

WEDNESDAYS with WAYNE

LIVE AGENT TRAINING

PRICING STRATEGY

Begins in:

10:00

Stop

WEDNESDAYS

with

WAYNE



LIVE AGENT TRAINING

PRICING STRATEGY

Before We Get Started...

A Few Facts

There is no bigger leverage in real estate sales than listings

There has never been a viable long-term model focusing on the buyer side of the transaction

If you analyze ANY marketplace, you will find that the top agents always have more listing side transactions than buyer side transactions

Without listing inventory, your business is actually subserviant to the agents with listing inventory



Most agents are held back from becoming a great listing agent because of not having a sound understanding of the marketplace, and a sound pricing strategy

While easy, price per square foot is the WORST pricing strategy!

Becoming a great listing agent doesn't just "happen"

Becoming a great listing agent is a decision you must make!

I hope that by being here today, you are ready to make that decision!



Market Issues Sellers Must Understand

Most people only sell 3-5 homes in their life.
(on average every 13-15 years)

While the "market" may be different each time a seller sells, the "drivers" of the marketplace do not change.

If Sellers understood how the marketplace actually works, they would position their home properly in the market.

It is your responsibility to explain the drivers of the market to the seller and educate them to make a great decision.

Buyers start the process in a very pragmatic way, then purchase from emotions.

Sellers start out emotional and become pragmatic.

Buyers draw a baseline of physical features and will not go below it.



SEE THE FIELD
CONSULTING

— Find **Your** Path —

Time is not a seller's friend.
Agents deal with new inventory...not old.

The condition of a home needs to be “at the market”.
Buyers will not pay extra money for features they do not expect.

Buyers Look and Purchase in Price Brackets

Being in the "Best" in the bracket is the key

Under \$100,000
\$5,000 Brackets
(\$70,000-\$74,900)

\$100,000-\$200,000
\$10,000 Brackets
(\$150,000-\$159,900)

\$200,000-\$300,000
\$25,000 Brackets
(\$200,000-\$225,000)

Over \$300,000
(\$50,000 Brackets)

Over \$1,000,000
(\$100,000 Brackets)

The only people who care if the home seller are you and the seller.
The "market" doesn't care if any individual home sells.

Selling homes is all about competition. Either the marketplace is helping you sell your listing, or you are helping someone else sell theirs.

"3 Levels of home sales" (EVERY home goes through the 3 levels)

Agent Excitement

Buyers in Great Numbers

Top 2-3 Homes

What one buyer likes they all like
What one buyer dislikes, they all dislike
They're all looking at the same homes!

Real Estate is all about control. One party always has more control. It's never a level playing field.

Seller Control Levers:

Time on Market

Price

Ease of Showing

Condition

Terms

Buyer Control Levers:

Time on Market

Condition



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TRUTH : “Someone in every listing presentation is going to be **PASSIONATE** about the price of the home. The problem is, 95% of the time it’s the seller not the agent”



SEE THE FIELD
CONSULTING

— Find **Your** Path —

Remember that the seller only has to defend their price with emotion.

You must be prepared to defend your price logically, and from every possible angle.



Basic Pricing Theory:

1. Because buyers approach the process pragmatically, at the first level, every house is “average”.
2. “Extras” only matter at the second level (physical visit)
3. CMA should represent a very specific type of property relating to physical features (level one), in a specific geographic area.
4. Utilize a very large price range, giving the seller every opportunity for top dollar.

5. If sellers understood how a buyer looks at property, they would understand the importance of accurate pricing.

6. Your pricing model and conversation should bring out the reality of pricing.

7. While price is presented in a tabular format, **ALWAYS** have supporting documentation of all properties shown on CMA in case you need to go into detail on any property.



Key Numbers and correlations that you MUST pull out of the market analysis:

1. Listing price to Sales price ratio/percentage.
2. Average days on Market.
3. Numbers of bedrooms, baths, etc. of comparable homes.
4. Competing homes.
5. Average prices of Solds, Actives and Expireds/Withdrawn/Cancelled.

If there are any disagreements on price, go back over the numbers in the context of the sellers needs from the TOP 3 ISSUES until you either have an agreement, or decide you aren't going to.



PRICING

“Mr./Mrs. Seller, let’s talk about the value of your home. Anytime we look at the value of a home, there are certain parameters within which people buy homes. There are certain things they are looking for. The reality is, they are looking for the same things you were looking for when you purchased this home. Here are the parameters that I used.”

SHOW THE SELLER ALL OF THE SEARCH CRITERIA THAT YOU USED.
BE AS SPECIFIC AS POSSIBLE!



THE MARKET ANALYSIS WAS
CREATED USING THE FOLLOWING
CRITERIA:

Bedrooms: 3

Bathrooms: 2+

Garage: 2

Construction Material: Brick

Lot Size: Residential

Square Footage: 2000-2500

Price Range: \$200,000-\$300,000

Age: 10-20

Area: SE/Glendale

**BE AS SPECIFIC
AS POSSIBLE!!**

“Would you agree that these are houses just like yours?”

This is where the seller will say...“Yes, but we also have XYZ”
Agree with the seller and tell them you will talk about your extras in a bit.

