

# SHIFT TACTIC 9: CREATING URGENCY TO BUY

BUYER'S MARKET = RIGHT TIME TO BUY



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# Perspective

## The Issue

- Are you frustrated by home buyers who won't make a decision to buy?
- Do your buyers think it is a bad time to buy because prices are dropping?
- Do your buyers expect every home to be a steal?
- Do your buyers think something better will come on the market next week?
- Would you like to work more effectively with buyers?

If you answer “yes” to any of these questions, this guide is for you!

In the last dramatic national shift to the housing market, the news was full of stories about the drop in the number of home sales on a national level in the United States. Many agents reported having fewer good buyers than they had in the past. On the other hand, some top agents in tough markets like Michigan and Florida were increasing their market share and having their best year ever. Regardless of your market conditions, the ability to create a sense of urgency to buy can help you increase the number of buyers you serve.

## The Challenge

What are the biggest challenges on the buyer side of the business in a shifted market? There are some challenges we hear frequently:

- The media has created misconceptions about buying homes.
- Buyers fear paying too much.
- Many buyers don't have any sense of urgency to buy.

However, the most challenging aspect of making it in real estate may not be the buyer's mindset. It might be *your* mindset. Many agents think a shifting market is not a good time to buy.

### TRUTH

**People are buying and selling homes in this market.**

Many markets during the market shift of 2007, such as southern Arizona, suffered from a sort of mass psychosis about sales. If you had listened to some agents, you would have thought buyers had vanished. Buyers didn't vanish. In fact, in Tucson, Arizona, the number of units sold in 2007 was comparable to the number sold in 2002–2003 when the buying frenzy began there.

Tucson, Arizona	
Year	Units Sold
2002	11,418
2003	13,745
2007	12,109

Source: Tucson, Arizona MLS

Agents who have only experienced a time of extraordinary appreciation and sales volume have no perspective on the business. History shows that a return to normalcy in terms of units sold can signal a return to housing affordability.

The truth is that many people have the capacity to buy property in any market. The media is “out marketing” the real estate industry and creating fearful buyers. Intelligent people who are aware of market conditions are buying homes today. The key to success with buyers is finding people who are motivated and knowing how to get them to buy without taking an unreasonable amount of your time.



# The Solution

Every market has its challenges and opportunities. Your success as a real estate agent is contingent upon your ability to recognize each market for what it is and work successfully under any conditions you have. There are great opportunities for buyers and you can maximize your potential when you know how to work effectively.

Visualize how you can succeed with buyers:

- Be an expert on your real estate market and the economy.
- LISTEN to your buyers.
- Find houses that are priced correctly and in good condition.
- Show buyers houses that match their needs and wants.
- Assuage fears about buying.
- Find solid financial institutions offering good, reliable mortgage programs.

