

Steps of the Listing Process

- 1) Preparation and research**
- 2) Establish motivation and objectives**
- 3) Examine the marketing plan**
- 4) Select a real estate agent**
- 5) Establish asking price**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

How will you select a real estate agent?

Best Services & Marketing Plan

~~**Highest Listing Price**~~

**An agent doesn't control the market.
Never select an agent based on price.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

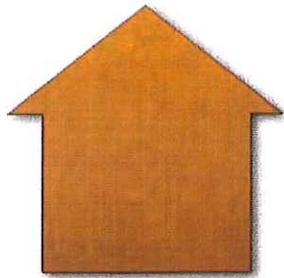
Role of an Agent in Pricing

- ➔ **There is no "exact price" for real estate.**
- ➔ **What I think your home is "worth" doesn't matter.**
- ➔ **The market determines value.**
- ➔ **Together we determine the price.**
- ➔ **I will show you a range of prices being paid for homes in your area.**

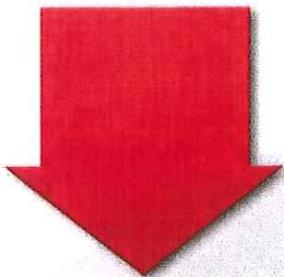
Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

“Another agent will list it higher.”

Avoid this Common Mistake



**Highest
Listing
Price**



**Least
Competent
Agent**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Who Controls What?

Factor

Control

Location → **Given**

Financing → **Given**

Marketing → **Agent**

Condition → **Owner**

Price → **Owner**

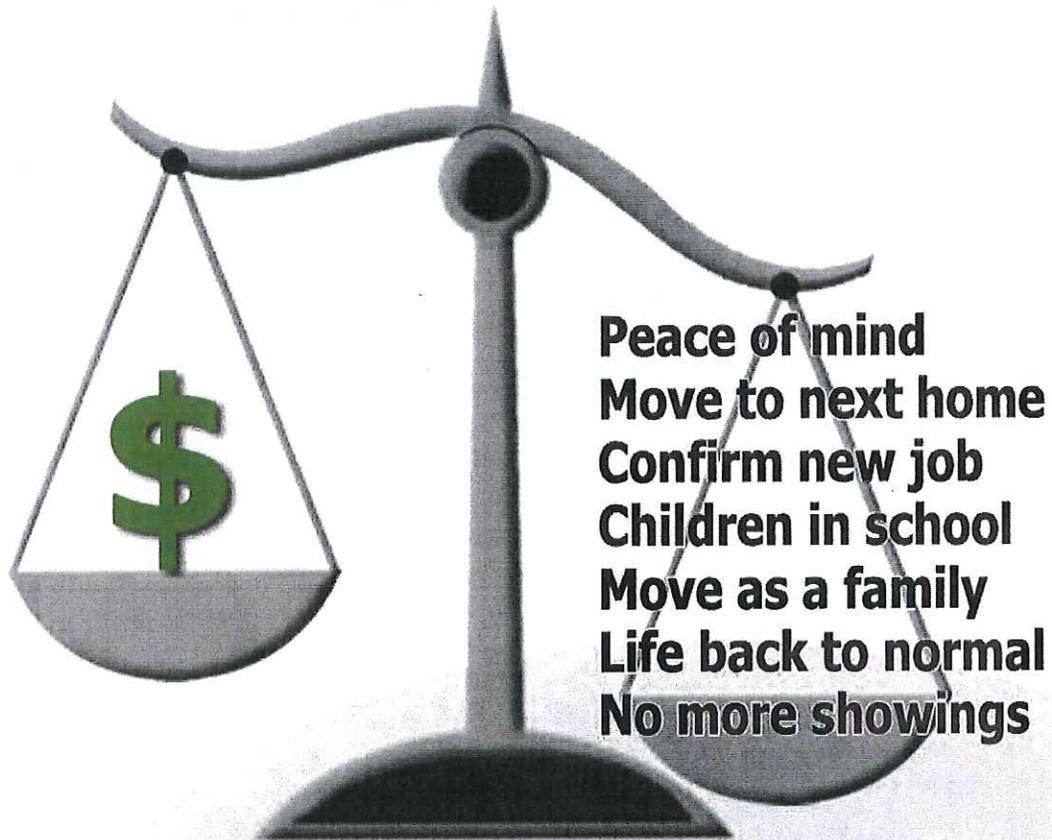
Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Elements of a Marketable Listing



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

"We need the money."

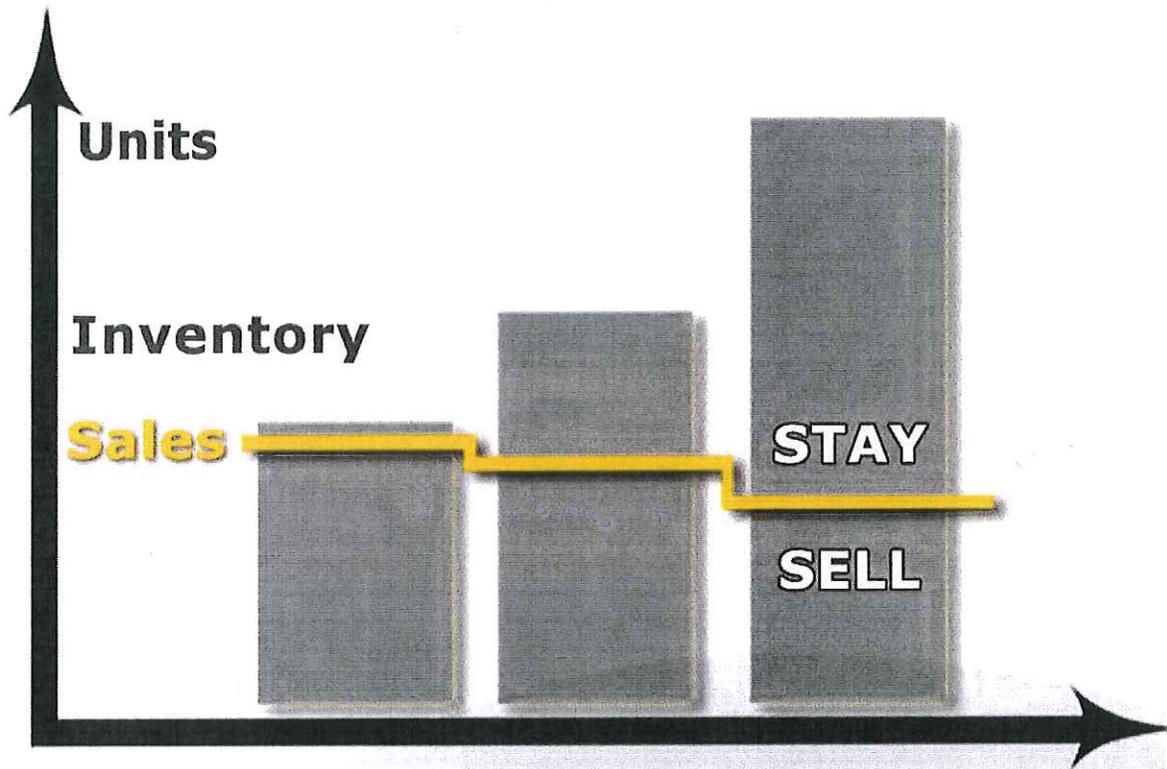


**Peace of mind
Move to next home
Confirm new job
Children in school
Move as a family
Life back to normal
No more showings**

**The benefits of moving must be
greater than the desire for price.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

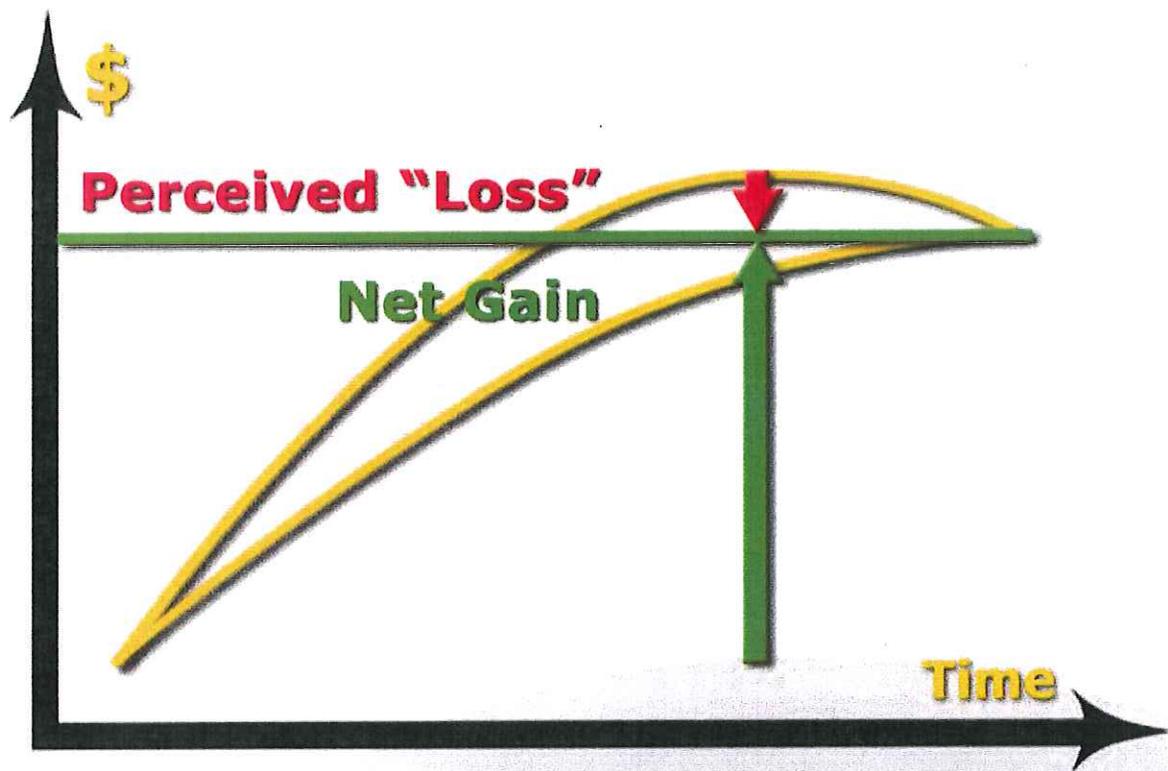
Inventory Exceeds Sales



When inventory exceeds sales, you must price at market value in order to SELL.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

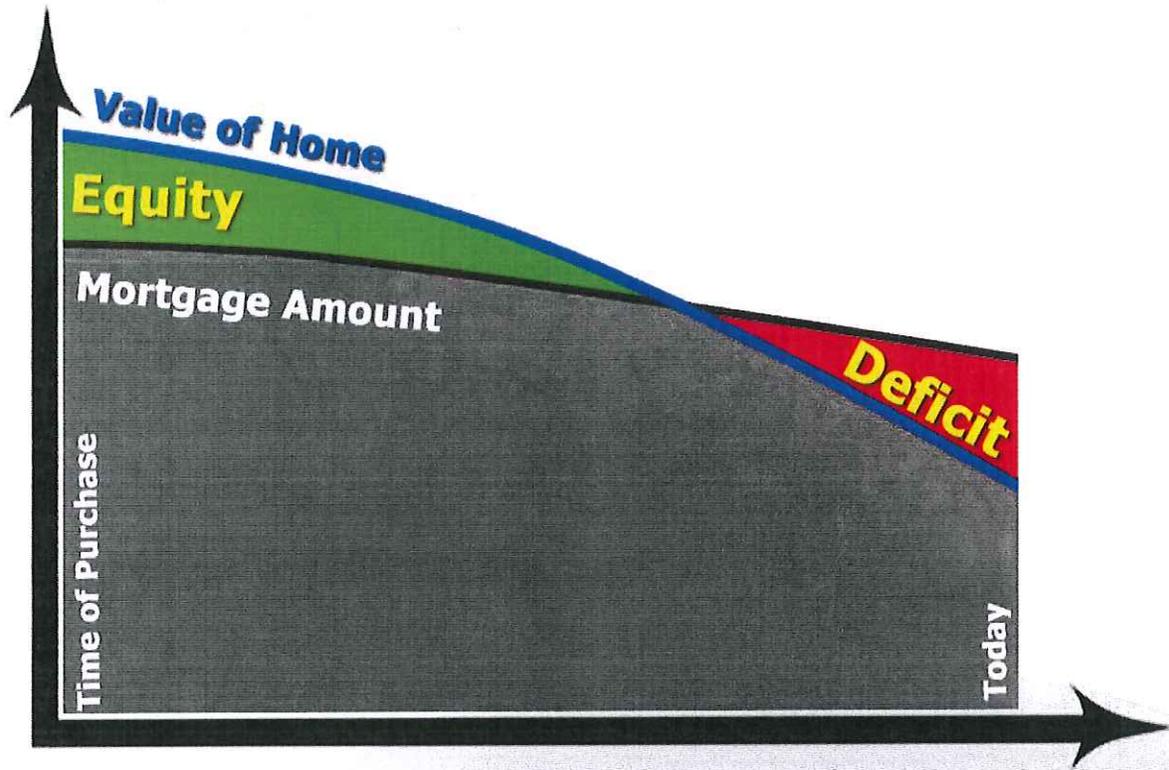
Focus on NET Appreciation



Had you known it was the peak of the market, would you have sold then?

