NINJA 気 SELLING

"Sold in 30 Days! Absorption Rate Positioning"

1. Mastery – "technical excellence" in a chosen field

2. Single most important factor in getting a home sold is _____.

  3. Seller Decision:

  - _____
  - _____
  - _____
  - _____
  - _____

4. Top selling Ninjas don't list homes. They list _____.

5. Seller Assessment: E = MC2 (Certified Distressed Property Expert)

  - _____
  - _____
  - _____
  - _____

6. Crucial Conversations – 3 elements

  - _____
  - _____
  - _____

7. Crucial Conversations

  - _____or_____
  - Make it _____
  - Make it _____

8. Sources of Confusion:

    - _____
    - _____
    - _____
    - _____

9. Sources of Clarity:

    - _____
    - _____
    - _____
    - _____
    - _____
    - _____ (A picture is worth a thousand words.)

10. Listing Questions:

    - Where are you going?
    - When do you need to be there?

11. Calendar Process:

    - Our goal is to get you to _____ on time.
    - Would you like to see your odds?

12. Calculating Absorption Rate:

    - Homes sold last 12 months =   _____
    - Monthly absorption rate =   _____
    - Current active listings =   _____
    - Absorption time in months =   _____

13. Example: Resale over $1 million

- Homes sold last 12 months =   12
- Monthly absorption rate =   1/month
- Homes for sale over $1 million =   100
- Absorption time in months =   100 months
- Odds of selling in 1 year =   12% (12/100)
- Days on market for 12 that sold = 285 days

14. "The Pond"

- Inflow
- Outflow
- "FLOW"
- "SHOW"
- "STAGNANT MASS"

15. Absorption Rate Positioning (8 step process)

Absorption Rate Positioning

Seller: _____

Address: _____

Property Description: _____

Profile Buyer for this property: _____

Step #1: Define the "Playing Field" through "Buyer's Eyes" (MLS search criteria)
–Neighborhood, zip code, price range, size, floor plan, lakefront, schools, etc.

Note: In Step #1, pretend you are sitting with a buyer and about to select homes to look at. You are going to load the buyer's search criteria into the MLS system. Where would this property show up in a search? What categories or criteria would a buyer use for this type of property? What would be the other properties (that are similar to this) a buyer would want to see. Buyers tend to search based on 3 general criteria: Style, Location, and Price Range. .

Step #2: Sold properties in the past _12_ months: __25__ (Success patterns/refine search?)

Once you have loaded in your search criteria (Step #1); ask the computer "How many properties that fit these criteria have sold in the last 12 months?" In this example there are 25 properties that have sold. At this point you can decide if you want to narrow your search by limiting the criteria even more – for example, only 4 bedroom, 2-story homes, in Anderson Farm subdivision.

Next, look for "success patterns". Is there a pattern for those that are selling? For example: all or most are ranch style (1 level homes); main-floor master suites; on more than 1 acre; top floor condos; etc. The market will speak to us. We need to be listening! You may want to refine your search at this point. You want to "drill down" and really understand why buyers are buying these particular homes – what are the features that are selling them – or is it simply price?

Step #3: Sales rate (absorption rate) per month of similar properties: _approx. 2/mo_

If 25 homes sold in 12 months, they are selling at the rate of approximately 2 per month (25 ÷ 12 = approx. 2 per month).

Step #4: Number of properties currently for sale: __17__ (+ your house) = __18__

Here you ask the computer for how many homes that match these criteria are currently for sale. In this example, there are 17 properties that match the criteria.

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When we add your seller's house into the mix, a buyer will have 18 choices. These other 17 homes are your competition.

Step #5: At current sales rate, time required to sell all of current properties: _9_ months

If there are 18 houses for sale that fit these criteria, and they are selling at the rate of 2 per month, it will take 9 months to sell all of the current inventory (18 homes ÷ 2/mo. = 9 months). At this point, you can ask your seller, "Will 9 months work for you?"

Step #6: Odds of Selling within 30 Days through "Buyer's Eyes":

_2_ (Monthly sales rate #3) ÷ _18_ (properties for sale # 4) = __11.1_ % Odds of Selling this month

Earlier, we had stated the seller's goals – to get to _____ on time. Using the calendar, we had calculated that to meet their timing goals, we need to have a contract on their house in the next 30 days. (If, it takes an additional 60 days for the buyer to obtain financing and close, then a contract in 30 days means a closing in 90 days.)

Here we are showing them that the odds of their house going under contract in the next 30 days are 11.1%. At this point, the seller may start to panic because the odds are not very high – although they will be impressed that you can show them their odds with this level of precision. At this point in time, it is very important to make two points:

Point #1: "You know, most buyers do not buy homes based strictly on price. They buy based on value – which is the relationship of their perception of quality and price. There are 5 key factors they consider in buying a home and I'll show you what those are."