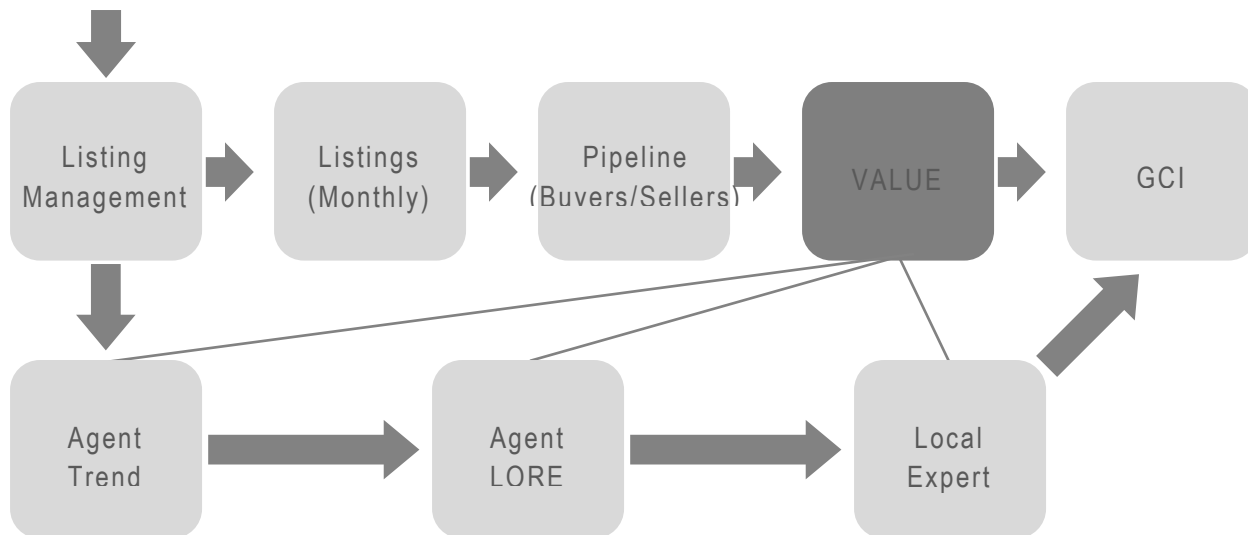
## RESOURCE

To help your buyers through the mortgage process, check out the “7 Critical Points in the Mortgage Process for Realtors” by Robert Griffith CEO of Primero Home Loans in *Ignite Power Session 7: Win the Buyer*, available on [www.KWConnect.com](http://www.KWConnect.com).

Provide leadership for your buyers so they feel comfortable and are willing to make a purchase. As Dwight Eisenhower, former U.S. president, said, “Leadership is the art of getting someone else to do something that you want done because he wants to do it.”

## Career Growth Initiative Power Tools:

The tools of the Career Growth Initiative are a synergistic system that fuel the Four Conversations with evidence.



### Vision Tools

- **Listing Management:** A yearly plan for profitability through growth in market share.
- **Listings (Monthly):** Monthly tracking with adjustments to help you achieve your yearly goal.
- **Pipeline (Buyers/Sellers):** Identify on a daily basis whether your activities will turn your goals into reality.

### Value and Validity Tools

- **Agent Trend:** Report that tracks your growth in market share and critical levers in your business to assess performance and opportunities.
- **Agent Language of Real Estate (LORE):** Provides evidence of your value by comparing the growth of your business to that of your board, your subdivision, your Market Center, your Region, etc.
- **Local Expert:** The story of your expertise to underscore your validity to clients.

### Thriving Tools

- **GCI:** Track your GCI against your expenses to identify your Break-even Day.

## The Wall of Value

When you are able to quantify and communicate the benefits of the value you deliver, you will create a **Wall of Value** in your business that attracts listings and creates closings.



### Communicate Value

Look for ways to share your Wall of Value to grow your business:

- Listing and Pre-Listing Presentations
- Buyer Consultations
- Marketing materials
- Conversations with allied resources

**For more, go to the Career Growth Initiative page on [KWConnect.com](https://www.kwconnect.com)**

## Notes

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# Getting the Most Out of This Experience

There are often three types of people in a typical training class. Which one are you?

The Prisoner	The Vacationer	The Explorer
<i>Has to be there, doesn't want to be there, and doesn't know why they're there.</i>	<i>A day in training is better than a day on the job.</i>	<i>Excited and curious about the new knowledge, skills, and tools they will discover in class.</i>
Doesn't engage	Spends as much time chatting as listening	Listens attentively, then participates fully in discussions and exercises
Spends class time catching up on their emails	There to have fun—distracts the class with irrelevant comments	Asks meaningful questions and contributes compelling aha's
Escapes by spending time in the hall on their phone	Returns late from break and lunch	Arrives to class on time and returns promptly from breaks
Holds on to limiting beliefs	Not purposeful in their learning goals	Adopts a posture of acceptance
Multi-tasks on their computer by working on side projects	OMG! Spends the day on their smartphone, texting and checking Facebook	Takes notes in their manual for future reference
Picks fights with trainer or other participants if they don't agree	Isn't paying attention	Respects the different learning styles and opinions of others

## Notes

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# Be the Expert

KWRI has researched dollar-productive activities for real estate agents. That is to say, we have discovered which activities generate the greatest return on investment for an agent's time.