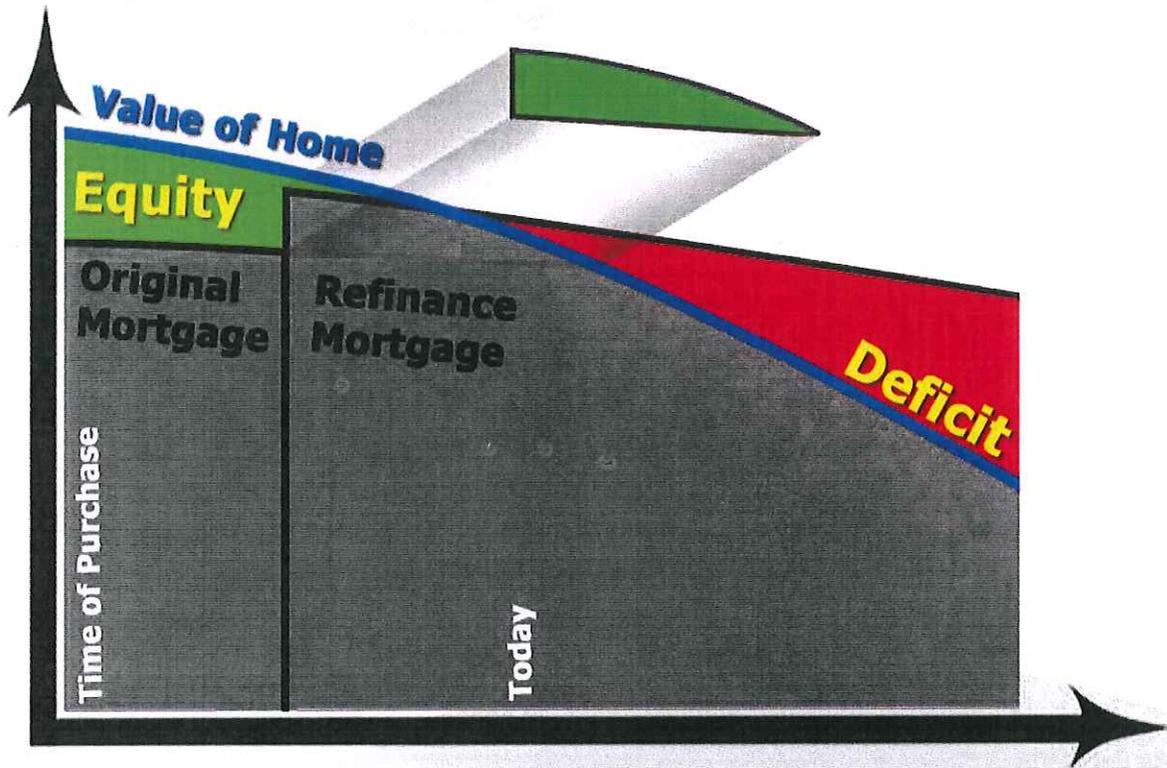
Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Short Sale



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Short Sale From Refinance



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Principles of Evaluation

➔ Cost

The amount paid

➔ Price

The amount asked

➔ Value

Worth to someone

➔ Market Value

Appeals to many buyers and causes a sale within a reasonable time

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Criteria That Determine Value



Location and Size account for the majority of value. Amenities contribute less.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

How Buyers Determine Value

- ➔ **When you bought this home, how did you establish value?**
- ➔ **By comparing it to others for sale at the time?**
- ➔ **Buyers still determine the value of a home by comparison shopping.**
- ➔ **When you choose your price, you choose your competition.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

The Market Determines Value

Select the outcome you desire...

Competitive Market Analysis							
Expired							
Address	SF	BR	Bth	Gar	DOM	Features	Price
							\$

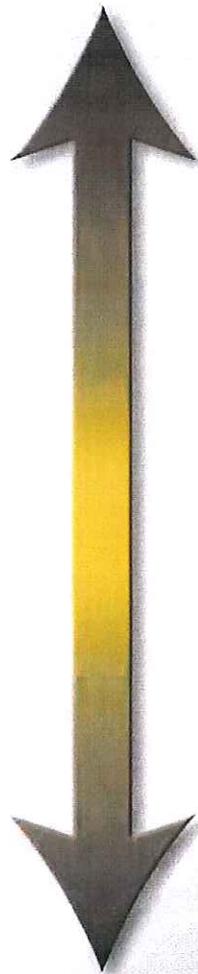
For Sale							
Address	SF	BR	Bth	Gar	DOM	Features	Price
							\$

Sold/Pending							
Address	SF	BR	Bth	Gar	DOM	Features	Price
							\$

then price accordingly.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Opinions of Value



Seller

Agent

Appraiser

Buyer

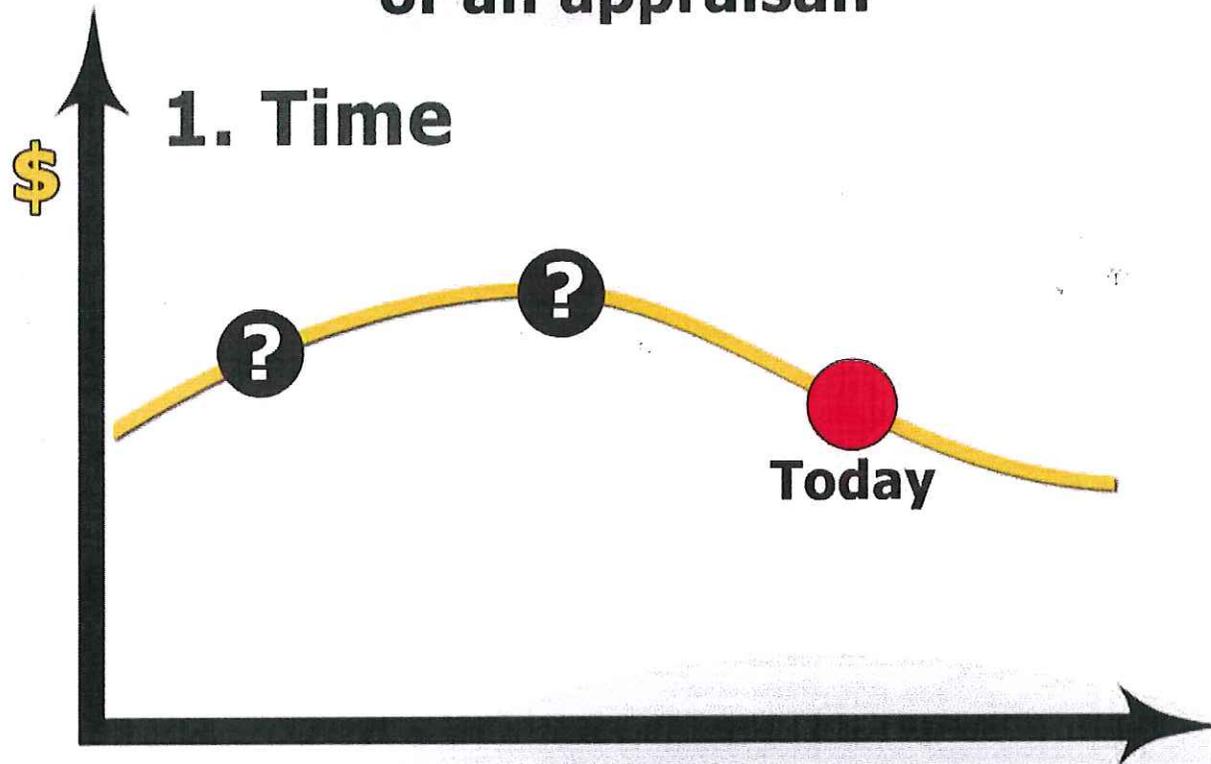
**Market
Value**

**The opinion of the market may not be
kind, but it is never wrong.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

"We've had it appraised higher."

Three factors affect the validity of an appraisal:

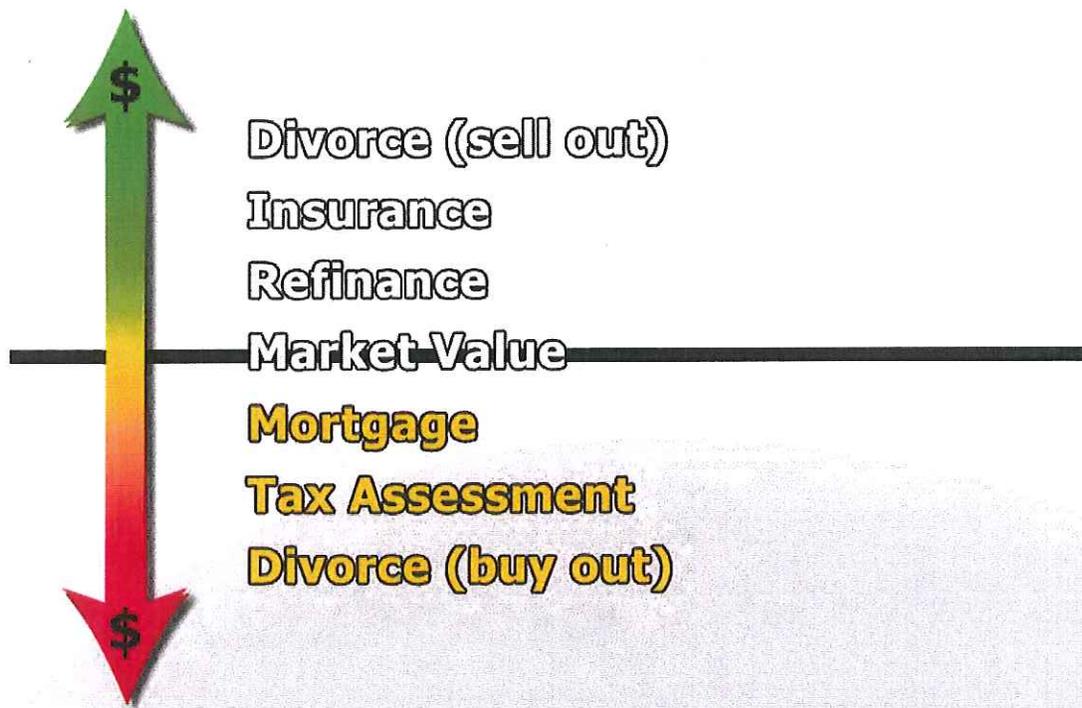


Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

"We've had it appraised higher."

**Three factors affect the validity
of an appraisal:**

2. Purpose

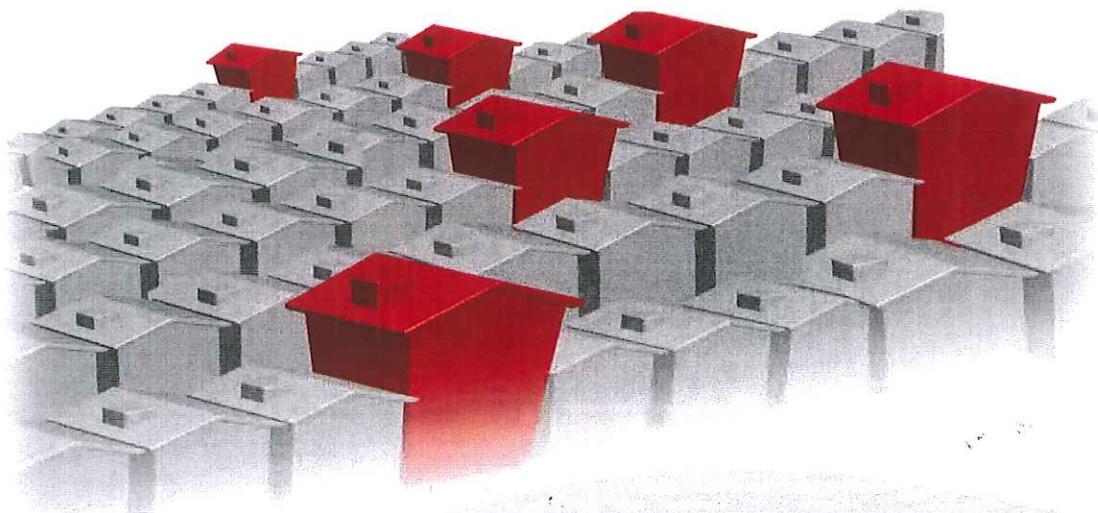


Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

“We’ve had it appraised higher.”