Presenting Price

The order of presentation is CRUCIAL!

SOLD



U/C PROPERTIES



EXPIRED/WITHDRAWN PROPERTIES



ACTIVE COMPETITION



SUMMARY PAGE

After presenting the summary page, BE QUIET. Simply present your price and SHUT UP! Sit on your hands, grab your chin, poke yourself with a pencil, but don't talk!

REMEMBER: He who speaks first LOSES!



Comparative Market Analysis

Property Sold

	Address	Original Price	Asking Price	Selling Price	%AP	DOM	Date	Bed	Bath	Garage
1	3647 S. Homewood	\$237,500	\$224,900	\$223,000	99.2	92	Jan-20	3	2	2
2	1627 S. Jewell	\$239,900	\$239,900	\$232,000	97.6	68	May-20	3	2	2
3	1849 Main	\$242,000	\$242,000	\$237,500	98.1	17	Apr-20	3	2	2
4	2688 Johnson	\$239,900	\$239,900	\$238,000	99.2	6	Apr-20	3	2	2
5	2787 Catalina	\$249,900	\$239,900	\$239,900	100	124	Feb-20	3	2	2
6	2942 Meadow	\$239,900	\$239,900	\$241,000	100.4	1	Mar-20	3	2	2
7	2816 Cedar	\$247,500	\$247,500	\$242,000	97.8	16	May-20	3	2.5	2

Average Days on Market 46

Average List/Sale Price Ratio 99%

Make sure to list from High to Low FINAL SALES PRICE!
(Ascending Order)

Focus on very small amount of negotiation between FINAL
Listing Price and Sales Price

Be sure to show correlation between Days on Market (DOM)
and % of L/P to S/P

Point out Highest and Lowest Number of days on market



Comparative Market Analysis

Property Under Contract

	Original Price	Asking Price	Beds	Bath	Garage	DOM
Address						
1 1427 Appleway	\$239,900	\$239,900	3	2	2	6
2 1787 Greenbrier	\$249,900	\$249,900	3	2	2	4
3 1646 Fremont	\$254,900	\$249,900	3	2	2	80

Compare to Asking prices of SOLDs



Average Days on Market

30

Compare to DOM of SOLDs



Reinforce DOM as it relates to the SOLD properties

The message we are delivering is what to expect on DOM

Compare DOM of this page to DOM of SOLDS



Comparative Market Analysis

Property Expired/Withdrawn

	Address	Original Price	Asking Price	Beds	Bath	Garage	DOM	EXP/WD
1	1427 Sunrise	\$259,900	\$259,900	3	2	2	180	EXP
2	1987 Bluebonnet	\$269,900	\$269,900	3	2	2	120	EXP
3	4187 Stewart	\$274,900	\$274,900	3	2	2	89	WD

Average Days on Market

130

Compare to Asking prices of
SOLDS and U/C

Compare to DOM of SOLDS
and U/C

These are the properties that were "on the market" not "in the market"

Talk about the asking prices of these homes versus the asking prices of homes that sold and are U/C!

Be sure and mention DOM of these properties versus those that actually sold and are U/C



Comparative Market Analysis

Property for Sale

	Address	Original Price	Asking Price	Beds	Bath	Garage	DOM
1	123 Main	\$255,000	\$240,000	3	2	2	90
2	1474 Smith Rd	\$242,500	\$242,500	3	2	2	4
3	1574 Johnson	\$249,900	\$249,900	3	2	2	45
4	1678 Glenn	\$265,000	\$254,900	3	2	2	130
5	2765 Holland Ln	\$265,000	\$259,900	3	2	2	70

Average Days on Market

68

These homes are our competition

If a buyer looks today, they have 5 options. when we list, we will be number 6. The question is "Where do we need to be to make sure we are the BEST HOUSE of the properties in the price bracket?"

Buyers will always buy the "BEST HOUSE" we need to make sure it is us.

Go Property by property and tell the seller how they "stack up" in relation to the current active listings.

Be ready to go in depth on any house! Make sure you have all relevant information!



Comparative Market Analysis Summary

Number of Homes Sold:	7
Average Selling Price:	\$236,200

Number Of Homes For Sale:	5
Average Asking Price:	\$249,440

Number Of Homes Exp/WD:	3
Average Asking Price:	\$268,100

CLOSING

Once sellers have an understanding of the market, and where their property fits, there is no need for “closing lines”, it is the forgone conclusion that you are someone they should work with.

“Mr. and Mrs. Seller, after our conversation, I would welcome the opportunity to represent you in the sale of your property. Do you feel the same?”

“Great...

is there any reason not to go ahead with this?

are we ready to move ahead?

is there anything we need to do before we get started?

do you want me to handle the sale for you?

Truth: No amount of marketing will fix a bad price!

After you have an agreement, now is the time to present your “marketing plan”. The “marketing plan” is really an explanation of how the marketplace works, the strategies you are going to implement, and most importantly, how you plan to communicate with the owners during the process.





*See you September 20th
For
“The Line in the Sand”:*

Past Client Systems

Thank You!

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