## Top Dollar-Productive Activities

1. Lead Generation
2. Lead Follow-Up
3. Appointments with Prospects
4. Negotiating Contracts
5. Market Research

Investing time in market research is what's required to become an expert in your market. Your superior knowledge of the local real estate market is a tremendous value for buyers who don't deal in this arena every day. Buyers need a consultant who can provide great information and advice. Even better, become an expert on the economy as well as the local real estate market. Your expertise in these two areas is a great selling proposition and this information can provide buyers with the confidence they need to make an intelligent home purchase.

People will buy homes

When they feel comfortable with this big decision.

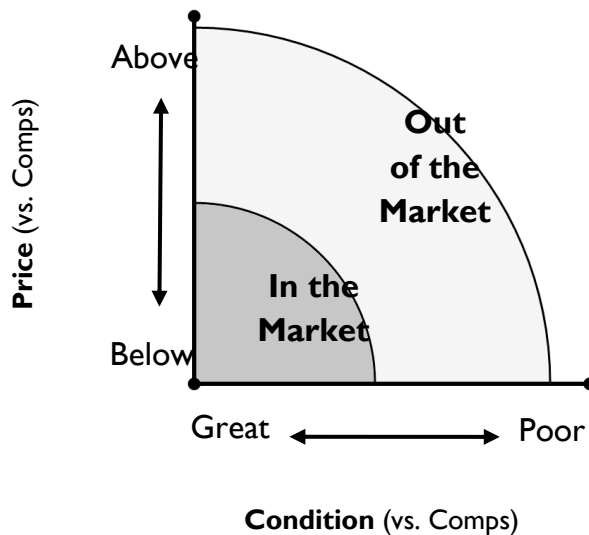
# The Tale of Two Markets

Understanding The Tale of Two Markets is fundamental to being a real estate expert.

How is the market in Massachusetts?

Brian Hickox of Franklin, Massachusetts, described his observations on conditions there during the shift of 2007. “Our market [was] really a Tale of Two Markets. Eighty percent of the homes were overpriced and 20 percent were well-priced. The well-priced were getting multiple offers. The overpriced were getting none.”

What Brian describes is the difference between being **ON** the market and **IN** the market.



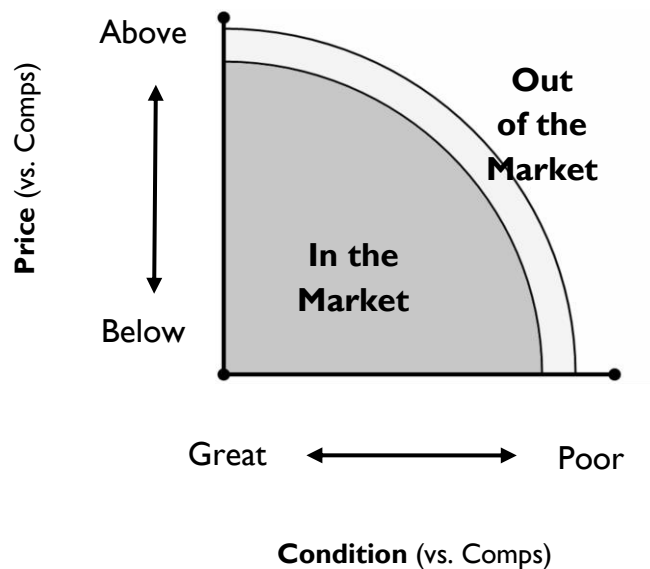
Price and condition are the two factors that determine whether a home is **ON** the market or **IN** the market. Houses **IN** the market are the most desirable and sell. Houses **ON** the market are essentially **OUT** of the market because they are less desirable than the competition.