**Three factors affect the validity
of an appraisal:**

3. Comps



**Did the comparable properties have similar
location, size, condition and amenities?**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Value of Improvements

- ➡ **When were the improvements made?**
- ➡ **At that time were you planning to sell or stay?**
- ➡ **If you had known then that you were going to sell today, would you still have made the improvements?**
- ➡ **If the improvements were removed, what percent of today's buyers would put them back and pay what you did?**

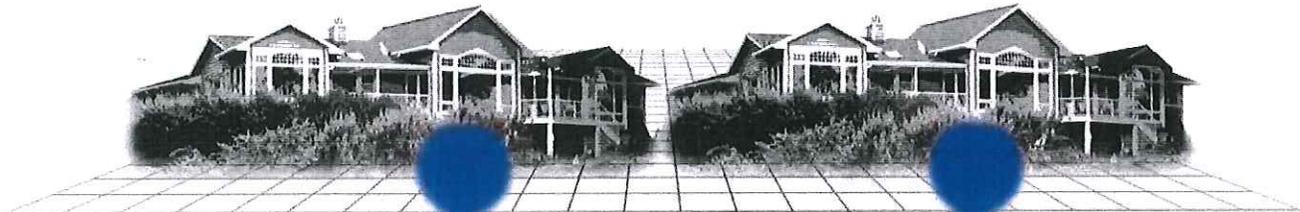
Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

"I need to get my costs out of it."

Principle of Substitution

Value: \$400,000

Value: \$???,???



\$20,000 Well

\$40,000 Well

**Value is determined not by what an owner
has IN a property...**

but what a purchaser gets OUT of it.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

"Our house is better."

Regression



Value of a larger home is reduced by the influence of the smaller surrounding homes.

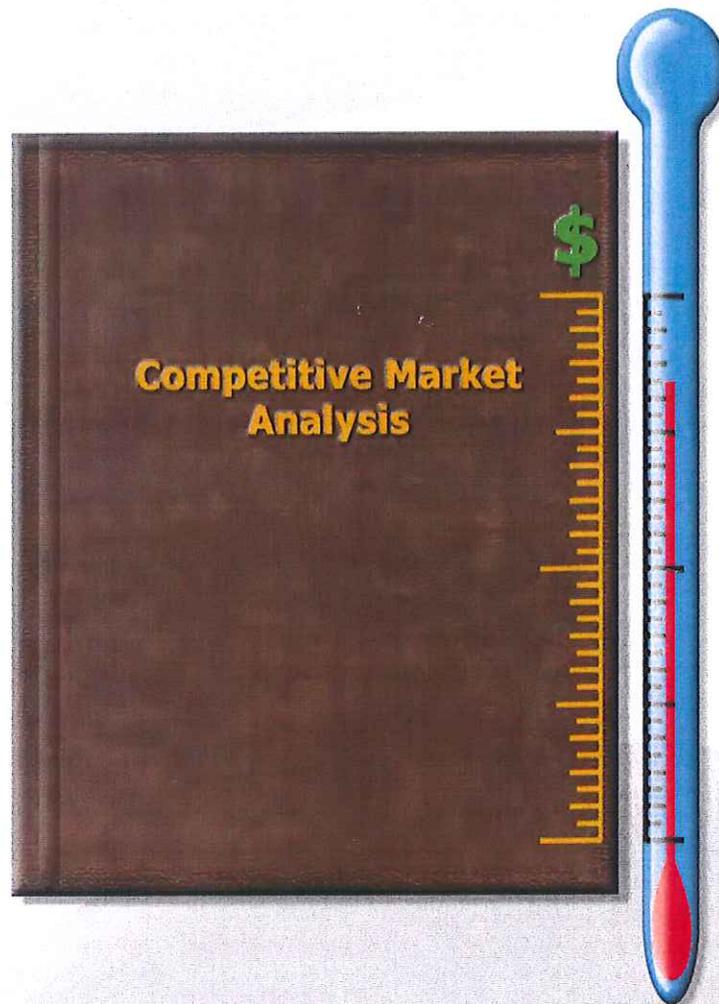
Progression



Value of a smaller home is increased by the influence of larger surrounding homes.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

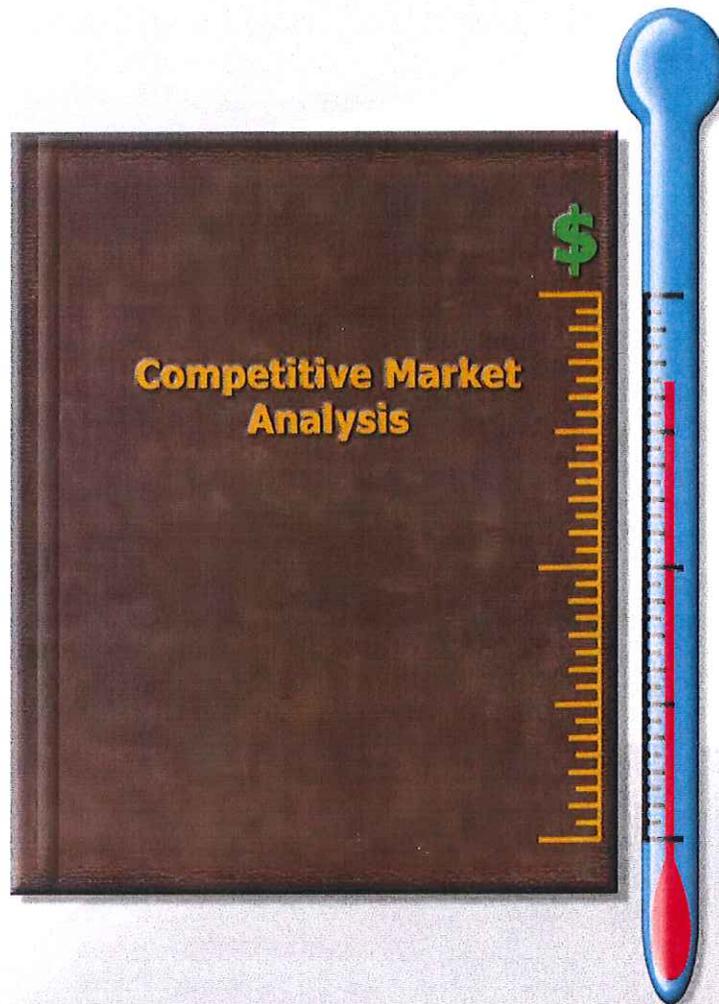
“We want to test the market.”



**The Competitive Market Analysis
IS the test.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

“We want to test the market.”



**The Competitive Market Analysis
IS the test.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Internal Influences on Value



Location

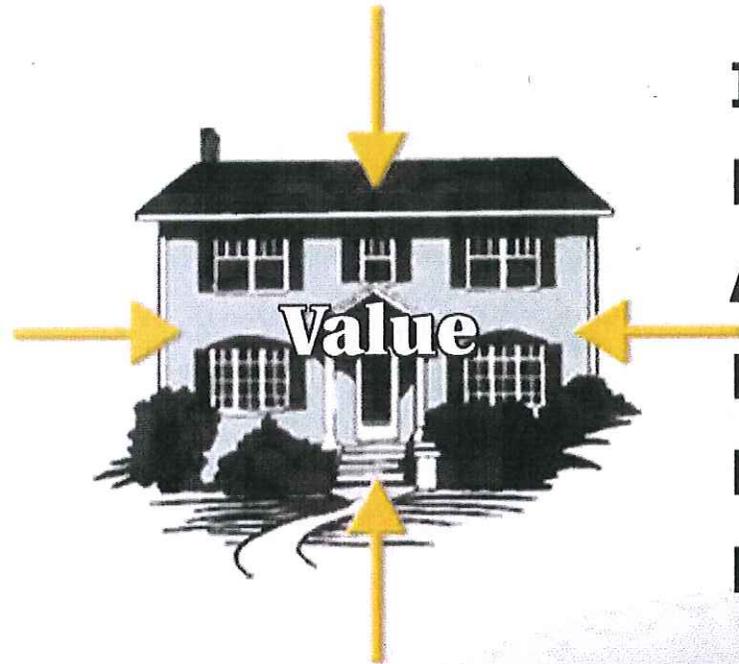
Size

Amenities

Condition

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

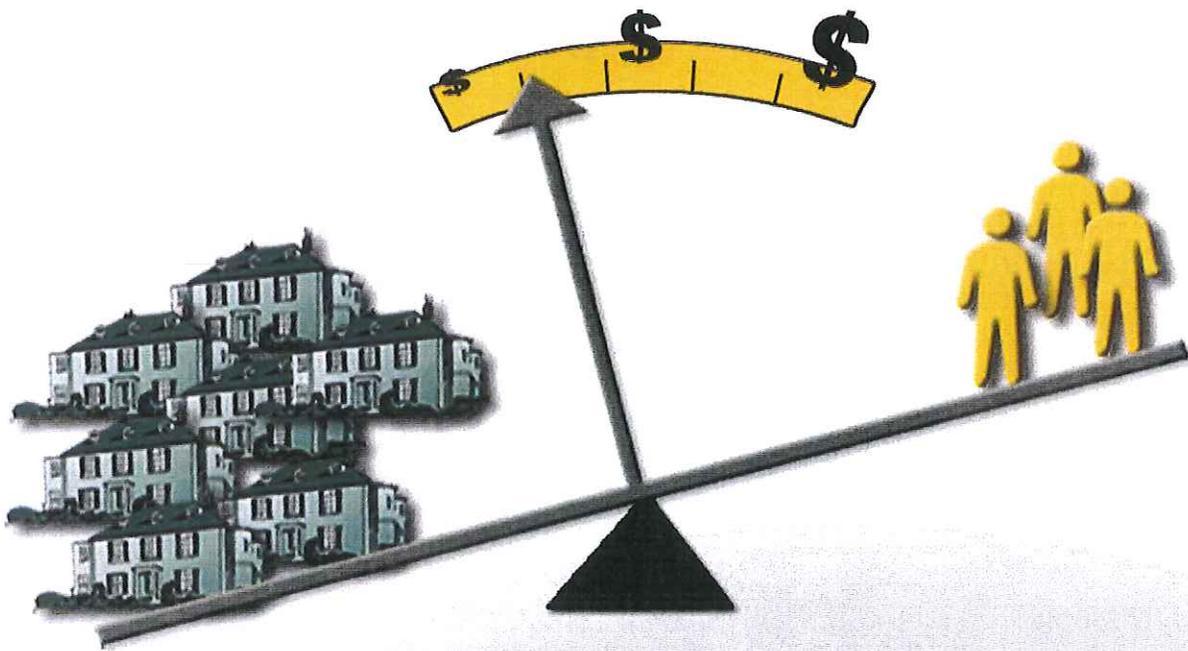
External Influences on Value



Interest rates
New listing
Area competition
Local economy
Builder offerings
Neighbor's price

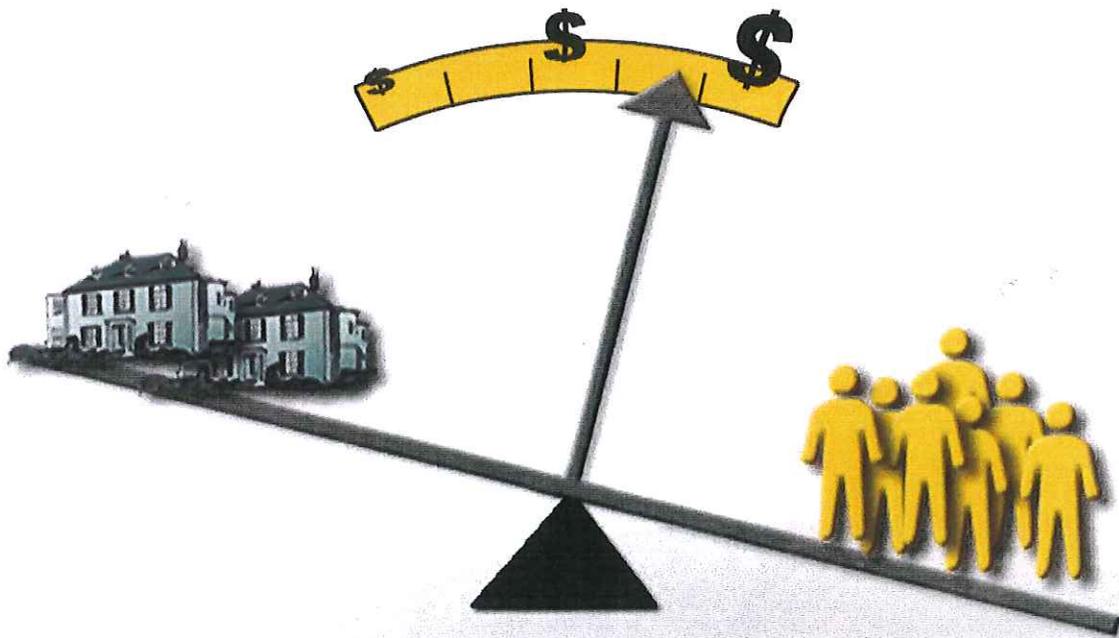
Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Buyer's Market



