



Pricing Boot Camp



Check Your Attitude

CORE PRICING BELIEFS

1. Informed people make **intelligent** decisions
2. Pricing homes is not an **exact** science.
3. Pricing homes is **neighborhood** specific.
4. There is a **difference** between value, price and entry.
5. Buyers determine **value**.
6. Sellers determine **price**.
7. Competitions determines **entry**.
8. The pricing game is all about **justification**.
9. Seller needs can never be used to justify **value**.
10. Buyers seldom pay **more** than fair market value.
11. Price should never **exceed** value.
12. There is a difference between taking a listing and **selling** a listing.
13. There are opportunity costs associated with taking **overpriced** listings.
14. Homes sell for **two** reasons
15. It's unacceptable to leave the **seller's** money on the table.
16. People will trust and follow what you can **logically** explain.
17. An **appropriate** pricing strategy supports win-win working relationships.

Becoming A Pricing Strategist



Becoming A Pricing Strategist



Why do some agents fail in the process?

- Lack of Knowledge - Agent possess incomplete information
- Lack of Confidence - Agent submits to seller demands
- Lack of Judgment - Agent thinks it's only about taking the listing - Agent wants to leverage the listing

Facilitating Intelligent Decisions



What is the role on an adviser?



Determine and justify value and entry point!



What determines value?



Features, amenities and condition of the subject home!



What justifies value?



Features, amenities and condition of sold and expired homes!



What determines entry point?



Current market trends!



What justifies entry point?



Features, amenities and condition of active homes!

A More Effective Way



A MORE EFFECTIVE WAY

Sellers will trust and follow what you can logically and tangibly explain!



Better to tell sellers or have them self-discover?



Self-discovery is the key!

A More Effective Way

Conversations vs Presentations

- Presentations work if the seller agrees with your opinion, they are not interviewing other top agents or they are in a dire situation.
- Conversations start with questions which lead to sharing of information, exchanging ideas and hopefully leading sellers down a path of self discovery.

A More Effective Way

Unique vs Typical

- Sellers expect help with pricing
- The problem is most listing agents use the same approach to pricing.
- In a seller's eyes, where all agents appear the same, cost of service becomes the difference maker.

Analysis of Your Current Approach



- Most listing agents, and thus most sellers, believe pricing a home is simply accomplished by multiplying average price-per-foot by the square footage of the subject home.

Analysis of Your Current Approach

YOU NEED TO CONSIDER

Features, amenities and condition of the **subject** home?

Features, amenities and condition of **sold** homes?

Features, amenities and condition of **expired** homes?

Seller's **financial** needs?

Market **trends** and conditions for the area?

Features, amenities and condition of the **active** homes?

Seller's **timing** need?

Pricing Fundamentals

Important Definitions

- **Art and Science of Pricing:** Leading Seller to the most appropriate price entry point
- **Opinion:** Unfounded speculation (agent or seller)
- **Value:** A home's worth justified by historical data
- **Entry Point:** Price that will net the most amount of money in the current market
- **List Price:** Seller's perception after review and analysis of pricing data.
Note: The only way to change seller's perception is to involve them in the pricing process

Pricing Fundamentals

GOLDEN RULE

- List Price must be less than or equal to value
- If list price exceeds value, the seller's needs and/or wants are being used to justify the price. We all know the buyers don't care what a seller needs or wants

Concluding Thoughts



***You don't have to be great to start,
but you have to start to be great.***

Joe Sabah

SUCCESS IS A JOURNEY,
NOT A DESTINATION