		Condition	
		Great	Poor
Price	Above		Not Selling
	Below	<b>Selling!</b>	

## Sellers' Market

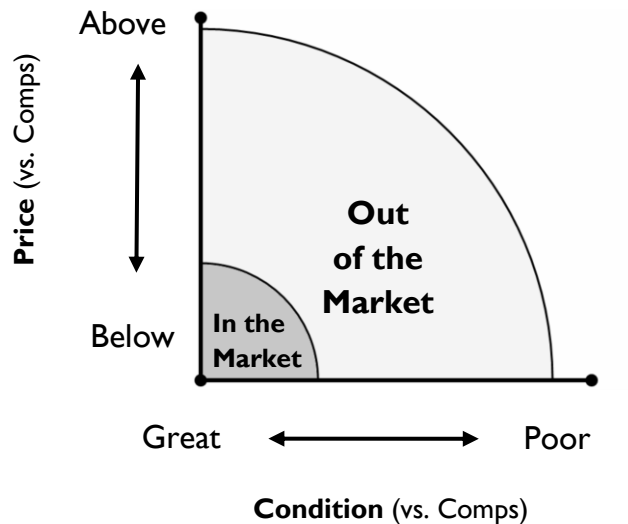
Many areas experienced a sellers' market prior to this buyers' market. In a sellers' market, many houses are IN the market. They will sell even if prices are above average and condition is below average compared to comparable properties.



It's relatively easy to sell houses in a sellers' market when demand for homes is high.

## Buyers' Market

It's an understatement to say things change in a buyers' market. The number of homes **IN** the market shrinks because many houses are overpriced and/or in fair to poor condition. At the beginning of a shift, many sellers think they can get prices comparable to the sellers' market and that homes in any condition will sell.



The reality is that time on the market increases and there are many more homes **ON** the market. Large inventory is a great argument for getting buyers to look at houses. They have more selection than they have under any other market condition.

At the same time, as an agent, you have to realize that buyers won't be motivated to buy just anything. In a buyers' market it is more important than ever to have a great buyer's agent. Looking for a well-priced home in great condition is like looking for a needle in a haystack. Customers will buy when you show them houses **IN** the market—the best buys.

### TIP

To get your buyers to buy, show them houses **IN** the market and explain to them that houses **IN** the market sell fast. The best homes sell fast in any market.

**SCRIPT:**

*“Mr./Ms. Buyer, in this market, every house that’s a good buy is in the lower part of the chart. Those homes are IN the market. Buying that today would be a great idea. The problem is that if you don’t buy one of those, they’re all going to be gone, because they’re selling. Some are getting multiple offers. And if you aren’t in the market, then you’re going to miss the market. So you have to be looking and ready to act. And I’m going to guide you as to when it’s time to act. When a house fits your criteria, and it’s a best buy, that’s when you buy. You don’t wait for the price to come down because the only ones that are going to come down are the ones that are overpriced. The ones that are currently priced right aren’t going down any further. They’re being bought.”*

## Good Time to Buy

Okay, now you know how to explain that the best homes sell quickly so buyers can't be slow to make a decision when they find a house that fits their needs and wants and is IN the market. But what do you say when buyers believe it is not a good TIME to buy?

Of course, the obvious argument is that, by definition, a buyers' market is a good time to buy.

**SCRIPT:**

“This is called a buyers' market. It's not a called a waiters' market or a lookers' market. It's a good time to buy because prices are low and inventory is high.”

It's always a good time to buy when life changes require new living arrangements. Later in this guide, in “Find It for Them,” you'll see a list of compelling reasons for people to move. When people have a good reason to move, it's a good time to buy.

In addition, there may be economic reasons that create good buying opportunities. These reasons change as the economy and housing market fluctuate. You must check resources for up-to-date information on the national as well as your local economy.

Depending upon the current economic situation, reasons to buy might include

- Low and stable mortgage interest rates
- High inventory
- Affordable home prices
- Strong economy
- Low unemployment

Gather supporting documentation for compelling economic reasons to purchase property and use the information to assuage fears about buying.

*"It's never a bad time to buy good real estate."*

Gary Keller

#### Sources for National Economic Data

1. Bureau of Economic Analysis  
<http://www.bea.gov/>
2. Bureau of Labor Statistics  
<http://www.bls.gov/>
3. Freddie Mac  
<http://www.freddiemac.com/>
4. Office of Federal Housing Enterprise Oversight  
<http://www.ofheo.gov/hpi.aspx>

The following pages contain examples of some information you can use to calm client concerns about fluctuating economic conditions.