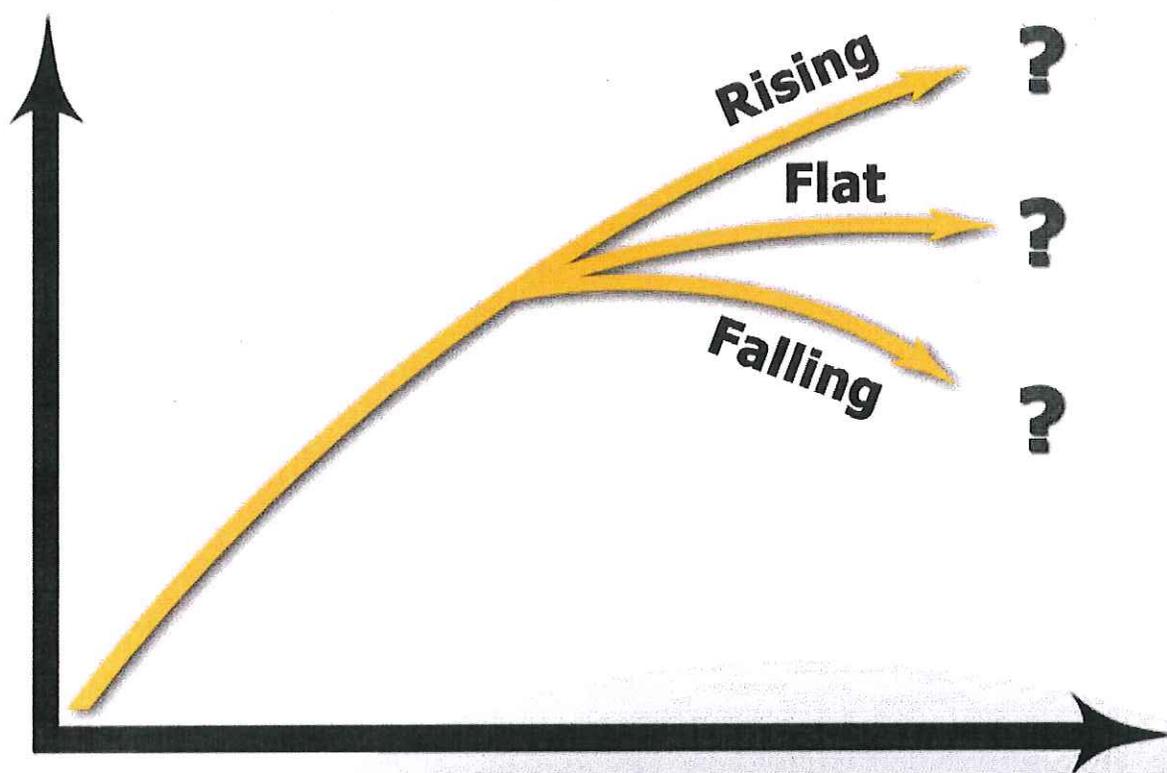
Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Seller's Market



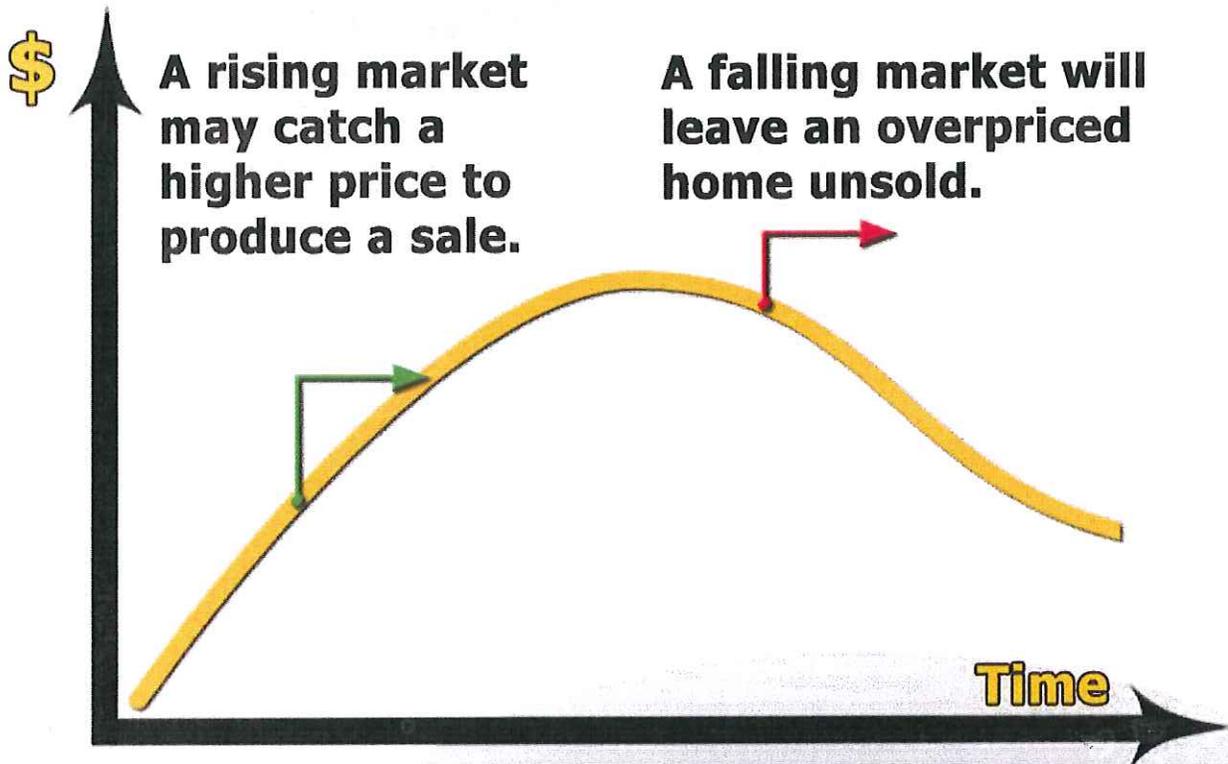
Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

What is the Market Trend?



