". Then let's come back here and figure out what we need to do to win the game

(Take the tour using 5-Criteria Property Rating Sheet)

16. If we find a buyer for your house in the next 72 hours, are you going to be O.K. with that? What if it's the first person who looks at your house?

## These People Probably Want to Buy/Sell Real Estate

Take out your list of people you know. Go through the names one at a time. Bring the person/family into your consciousness. Think about them and ask yourself these questions regarding their situation. If they fit that particular question, write the number of that question next to their name. After going through your entire list, you should have a clear picture of the potential real estate needs/wants of your customers – and the start of a business plan for yourself. Start contacting your customers using the F.O.R.D. system of questions. When they respond to your F.O.R.D. questions, listen carefully for changes going on in their lives that may affect their need/desire to buy/sell real estate.

How many of the people you know:

1. Have had an increase in family size in the past year?
2. Have children age 10 and under? (Give your kids a chance brochure.)
3. Have teenage children?
4. Have children who have left home recently?
5. Are living “below or above their means”?
6. Have lived in their same house 7 years or more?
7. Have had their employer/company expand in the past year?
8. Have had their employer/company downsize in the past year?
9. Have a commute of one hour or more?
10. Have received a substantial inheritance?
11. Own a building lot?
12. Are getting married or are recently married?
13. Are getting divorced or are recently divorced?
14. Are getting divorced and married?
15. Have a dream for “Wake-up Money” investment property?

16. Have a commute over \_\_\_\_\_ minutes?

17. Have a dream to live “anywhere”?