**Buyer Fear:** Interest rates will change.

**Assuage the Fear:** Interest rates may drop and they may also increase. We just don't know where they will go. Comparing current rates to the past thirty-five years, what is available now is good, and history shows that rates do fluctuate. But when rates change, it's not by much.

**Buyer Fear:** Home prices could drop further.

**Assuage the Fear:** The media tells us home prices will continue to drop. Dramatic stories sell news. Newscasters can't predict the future; they can only report on what has happened. Eventually home prices increase. They always do over time. No one can predict when prices will hit bottom. We only know prices hit bottom after they start to rise again, and it is too late to buy at the lowest point.

Properties that are priced right sell quickly. It is only overpriced homes that drop in cost.

**SCRIPT:**

“If we're at the low or near the low point of this shift in the market, and you're buying a house to live in and stay in for a multiple number of years, then five years from now, you're not going to be sitting around saying, 'I should have waited another month to buy the house because I could have gotten a slightly better price.' You're just going to be glad you bought in this general time frame because your home's value will have gone up.”

**SCRIPT:**

“Do you want to risk missing a house that is perfect for you because you're waiting for a sliver of savings that may or may not be there?”

Investment guru Warren Buffet once observed that all investments are driven by an endless balancing of fear vs. greed. When fear reigns, markets fall. When greed (opportunity) takes over, markets rise. The point is the best investments (including real estate purchases) are made by people who control and overcome their fears.

**Buyer Fear:** Something better may come on the market.

**Assuage the Fear:** When inventory is high, buyers have many more choices. In a shifted market, like any other, the best houses (priced right and in the best condition) sell fast. Skilled buyer agents find the best buys for their customers. Buyers who wait will get to select from the leftovers.

Terry Moerler, a top agent in Westlake Village, California, cuts articles and graphs out of her local newspaper to educate her buyers and show the benefits of buying in this kind of market. Terry says she watches the market like a stockbroker. That positions her as the market expert.

*"My job is to make sure my buyers have the information they need in order to make good decisions."*

Terry Moerler  
WestLake Village, California

# Inventory



## Sharing your agent-branded KW App?

1. Get the Keller Williams Real Estate app from Apple App Store or Google Play Store.
2. In the app, use “Agent Search” to find and select your name.
3. Toggle “Make this my agent” button to “Yes”
4. Use “Share App” to share with your contacts!

**Find More on  
KWConnect.com**

Knowing your inventory well is essential if you want to be an expert in your market. There are currently a lot of houses for sale and part of your value is helping customers find a great one. You can only do that efficiently when you’re an expert on what’s available.

*“If you want to be the best buyer’s agent, know ever home for sale in your marketplace.”*

Brad Korn  
Kansas City, Missouri

When you know the inventory and your buyers’ needs and wants, you can narrow down the home search, visit a few excellent properties, and make a sale quickly. The alternative is to spend a lot of time and use a lot of gasoline to drive all over the place and tour lots of homes. You’ll take your buyers to see homes that don’t interest them. They’ll lose confidence in your ability to find the best home for them and they’ll be hesitant to buy.

## TRUTH

**You can preview houses faster than you can tour them with buyers.**

## Preview

Keller Williams University’s Ignite course teaches beginning agents to become familiar with houses for sale in their marketplace. The course recommends that agents preview at least ten homes every week. To be efficient, it’s a good idea to preview houses that are close geographically and cover one area before moving on to the next.

When you preview houses, you know which properties are the best—those that are priced right and in excellent condition. You’ll also know which houses aren’t. When you take customers out to look at homes, you can take them straight to the best choices and ultimately save time.



*"I am not going to show anything I have not previewed. I am the buyers' eyes and ear."*

Joan Sakyo  
Pleasanton, California

## Target

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When there are a lot of homes on the market, you may not be able to preview everything. So how do you decide which houses to preview?

