



Pricing Dialogs

(Part 1)

“Another agent said they’d list it higher.”

Inform the sellers that their mission is to select the best agent, not the best price. An agent has no control over the market, only the marketing plan. Never select an agent based on price. “Mr. and Mrs. Seller, I am here because I want you to hire me and my company to market your home. I am accustomed to being in competition with other agents, however, if you chose me, I want it to be because you feel I am the best one to handle the marketing of your home, not because I said the highest price. A common mistake homeowners make is to overprice their home by the greatest amount with the agent who is least competent to attain it. If you don’t feel that I am the best, then don’t hire me...no matter what price I say.”

“We can always come down.”

Show the history of an overpriced home. Illustrate how the price steps down through market value 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 still didn’t sell so they continued to reduce it until it was at market value. What do you think happened?” (Owner: I suppose it sold?) “No. 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 a long market time creates the belief that it is overpriced or that something is wrong. That’s what happened to this home. It sold below market price. What do you think would’ve happened if it was priced right on the first night?” (Rhetorical) So, you can come down, but it may be below market value.”

“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 wrong price attracts the wrong buyers. The ones who could afford a market value price won’t see it...and the buyers who do see your home won’t be interested.”



Pricing Dialogs

(Part 2)

“Couldn’t we try it for a couple of weeks?”

Tell the sellers that the majority of market activity occurs in the first two to three weeks. Use an activity log to show that this is the worst time to overprice, because that’s when your best customers see the home.

“As you can see by this, 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 of its best activity, then lowering the price after they’re gone. It’s like having a dinner party on Saturday and having the caterers come on Monday. I recommend that you price it at market value so you can capitalize on the best buyers you’ll have.”

“But we paid more than that for it.”

Many owners connect cost with value when in fact there is no direct relationship. What you paid for something has nothing to do with what its worth today. Here is a way to have the owners acknowledge this non-relationship: “Mr. and Mrs. Seller, I hear you say that the value of your home should be based upon the cost? Then let me ask, if you had inherited this home, that is, paid nothing for it... what would you try to get for it today?” (Owner: As much as we could get.) “Why, when you wouldn’t have paid anything for it?” (Well, that doesn’t matter...) Use this dialog for buyers too. Right before making an offer, buyers might ask you what the owner paid for it, as if that has any relevance. Respond by saying; “What if we find out that the owners had inherited this home... how would that affect your offer?”

“But we have so many improvements in it.”

Most improvements are made for enjoyment, not resale. Lead the owners to this conclusion by asking these questions: “When were the improvements made?” (Owner: Just this year.) “At that time were you planning to stay or move?” (Owner: Oh, we were planning to stay.) “I see, if you’d known then that you were going to move today, would you still have made those improvements?” (Owner: No, probably not.) “Why not?” (Owner: because we couldn’t get our money back.)

“We need the money.”

An owner’s need for money doesn’t affect the value of the home. Here’s a dialog to use in this case: “Being objective about an asking price can be difficult when driven by a need for money. How much more do you need?” (Determine the net difference.) “Why do you need that extra money?” (Owner; various reasons, none of which affect the value of their home.) “If you don’t get that extra amount what will you do?” The owner’s response falls into two fundamental options; sell the home at market and alter things at the other end, or stay here and wait for the home to be worth more. Lead them to one of these conclusions. If their decision is to stay, then obviously their need for money exceeds the motivation to move. You can also put the owners in the position of a buyer by asking: “If you found a home to buy that was \$12,000 overpriced, would you pay the extra amount if you knew the owners really needed the money?”