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

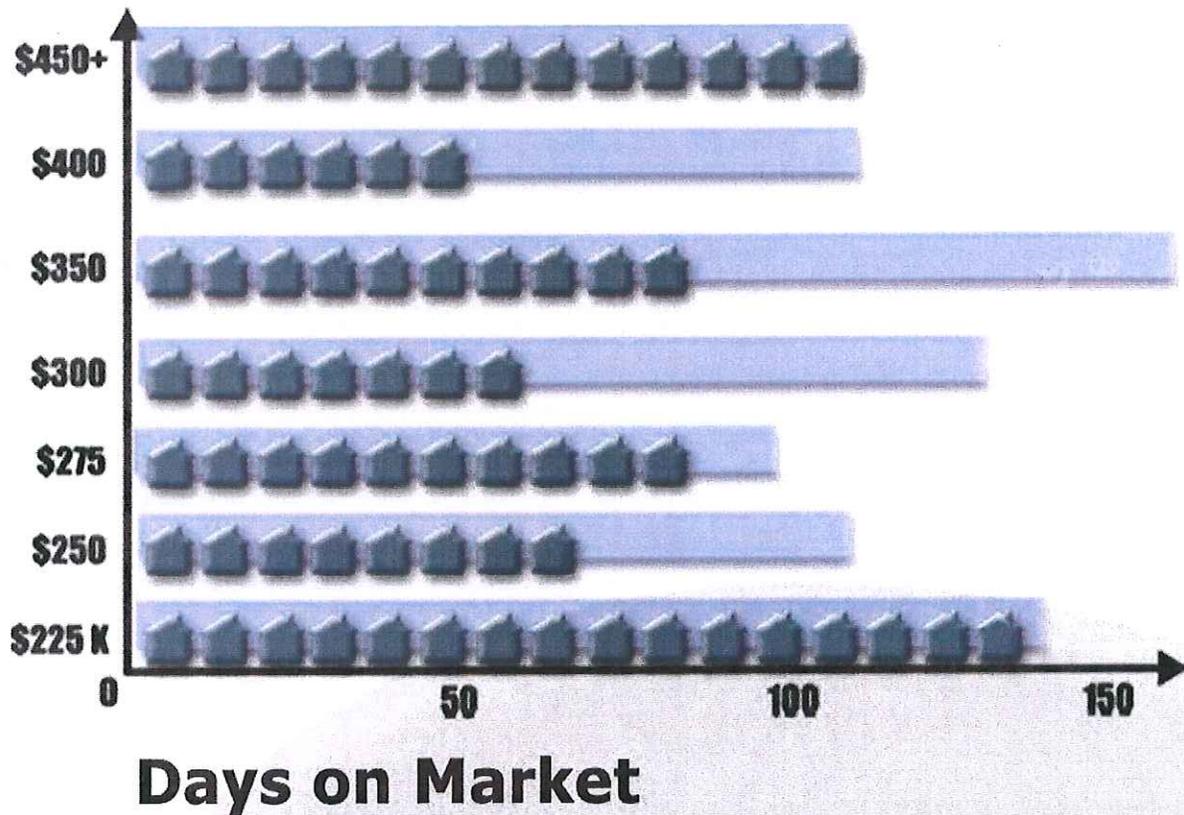
Pricing for Changing Markets



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

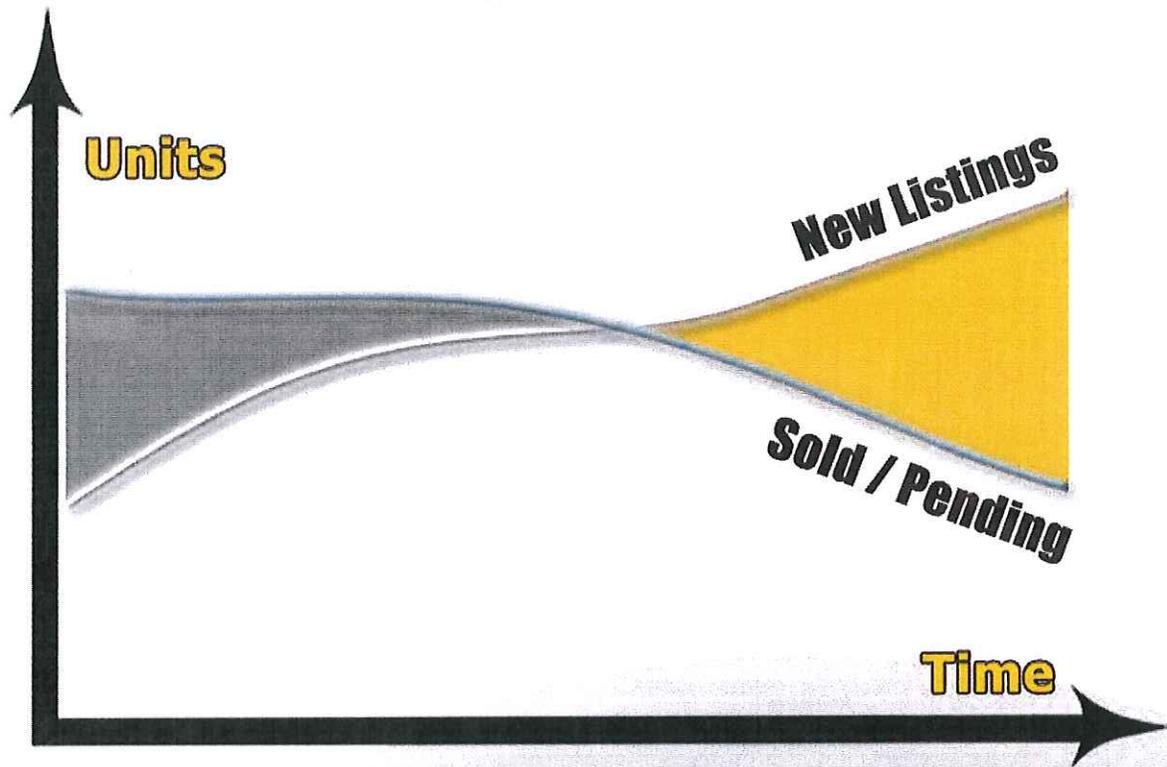
Competition by Price Range

Competing Homes for Sale



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

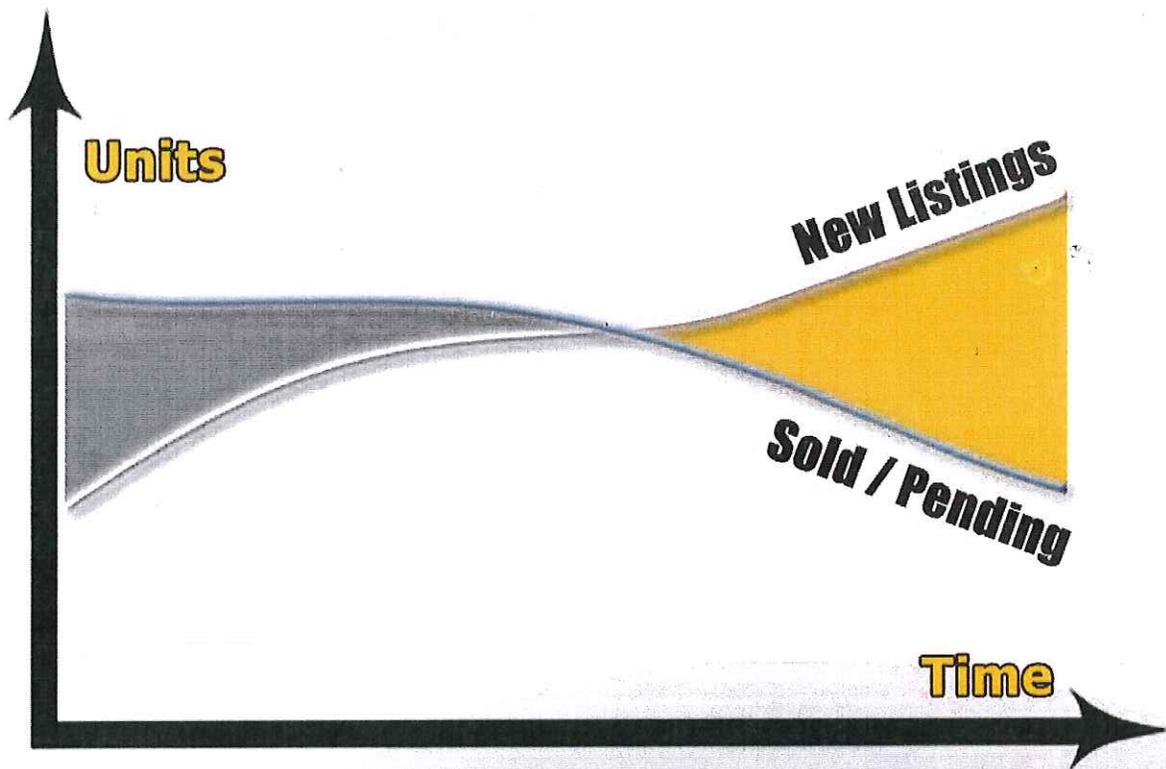
Listings vs. Solds



**New Listings exceed Sold/Pendings
= overpricing danger zone.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Listings vs. Solds



**New Listings exceed Sold/Pendings
= overpricing danger zone.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Absorption Rate

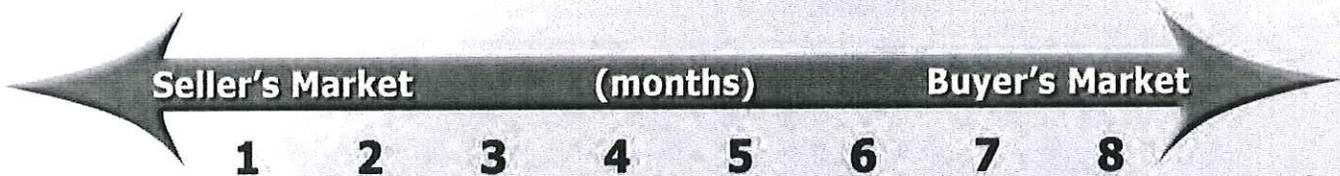
The rate at which homes will sell within a defined market segment.

$$\boxed{} \div \boxed{} = \boxed{}$$

X Months Sales ÷ X Months = Monthly Sales

$$\boxed{} \div \boxed{} = \boxed{}$$

Current Inventory ÷ Monthly Sales = Months of Inventory

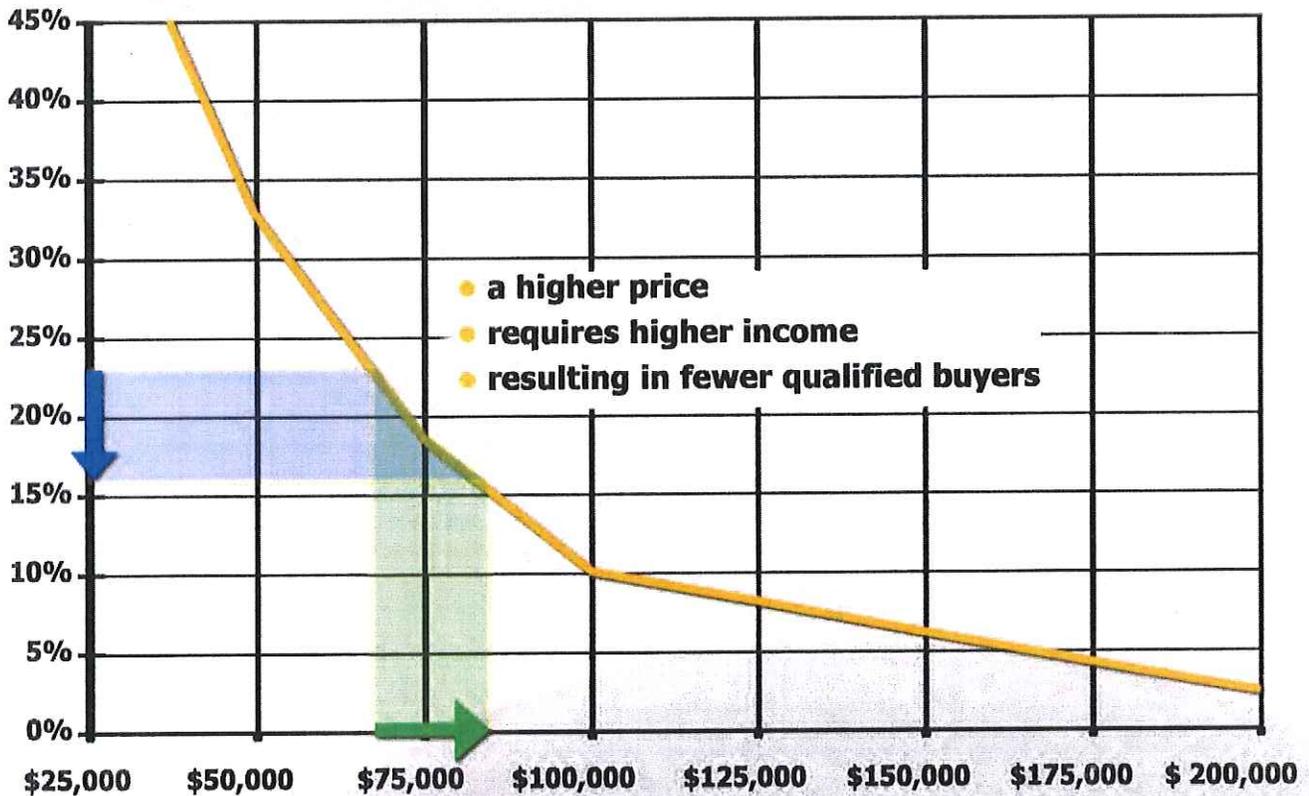


Homes priced closer to Market Value will sell first.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Financial Requirements

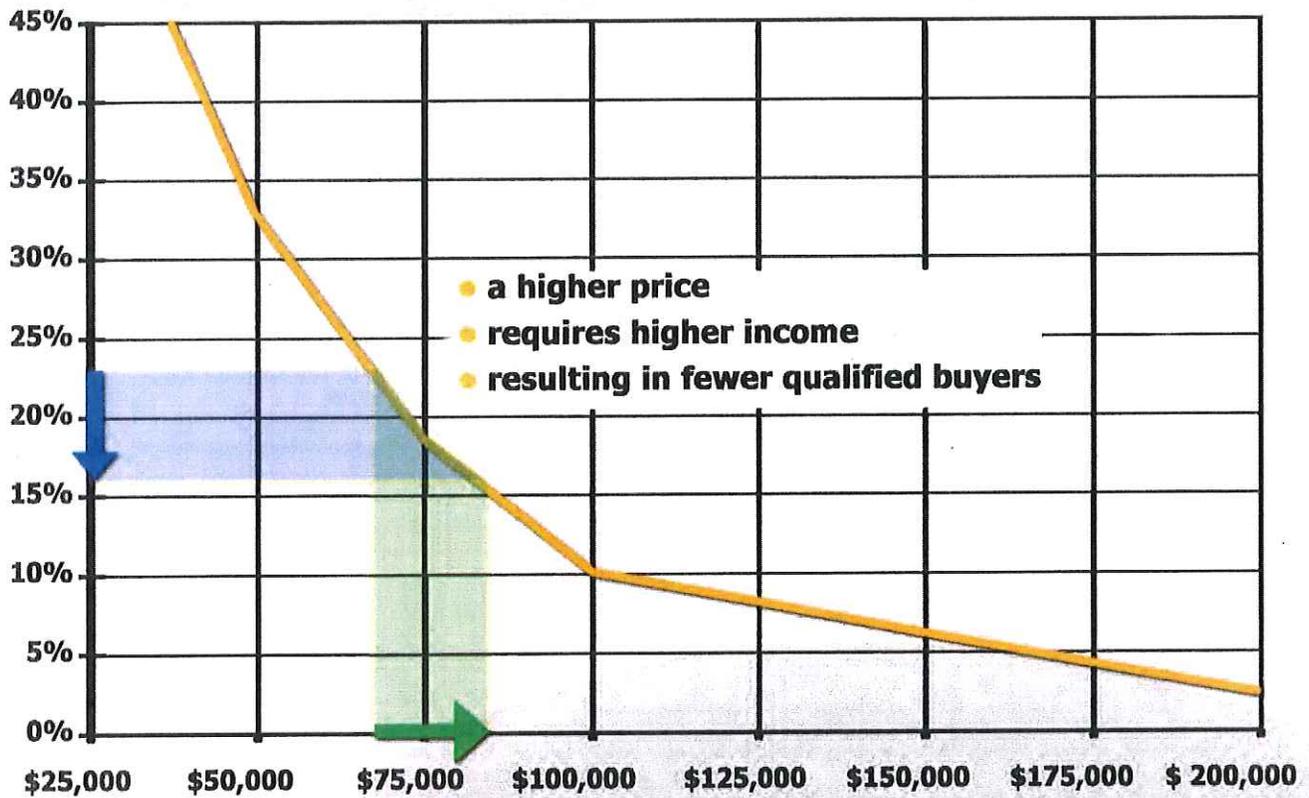
Population vs. Income



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

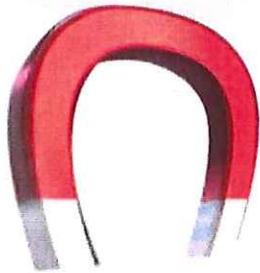
Financial Requirements

Population vs. Income



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Your Price is Like a Magnet



Market Value



**A price closer to market value
attracts more buyers.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Codependent Pricing