As Brad McKissack, a top agent in Denton, Texas, says, "Great listings bring buyers." Your yard signs will generate calls and that's a great way to pick up buyers. Chances are slim that your listing will be the house a caller buys, but someone who is calling is a great prospect. If you can talk about the other listings nearby, you increase your chance of picking up a buyer customer

The bottom line on previewing is, if you can't preview everything on the market, become an expert on something. There are a variety of market sectors you can target:

- Geographic area with homes fitting specific criteria such as size or price range
- Category of residential properties such as town homes, condominiums, waterfront properties, golf communities, etc.



### Becoming the Expert

What tools do you use to communicate your knowledge of the economy and the local real estate market?

What additional materials should you have?

Where can you get the reference information you need?

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## Notes

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# Create a Best-Buy List

There are best buys in every market. They're the most desirable properties—the ones that are IN the market and selling. They're the houses your buyers want to see and the ones they'll buy.

The real estate industry has traditionally focused on pricing and market analysis on behalf of home sellers. When someone wants to sell their home, we do a thorough Comparative Market Analysis (CMA). We look at trends and we help sellers arrive at a price that will generate a sale. The one thing we haven't done is go into the marketplace and find great buys for our buyers. How powerful would it be to have a list of best buys? In a shifting market, buyers are looking for deals. When you show them the best deals, they'll buy if they are real buyers.

So how do you go about creating a best-buy list? It takes time and effort. If you've got a team, you can spread the work among buyer agents. If you're a solo agent, you may want to consider creating a best-buy list with other agents in your area. You can all use the list. A best-buy list is easier to create and maintain when multiple people contribute to it.

The way you go about searching for best buys is determined by the way your local MLS structures data. You might start by looking for zip codes with the shortest days-on-market times or the highest sold-to-list price ratios. Once you've identified zip codes with more sales and great properties, you can further refine your search to identify subdivisions or neighborhoods within the zip codes.

## How to Create the List

Best buys can be anywhere, so search your market thoroughly. Preview the homes that you think are best buys.

### Where to Find Best Buys

1. REOs
2. HUD Exchange
3. Foreclosure lists
4. FSBOs
5. Price reductions in the MLS
6. New homes on the market
7. Builder's promotions

Nominate properties for the list. Compare and contrast the houses to come up with your top choices. Evaluate them on price, condition, and terms. Be on the lookout for special offers from builders or any other sellers. Create lists for multiple price ranges.



### Creating a Best-Buy List

What do you need to do to create a best-buy list?

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# Do Your Homework

Once you've created a best-buy list, track the houses on it to see if the market agrees they are best buys.

- Record how long they are on the market compared to the competition.
- Document how the list prices compare to the competition.
- Note the condition of each house.
- Find out what the houses sell for, paying attention to relisting history that can skew this data.

Tracking this information will educate you on what is happening in your market. When you've got a track record with your list, you can use that to promote your expertise. Your customers will have confidence that you can advise them well.

Best-buy lists must be current. Update your list *every day*.

*"Our buyer specialists preview our listings as well as other homes in areas they serve to become intimately familiar with everything that is available and what the best values are on any given day."*

Rick Brenkus  
Las Vegas, Nevada

## Use Your List

Advertise your best-buy list on your website and in print ads to attract buyers. Don't offer to *give* the list to people. Offer *access* to your list.

### Register for access to John Doe's Best-Buy List

When a web user registers for access to the list, follow up with a phone call and set up a consultation appointment so you can share what you know about best buys. Your list is valuable. If you give it away, buyers have less reason to work with you.

Your list serves two purposes. First, it is an excellent marketing tool, and second, it targets the properties on which your buyers are most likely to make an offer (saving you time).

Once a buyer becomes your customer (a person who has signed a buyer representation agreement), prepare the customer to act fast when you show best buys.

**SCRIPT:**

*“Mr./Ms. Buyer, not every home on the market is a good buy. But there is a set of homes that really are, based on their price, their condition, and the motivation of the seller. And those homes are the ones that are selling. I’ll take you to see those homes and you have to be ready to act. When a house fits your criteria and it’s a best buy, that’s when you buy. You can’t expect the price to come down in the future because only the overpriced homes will come down. The ones that are currently priced right are being bought.”*

When you find out about great buys, contact your customers right away and have them see the property as soon as possible. Let them know how quickly the best houses go under contract.

