It Is Vital That You Get The Listing Priced Right

By David Knox

You owe it to your sellers (and to yourself) to get them to price the house right the first time – to save what you know from experience will come down the road if they don't. Techniques, objections, scripts and solutions are offered in this article.

A properly priced listing is 80% sold. The time to price it right is the moment you list it, not after, and not before. If you wait until after you list it to price properly, it will be too late and you lose market time and marketing dollars. If you price it before they've decided to list with you, you waste time; you draw yourself into a pricing debate; and risk pricing a listing that you don't get.

The proper listing/pricing sequence is to present your marketing plan, overcome any listing objections and close for their agreement to list with you. Then present your CMA and persuade them to price the home to the market now.

PROVEN TECHNIQUES

The first important technique is to delay the discussion of price until you gain the agreement to list. This is difficult because most owners want to know the price right after you've arrived. Here are two methods to try. First, when you arrive (on time) and they ask if you'd like to see their home, reply; "I'd love to see your home, it's one of the fun parts of my job. But before we do, I'd like to put my things down. Why don't we sit right over there?"

You've immediately taken control, broken the pattern and positioned yourself to conduct a proper listing presentation. Begin by building rapport, establishing trust and determining their motivation.

The second technique is to tell them up-front that you'll be discussing price last. Present to the seller the following six steps to listing:

1.) Preparation
2.) Initial meeting
3.) Determine motivation and objectives
4.) Examine the marketing plan
5.) Select a real estate agent
6.) Establish asking price.

"... so Mr. and Mrs. Seller, after examining our marketing plan, in step 5 it will be your decision to select a real estate agent. Based upon our marketing plan I hope you'll agree that I am the best agent to sell your home for the most money in the least time. Once you decide to have me market your home, then the final step is to establish the asking price for your home. How do you feel about this procedure?"

If they're OK with your sequence, then proceed through your listing presentation. They may ask; "How can we make our listing decision if we don't know the price?" Inform the sellers that their mission is to select the best agent, not the best price. A real estate agent has no control over the market, only the marketing plan. Never select an agent based on price. Compare this to selecting a stockbroker. They wouldn't need to know the value of their stocks to choose a stockbroker.

"Mr. and Mrs. Seller, I am here because I want you to hire me to market your home. I am accustomed to being in competition with other agents. If you choose me I want it to be because you feel I am the best one to handle the marketing of your home, not because I quote the highest price. If you don't feel that I am the best, then don't hire me ... no matter what price I say. If you

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David will be presenting his pricing seminar "Get the Listing Priced Right" at the National Association of Realtors convention in San Francisco, CA on Sunday Nov. 9, 2003 at 10:00 am. His booth is #3825.

hire the agent you like least, but quotes the highest price, you'd be overpricing your home by the greatest amount with the agent who is least likely to attain it."

SOME REPLIES TO OTHER COMMON OBJECTIONS

"We can always come down"

Show the history of an overpriced home. Illustrate the stair steps down from the high price through market value down to a sale price under market value.

"... Here's a home that started out at a price $x,xxx over market. It didn't sell so they reduced the price. It didn't sell so they reduced it again. It still didn't sell so they reduced it again. And finally they reduced it to market. What do you think happened?

(Owner: I suppose it sold?)

No. It still stayed on the market. Do you know why? What question do you ask me at the front door of every home I show you?

(Owner: How long has it been on the market?)

You ask me that because if it's been on a long time you can buy it for under market or something is wrong with it. That's what happened to this home. It sold for $x,xxx below market price. What do you think would've happened if it were priced right on the first night? Yes, you can come down, and as you can see, you will have to. Is this the way you want your home marketed?"

"Couldn't we try it for a couple of weeks?"

Illustrate that the majority of market activity occurs in the first two to three weeks on the market. Use a chart that shows a curve of high activity in the first two to three weeks. Show them that this is the worst time to overprice because it's when their best customers see the home.

"As you can see by this chart, most of the marketing activity on a new listing occurs in the first two weeks on the market. So when you ask, can we try it for a couple of weeks, look what you're doing. You're overpricing your home during the period when your best buyers show up, then lowering it after they're gone. I recommend that you price it right on the first exposure to the market."

"But we have so many improvements in it."

Most improvements are made for enjoyment, not resale. Help owners understand this by asking:

"If you had known at the time you were making those improvements that you were going to move today, would you still have made them?"

(Owner: No, we probably wouldn't.)

May I ask why not?

(Owner: because we couldn't get our money back.)

"But we paid $___________for it"

This is the owners' attempt to link Cost to Value when there is no relationship between them. What you paid for something has nothing to do with what it's worth today. A technique to illustrate this to owners is to ask:

" Mr. and Mrs. Seller. I hear you say that since you paid a certain amount for this home that the subsequent selling price should be based on that. Is that right? Let me ask you a question that is realistic in many situations. If you had inherited this home through an estate, therefore your cost was zero, what would you try to get for it today?

(Owner: As much as we could get.)

Why, you wouldn't have paid anything for it?

(Owner: Well, that doesn't matter...)

"They can always make an offer"

"Mr. and Mrs. Seller. The only way a qualified buyer can make an offer on your home is if they see it. The problem is, most buyers look up to their price range, peek a bit over, then focus only in their price range. By overpricing, you put your home into a price bracket where they won't look. (Show the MLS book and/or computer printout and how their home will be invisible to a buyer by not being in their range.) The buyers who do see your home will be able to afford your higher price, however, they will not be interested in it. The wrong price attracts the wrong buyers."

Use these techniques with caution, tact and compassion. Owners are not so unusual to want as much money as they can get for their home. You owe it to them to get as much as the market will pay. ■

– David Knox