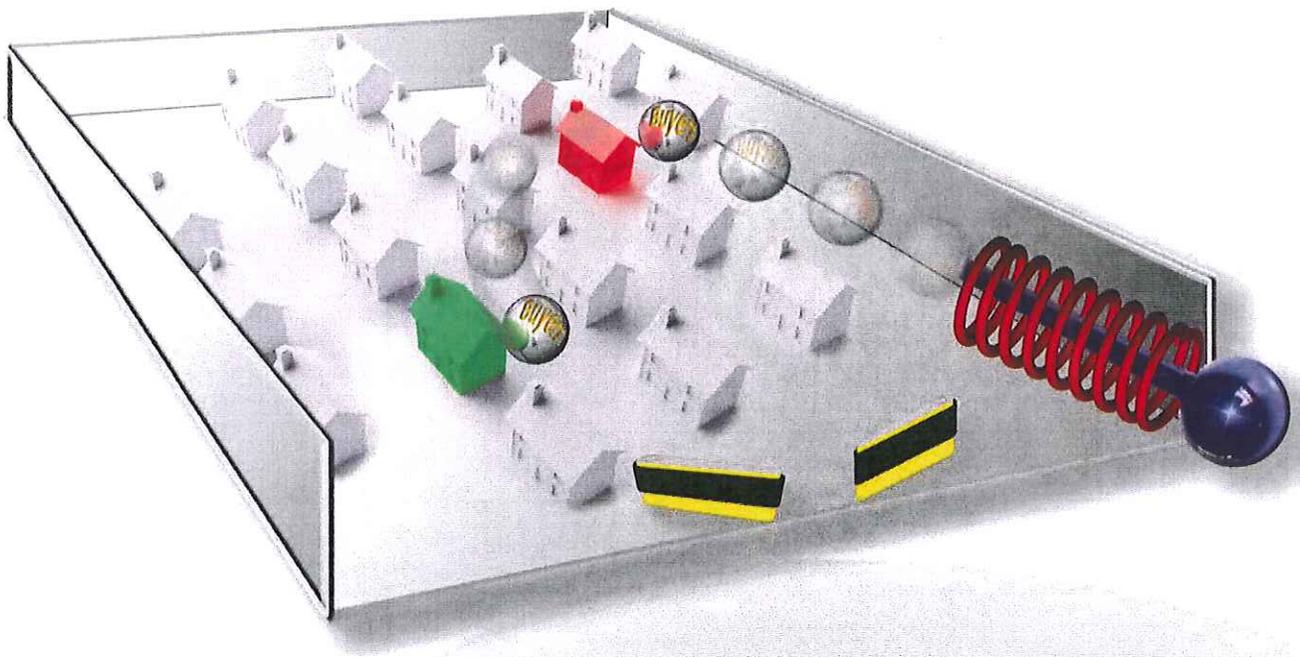
Overpricing Your Home in Anticipation of a Low Offer



**You harm your own marketing efforts
by appealing to the wrong buyers.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

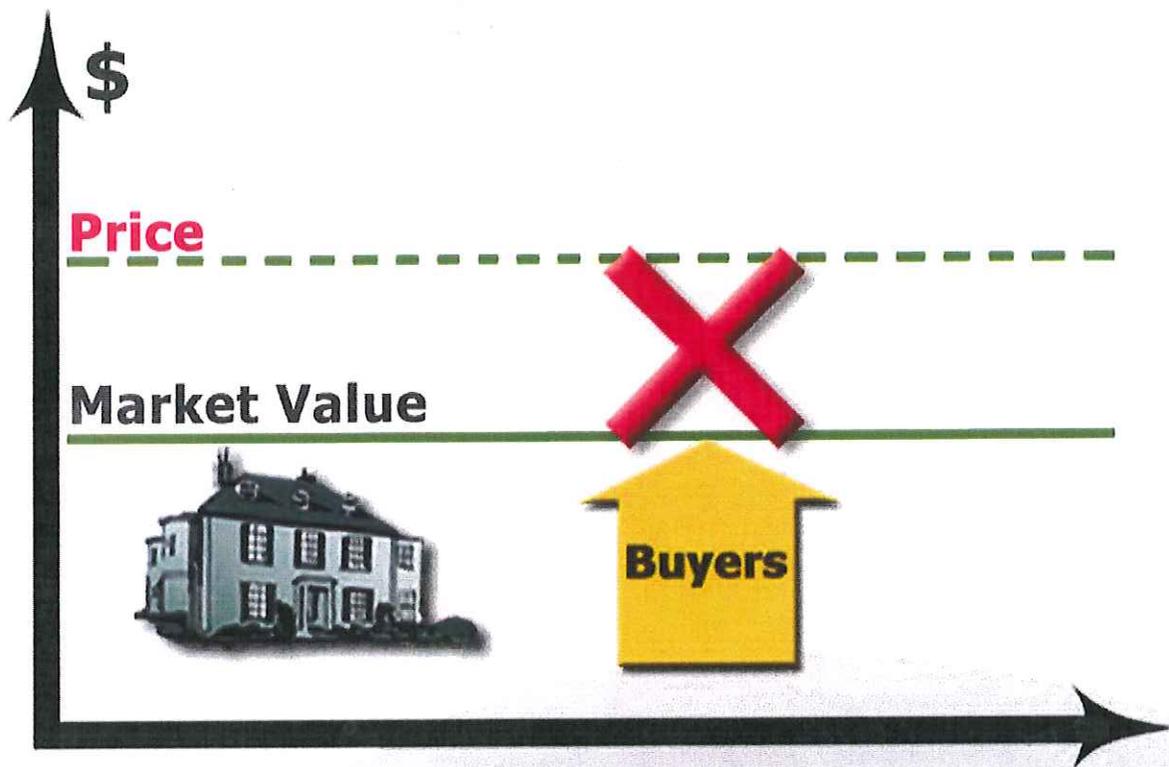
Pinball Listing



Buyers will “bounce off” an overpriced home making other homes appear more attractive.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

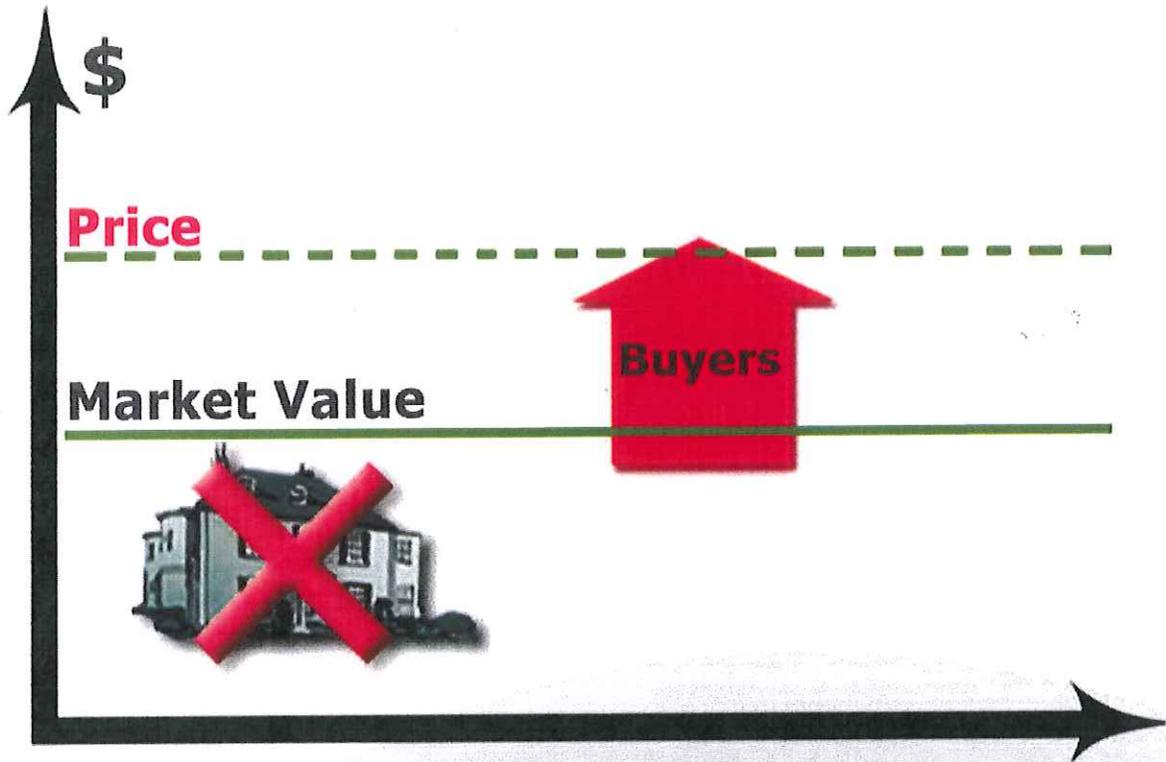
“They can always make an offer.”



The right buyers won't see your home.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

"They can always make an offer."



The wrong buyers won't want your home.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Buyer Website Search

The image shows a screenshot of a web search interface titled "Find a Home". It features two columns of price ranges and a dropdown menu for "State/Province". The price ranges are: \$275,000, \$300,000, \$325,000, \$350,000, \$375,000, \$400,000, \$425,000, \$450,000, \$475,000, and \$500,000. The \$375,000 option is highlighted in blue, and a mouse cursor is pointing at it.

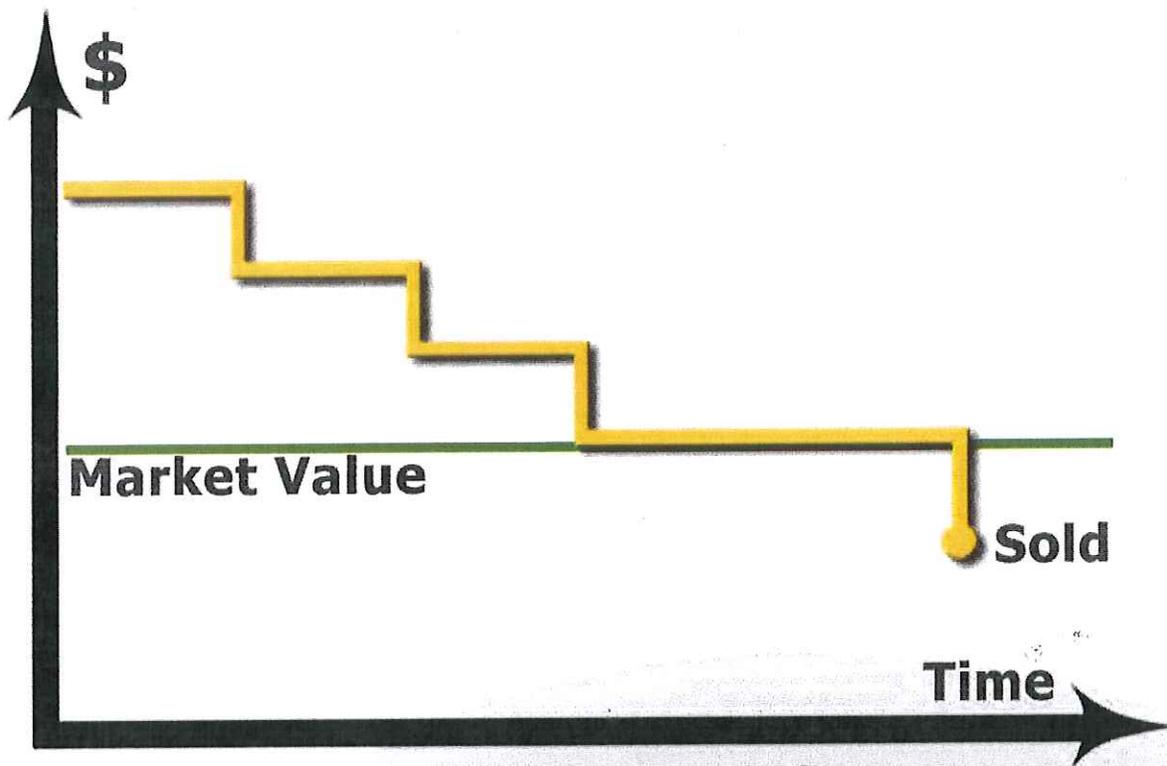
Find a Home	
Price: Minimum	to Maximum
\$275,000	\$275,000
\$300,000	\$300,000
\$325,000	\$325,000
\$350,000	\$350,000
\$375,000	\$375,000
\$400,000	\$400,000
\$425,000	\$425,000
\$450,000	\$450,000
\$475,000	\$475,000
\$500,000	\$500,000

State/Province

If your home is priced just \$1 higher than a buyer's search parameters, you'll be excluded from their home search.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

“We can always come down.”