**SCRIPT:**

*“Hi, Mr./Ms. Buyer, this is your name. I’m sorry to interrupt you at work. I know you’re busy, but here’s the thing. A home that fits your criteria just hit our best-buy list. This is probably *the one*. Our experience tells us it could be gone within a day.\* We can’t get out there fast enough and I don’t want to delay. Can you and spouse’s name take a long lunch to see the property?”*

*“You should bring your checkbook and I’ll bring the paperwork. Be ready to act. It would be hard to find anything that is better than this. If we miss this opportunity, I’ll feel like I let you down.”*

\* Specify a realistic expectation for the length of time best buys are available in your market. As an agent, you walk a fine line between generating enthusiasm and energy for the home purchase and creating false anxiety.

## Notes

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# Find It for Them

You have to find a home that meets your buyers needs and wants in order for them to consider making an offer. Being an expert on the market is the first skill that will get you to the goal, and you also need to know what is appropriate for *them*. In order to know that, you need to ask lots of questions—the right questions.

## Buyer Consultation

Top agents consistently begin the process of working with buyers by conducting a buyer consultation.

### Ask about Their Needs and Wants

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The majority of time a buyer consultation is devoted to asking about lifestyle and what the buyers need and want in a house. Nikki Ubaldini is an expert at this. She doesn't stop at the first level of questioning, such as, "How many bedrooms?" She asks deeper questions to get at the real needs, values, and motivation.

#### *Questions to dig deeper*

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**SCRIPT:**

"What exactly do you mean by \_\_\_\_\_?" (e.g., large kitchen)

"What does having \_\_\_\_\_ do for you?"

"What does that look like to you?"

"Can you explain that in more detail?"

"How does that make you feel?"

### *Examples of homes*

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Some agents find that a “buyer book” filled with photographs of a variety of home styles allows buyers to point out interior and exterior features they like and

### Ask about Their Motivation and Urgency

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People buy homes for a reason. You should ask about their motivation because it’s an indication of their urgency.

The most common reasons people buy homes are:

- **Relocation** – buyers must move due to work or other changes in their lives
- **Dissatisfaction** – the neighborhood has changed for the worse, they are living with other family members, or they are too far from school or work
- **Positive Life Changes** – marriage, the arrival of a baby, promotion, inheritance
- **Negative Life Changes** – death, disease, divorce, loss of income
- **Second Home** – for retirement or vacation
- **Previous Home Sold**
- **Lease Ending**
- **Investment**

#### **SCRIPT:**

*Mr./Ms. Buyer*, out of curiosity, do you mind my asking, what’s prompting your move?”

“When do you need to be in your new home?”

“On a scale from 1–10, with 10 meaning you must buy a home as quickly as possible and 1 meaning you’re not sure you’ll really buy anything, how would you rate yourself?”

“What would it take for you to become a 10?”

## Listen to What They Tell You

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While asking questions is important, it's not everything. You must really LISTEN to what buyers tell you. That's the only way to figure out if they'll buy and what they'll buy. In a consultation you should be asking questions, then spend most of your time listening to what they say. Write down their answers so you won't forget any of the details. If you work on a team, you may need to share the information with a team member some time in the future. Writing things down communicates that you are listening.

## Discuss Advantages of Home Ownership

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First-time buyers may not realize all the advantages of owning a home. This information may provide incentive to get out of rental property or to move out of the parents' house.

### *Advantages of home ownership*

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- **Build Equity**

A home can be viewed as a forced savings plan. With each payment, the owner pays down principal and builds equity. At the end of the term of the loan, the owner possesses something of great value.

- **Tax Break**

Interest paid on a home loan is deducted from the amount of tax the owner pays to the federal government. Rather than paying tax to the government, the borrower uses funds to acquire a home.