Point #2: "Our goal is to help you with a value positioning strategy that will increase your odds from 11.1% to potentially 100%. Would you like to see how it works?"

Step #7: Value positioning your property vs. the competition through "Buyer's Eyes":

1. Condition: _____ Rating: _____

2. Location: _____ Rating: _____

3. Size (lot and house): _____ Rating: _____

4. Features/Amenities: _____ Rating: _____

5. Price: _____ Rating: _____

In Step 7, you will use your expertise with the MLS photos, descriptions, and google maps, to select the top 6 houses (out of the 18) that a buyer will want to see first. Again, project yourself into the roll of working with a buyer to pick the best 6 of the 18 houses. Of the 6 houses, one of them is your seller's house.

Next you will want to personally visit the other 5 competing properties. The reason you want to do this is because the buyers will do it and you want to position your seller's house for the market using "Buyer Eyes". You may want to consider taking the seller with you on this tour of the competition.

As you tour the competition, rate your listing on a 1 to 6 scale – with 1 being first place and 6 being last place. For example, you might rate your listing as a "3" on condition but with some reconditioning and staging you could get it to "2" which means it would be in second place on condition. Generally a seller can improve condition and price but not location. Size (e.g. adding a room) and features/amenities (e.g. granite) can generally only be improved with a large investment of time/money. Sellers usually have to compensate for location, size, and features/amenities with price. Again, most buyers do not buy strictly on price. They buy based on value, which is their perception of the relationship of these 5 factors.

Step #8: Value positioning through "Buyer's Eyes"

100% Odds of Selling within 30 Days = Position your house in the Top __2__

50% Odds of Selling within 30 Days = Position your house in the Top __4__

33% Odds of Selling within 30 Days = Position your house in the Top __6__

If the seller wants to be under contract within 30 days, they need to position their house as one of the top 2 that a buyer has to pick from. If they do this, two houses are going to sell this month and they should be one of them. If they are in the top 4 and two are selling this month, they have 50% odds of selling, etc.

Remember, markets are very dynamic and it is recommended you track all showings, buyer/Realtor comments, and re-do your value positioning and absorption rate analysis every two weeks.
(Adjust for seasonality & market trends.)

The above analysis is based on 12 months of data. If you have a seasonal market, or market conditions are changing, you should do this same analysis using the last 3 months as a "snapshot" of current market conditions. You may discover that the market has slowed (perhaps you need to be in the Top 1 to be under contract in 30 days) or the market has sped up (and you need to be in the Top 3 to be under contract in 30 days).

16. Adjusting for seasonality: (Example)

    Step 1: Search Criteria
    Step 2: Sold in last 3 months =   3
    Step 3: Sales rate =   1/month
    Step 4: Homes for sale = 17 + 1 =   18
    Step 5: Absorption time =   18 months
    Step 6: Odds of selling in 30 days =   1/18 = 5.55%
    Step 7: Value positioning
                1. Condition   Rating ___
                2. Location   Rating ___
                3. Size   Rating ___
                4. Features/Amenities   Rating ___
                5. Price   Rating ___
    Step 8: Value positioning through "Buyer Eyes"
                100% Odds of Selling: Top <u>1</u>
                  50% Odds of Selling: Top <u>2</u>
                  33% Odds of Selling: Top <u>3</u>

17. What if there is little or no supply?

18. Choices & consequences

- Choices
- Consequences – calculate carrying costs/opportunity costs

19. The Bank President Story – "What a shame. There is nothing that can be done."
20. Sellers love it!

- _____
- _____
- _____
- _____

21. Pricing tools: www.focus1st

22. Evolution: evo-lu-tion, n, the ability of a species to change or adapt to its environment in order to survive _____or _____

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–Neighborhood, zip code, price range, size, floor plan, lakefront, schools, etc.

Step #2: Sold properties in the past ___ months: _____ (Success patterns/refine search?)

Step #3: Sales rate (absorption rate) per month of similar properties: _____

Step #4: Number of properties currently for sale: _____ (+ your house) = _____

Step #5: At current sales rate, time required to sell all of current properties: ___months

Step #6: Odds of Selling within 30 Days through "Buyer's Eyes":

___ (Monthly sales rate #3) ÷ ___ (properties for sale # 4) = ____% Odds of Selling this month

Step #7: Value positioning your property vs. the competition through "Buyer's Eyes":

1. Condition: _____Rating: ____

2. Location: _____Rating: ____

3. Size (lot and house): _____Rating: ____

4. Features/Amenities: _____Rating: ____

5. Price: _____Rating: ____

Step #8: Value positioning through "Buyer's Eyes"

100% Odds of Selling within 30 Days = Position your house in the Top _____

50% Odds of Selling within 30 Days = Position your house in the Top _____

33% Odds of Selling within 30 Days = Position your house in the Top _____

(Adjust for seasonality & market trends.)