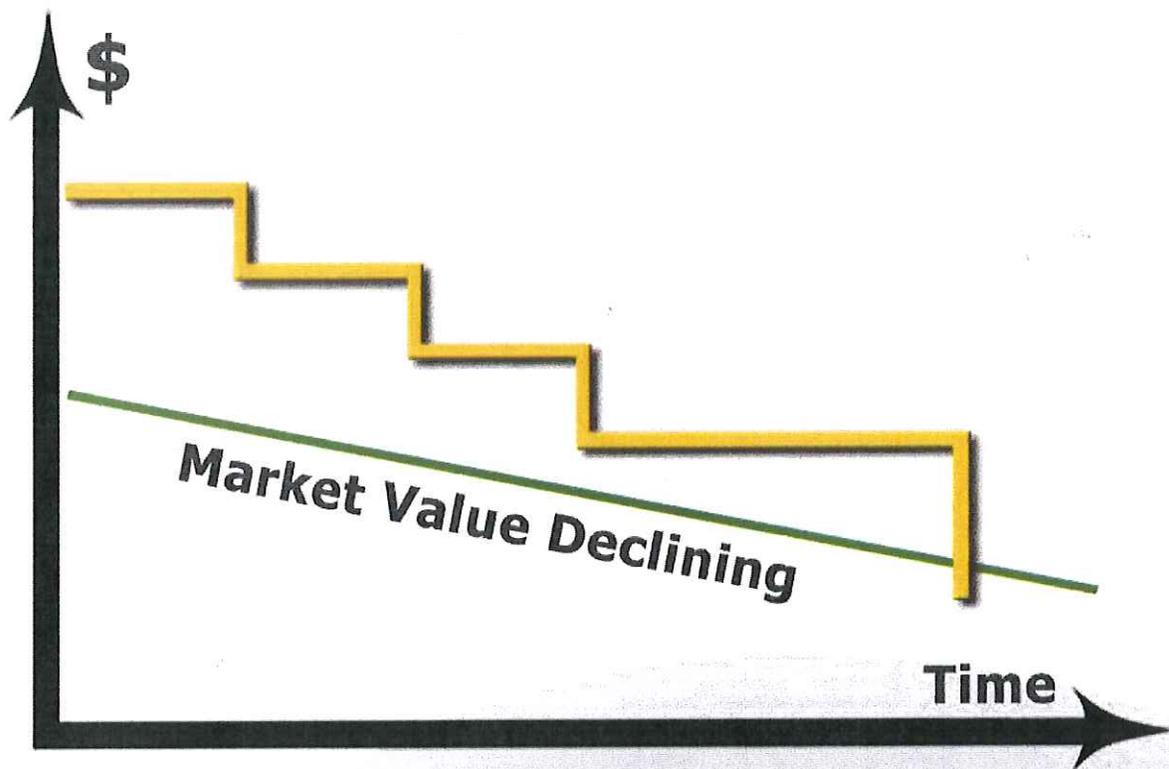


**One of the first questions a buyer asks is:
“How long has it been on the market?”**

**Successive price reductions reduce buyer
confidence in your home.**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

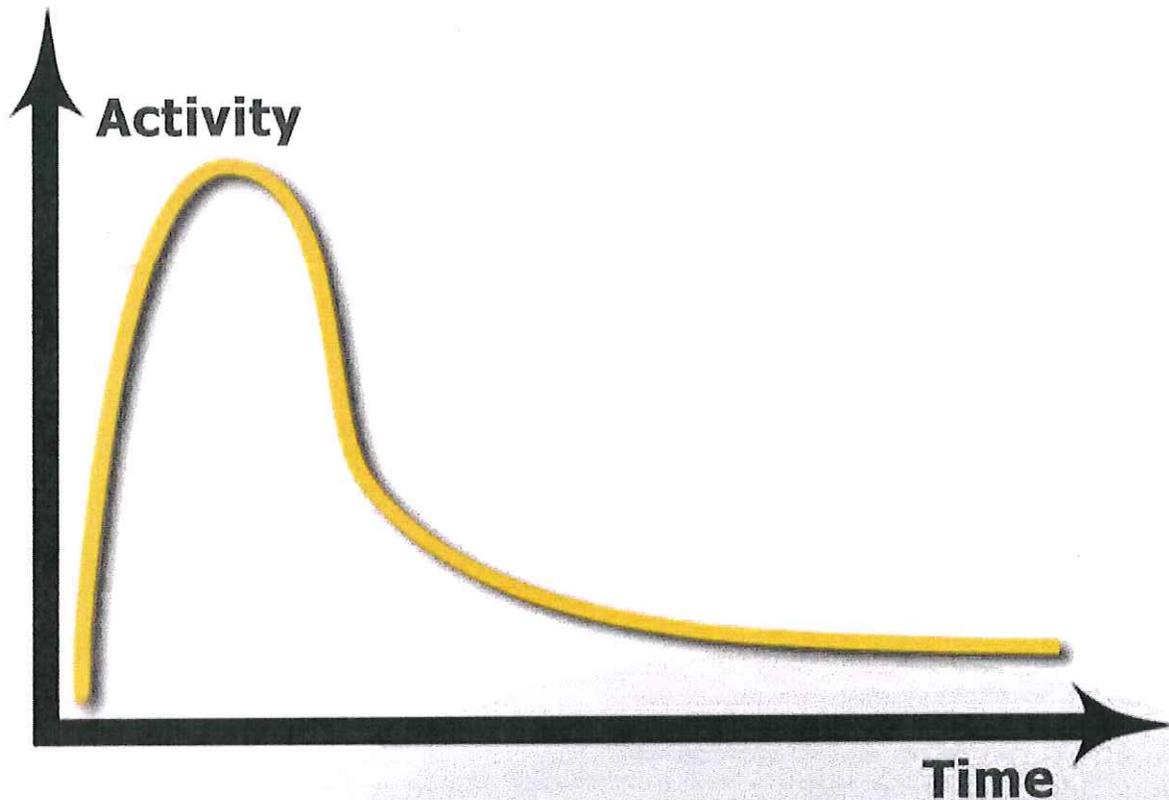
"We can always come down."



In a declining market, your successive price reductions may not reach the market.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

“Could we try it for two weeks?”



Don't overprice your home during the period of highest activity, only to lower the price after the buyers are gone.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Property Showing Record

Address: _____

Date:	Time:	Company/Agent:
May 7	10:00	John Smith/ABCD Realty
May 8	11:00	Mary Jones/Your Neighborhood Realty
May 9	12:15	Steve Johnson/XYZ Real Estate Company
May 11	9:30	Carl Thompson/ABCD Realty
May 12	10:00	Brenda Lewis/Lewis Realty Inc.
May 14	10:30	John Smith/ABCD Realty
May 15	2:00	David Jansen/Local Company
May 16	4:30	Steve Johnson/XYZ Real Estate Company
May 18	3:15	Steve Johnson/XYZ Real Estate Company
May 20	10:30	John Smith/ABCD Realty
June 5	11:00	Tracy Thompson/Lewis Realty Inc.
June 7	1:15	John Smith/ABCD Realty
June 9	1:30	Brenda Lewis/Lewis Realty Inc.
June 11	2:00	Sharon Alexander/Sharon Alexander Realtors
June 16	5:30	Brenda Lewis/Lewis Realty
June 21	3:30	Mary Jones/Your Neighborhood Realty
June 24	10:00	Steve Johnson/XYZ Real Estate Company
July 5	11:15	Tracy Thompson/Lewis Realty Inc.
July 9	11:30	David Jansen/Local Company
July 13	11:00	Kelly Simpson/ABCD Realty
July 14	1:15	Tracy Thompson/Lewis Realty Inc.
July 26	12:00	Steve Johnson/XYZ Real Estate Company
Aug 7	9:00	Mary Jones/Your Neighborhood Realty
Aug 12	4:30	Kelly Simpson/ABCD Realty
Aug 23	3:00	Sharon Alexander/Sharon Alexander Realtors
Aug 30	2:45	Brenda Lewis/Lewis Realty Inc.
Sept 1	3:15	John Smith/ABCD Realty
Sept 10	11:30	Sharon Alexander/Sharon Alexander Realtors
	11:45	Steve Johnson/XYZ Real Estate Company

The majority of showings occur in the first few weeks of marketing.

It is important to have your home priced right during this period.

Licensed to:
C.B. Williams
 Peoples Choice Realty Services LLC

"Moving to a higher priced area."



Destination doesn't determine value.

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

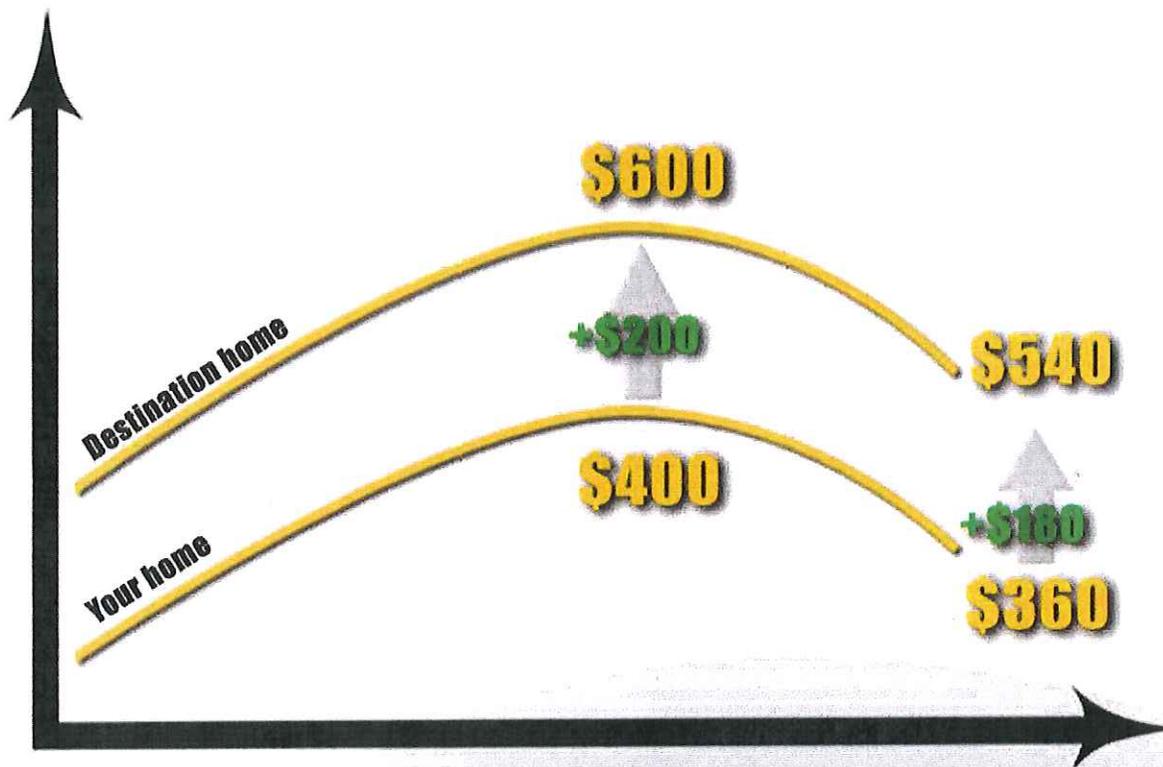
Advantages of Proper Pricing

- Faster sale**
- Less inconvenience**
- Increased salesperson response**
- More internet response**
- Better sign and ad response**
- Avoids being "shopworn"**
- Attracts higher offers**
- Means **MORE** money to sellers**

Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Buying Up in a Down Market

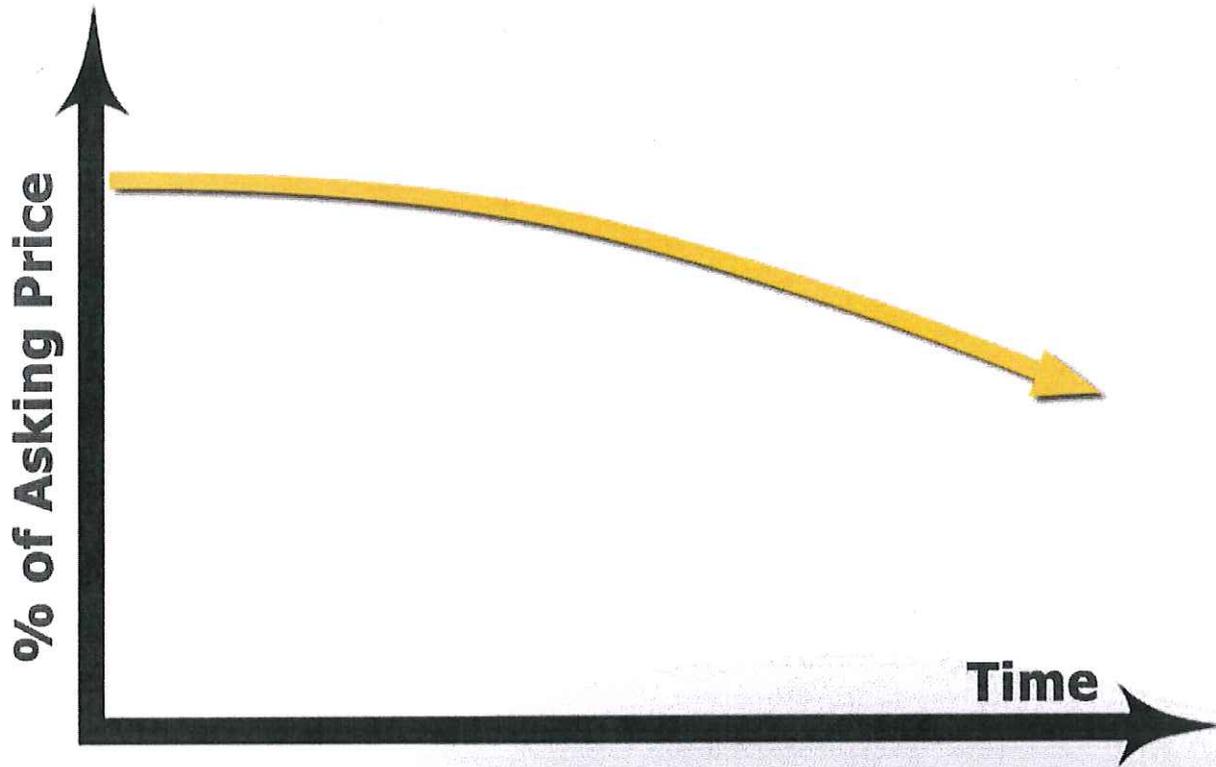
Although your current home has declined in value, your destination home has also declined.



The difference in price is smaller now than it was at the peak of the market.

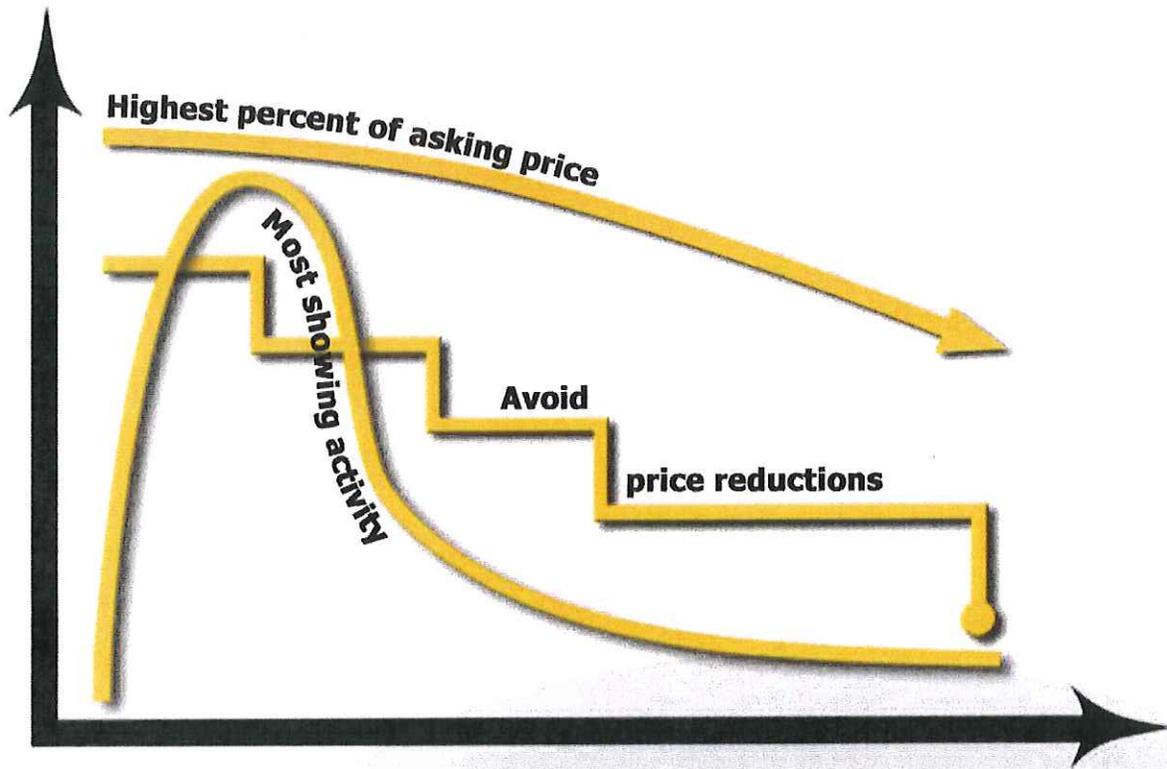
Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

The First Offers are the Best Offers



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Price Right...Now



Licensed to:
C.B. Williams
Peoples Choice Realty Services LLC

Pricing to Success

A) Pricing

1) Mr. /Mrs. Seller, when we put your home on the market it has to be sold four times.

The first sale is to my peers, the other REALTORS® who are in the market every day. They need to be excited about the price or they simply ignore the listing because they view it as a waste of their time to show it to buyers who will not pay that price.

The second sale is to the buyer. They are comparing your home to others they are looking at in the marketplace.

The third sale is to the appraiser for the bank. Even if we are lucky enough to get a higher than market price offer from the buyer, the appraiser compares your sale with the same past sales we reviewed and the appraisal usually hits right at market price.

The fourth sale is to family members especially if the purchaser is a first time homebuyer.

2) Mr. and Mrs. Seller, I would love to get you whatever price you desire. Unfortunately, I do not have control of the market. Today, buyers and appraisers have access to the same data you do.

3) I assumed your goal was not to be here with this house 5 or 6 months from now. I thought it was important to get you the most amount of money in the least amount of time and with as few hassles as possible so you and your family can move on.

Was that assumption correct? (Yes)

Because you decide how long you want to be on the market because you pick the price.

4) Let me show you what our research has discovered, then we can talk about your feelings on price.

5) I bring the market...and the market brings the price.

6) According to the National Association of REALTORS®, if your house is priced correctly, we should get one offer for every 10 showings, and in a normal market, we should get (1) to (2) showings per week. If we do not get the showings, the market is talking to us and we will need to adjust the price. Additionally, if we have 10 showings and no offers, that is the same as getting no showings and no offers, and we will have to look at the price again.

7) Mr. /Mrs. Seller, one of the best things about technology is that it does not know how to lie. With the databases available through the county/town/municipality assessor's office, through the MLS, and through our own office, once we enter the specifics of your property, and ask the computers for comparable properties, they bring up the hard facts.

If we rely on this data I can assure you that you will not only get a fair price for you home in today's market, but you will get a faster sale as well.

Further, since a buyer and an appraiser are looking at the same data the property has the greatest chance to sell and get appraised for a market price.

You did want to get the best market price for your home and have it sell quickly, didn't you?

8) Mr. /Mrs. Seller, when buyers come into the market and meet with a REALTOR®, they give the agent their criteria, which includes a certain price range. Now we can put your home on the market at the price you would like; however, based on the data we have reviewed, it would be \$_____ higher than comparable properties. Yes, you can always come down; however, I have found you need an offer to even begin the negotiating process. When the agent is searching for homes in a certain price range, the computer does not know that you will come down.

It only searches in the price range entered; it will **shun** your price, your home and you.

You are not paying me to give you input that would get you shunned, are you?

Can you see how you could be damaged in the marketplace by overpricing your home?

B) Overpricing

1) Mr. /Mrs. Seller, we are doing 80% of the marketing of your home right now as we discuss price. We could put it on the market at \$20,000-\$30,000 over market, spend \$10,000 a month marketing it, rent airplanes to fly banners all over town but it would not do any good because it is overpriced. You attract attention by pricing correctly at the outset. That is why 80% of marketability is being done while we are having this discussion.

Does this make sense?

2) When you overprice the buyer is lost in the "showing stage" versus the "negotiating phase" because many of your potential buyers never even look at your home. They are looking at homes in the price range they can afford.

Let me use my negotiating abilities to get you the best possible price, and let's not lose any potential buyers because we are priced too high in the first place.

You do not want to lose any potential buyers by being priced too high, do you?

3) I would rather have an attractive price and get offers you reject because they are not high enough than have no offers at all, wouldn't you?

4) It does not do me any good to list the home at a price where I know it is not going to sell. The listing will expire. You will then list it with another REALTOR® at most likely a lower price and that will just leave you with a bad taste in your mouth for me.

I am going to give you the best market advice I know to help you get your house sold for the most the market will allow.

If my candor and advice is not what you want I would rather us not go forward rather than have you become upset with me later.

5) If your home is not priced right, then the people who can afford it will not see it; it will be invisible to them.

Additionally, the people who can afford it will not want it because they are going to perceive the home as being of lesser value.

6) A Buyers' agent does not determine what they buy, but they surely determine what they see.

If your home is overpriced, and you are higher than the price ceiling you will not even make the showing list.

7) If you are overpriced buyers are going to bounce off your listing like a pinball, and they are going to buy other homes in the market that are priced right.

You will actually help the other homes look to be a better value.

8) Likewise, I can do the most ingenious marketing of your property, but if it is overpriced, you are going to think that I am a lousy REALTOR®, and that will not be good for you or me.

C) Improvements

1) Remember Mr./Mrs. Seller, many times improvements were done for:

a) Pleasure, not for resale.

b) Your lifestyle... and they may not fit somebody else's. The nice thing about them is you have had the enjoyment of them.

What I have found is that many times improvements will speed up the sale, but will not necessarily bring a higher sales price.

D) Appraiser

In terms of the appraiser I have to ask you a question - If you bought a home and the appraisal came in lower than what you paid, what would you do?

(Response) I will tell you what normally happens, the deal falls through and we go right back to the drawing board and begin the process again. How would you feel about that?

E) The Market Speaks

Please know, Mr./Mrs. Seller, that the market will talk to you. It will tell you whether the price we put on the home is appealing or not. If no one comes to look at the home, or if they do come to look at the home, and no one offers to buy it then the market has spoken.

I am sure you would agree we want the market to react positively to us - don't we?

F) You Decide

You decide the listing price; you decide how easy or difficult you are going to make it for us to show; you decide whether or not you are going to put it in good condition; you decide whether or not you are going to offer financing options or, maybe, closing cost credits.

I do not decide any of that and neither does the buyer. You are 100% in control.

Additionally, I cannot make the buyer pay what you want, any more than I can make you take what the buyer offers.

You are in control; you have the final say over the sale of the house... so how marketable do you want to make your property?

G) REALTOR® Broker Open House Tours

Mr. /Mrs. Seller, let me explain about the REALTOR® Broker Open House tours. That is when other REALTORS® come by and preview your property. When they do, they are generally looking for properties to immediately sell to the buyers they are currently working with, so it is important to make a strong first impression.

It is almost like they are putting the houses in 3 categories “A”, “B”, and “C”.

The “A” stack are homes that they feel they must show, the “B” stack are those to consider only if they are unable to sell the “A” homes, and those homes falling in the “C” stack are thrown away because of their price and condition.

What we need to do is get your home in the “A” stack, don’t you agree?

H) Negotiating Room

Let me tell you why pricing the home so we have negotiating room could be problematic.

Our price has to be attractive enough to get them to see your house first. This gives us the best chance to receive an offer. From there we can negotiate.

If we price it with negotiating room we usually cannot even get the buyer to look at your home because they have been priced out. No buyers mean we will never have a chance to negotiate.

We have to get them into the house first. From there I will be able to use my experience in negotiating to get you the best price.

Does that make sense?

I) You Need the Money

I know you need the money, but I cannot create the market for you. I can not give you that money. If I could, I would, but I cannot.

It is no different than someone who wants to sell their stock at \$100 per share because they need the money and yet it is currently trading at \$80 per share.

We all know they will only get the \$80 the market is trading at.

J) We're Here to Sell the Property

We are in business together when we list the property. We are not here just to put up a sign. It’s way too much trouble and too much work not to get paid. We are here to sell the property. We want the same thing. Is that what you want as well, to get the property sold?

K) It's You and Me

It is you and me against the market, Mr. /Mrs. Seller. We are both on the same team here - strategizing to sell to the market.

L) List the House

1) Let me ask you a question: If I can come up with a price that makes sense to you, if I can do that, are you ready to go ahead and list your house tonight?

2) Mr. /Mrs. Seller, I am going to ask you a favor in return. I want a commitment from you that if we can get together on the price, based on everything else I have shown you, we are going to go ahead and list the house. Is that an action you are willing to take?