- **Investment**

Owning a home is unlike any other investment. You can enjoy use of it forever. Over the period of the loan, the value of the home increases, so while equity builds with payments, value also rises due to increases in home values.

#### **RESOURCE**

To see a top agent conduct a buyer consultation, watch Nikki Ubaldini on *KWConnect's Agents-in-Action: Listing/Buyer Consultations* found under the "Courses" link.

## Show What They'll Buy

There are two top components of showing what they'll buy:

1. Knowing what they need and want
2. Knowing the best buys in your market

### Know What They Need and Want

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As mentioned previously, buyers will make a purchase when a home meets their needs and as many of their wants as possible. When you conduct the consultation, determine if your buyers are realistic in their expectations and if you can meet or exceed these expectations. If you don't do these things, you'll waste your time and theirs.

Many top agents acknowledge that buyers change their minds about what they are seeking once they start looking at what's on the market. Some agents consider the first few showings an extension of the buyer consultation and use the time as an opportunity to really find out what their buyers like. You need to always be asking questions about what they like and don't like. A best practice is to ask about the buyers' opinions at each house. You can wrap up a showing with a simple question.

**SCRIPT:**

“is this a house you want to buy?”

If you are good at selecting appropriate houses, anything you show should be close to what your customers would buy. When buyers aren't interested in making an offer, find out why.

**SCRIPT:**

“What would it take for this to be a house you would buy?”

The answer to this question may open up possibilities. Buyer's objections could be as simple as changing the paint color or carpet. In this market, Bruce Hardie, an experienced and top-producing agent in Spokane, Washington, makes a habit of asking what it would take for buyers to make an offer on a house. He then asks the sellers if they are willing to make that change. If so, you may have a deal.

If buyers are not interested in any of the houses they see the first time you take them out for showings, you need to reevaluate what they are looking for. Let buyers know that you must have misunderstood what they want. A best practice is to go back to your office for some follow-up questions. Take a little bit of time to find out if their needs and wants have changed and what objections they have to the properties they have seen. Revise your search criteria before investing any more face-to-face time with the buyers.

When buyers like a house, agents on the Brenkus Team take buyers back to the office to do a CMA.

**SCRIPT:**

“Why don't we go back to the office and I'll let you know how things are moving in this area.”

## Buyers Who Want a Deal

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In a buyers' market, many buyers are looking for a "deal." What constitutes a deal may vary from one buyer to the next.

Tony DiCello with KW MAPS Coaching, advises agents to find out if buyers are looking for a great home to live in or if they are looking for a deal. That information helps agents determine what to show. Houses priced lower than market value generally need to have work done. You must find out what kind of work the buyers are willing to do. A sample dialogue demonstrates the essential questions Tony would ask a buyer.

**AGENT:** Do you want a home for you and your family or do you want a deal? You can't have both.

**BUYER:** *We want a deal more than anything else.*

**AGENT:** Tell me, what is a deal to you?

**BUYER:** *Getting below market price.*

**AGENT:** How far below—10 percent, 20 percent, 30 percent?

**BUYER:** *Twenty percent.*

**AGENT:** Okay, 20 percent below market price. That's reasonable. I can find it for you. Do you want to do some work?

**BUYER:** *Yeah, we'll do some work.*

**AGENT:** Okay, great! How much work? Are you willing to paint and change carpet or do you want to knock down walls?

**BUYER:** *We don't want to knock down walls.*

**AGENT:** You don't want to knock down walls. Okay. I think we can probably find something around 20 percent below market that needs paint and cosmetic work.

Your knowledge of the market and list of best buys will help you find the best opportunities for your buyers.



### **Finding Motivated Buyers and Homes They'll Buy**

What questions are most effective for determining buyers' true needs and wants?

What questions do you ask to determine your buyers' motivation and urgency to buy?

What can you do to find houses your customers will want to buy?

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## Notes

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# Facilitate Decision Making

## Reminders

Buyers sometimes forget what they are trying to do. In a shifted market, they can get hung up on the media telling them it's not a good time to buy, become obsessed with finding a “deal,” and want to wait for prices and interest rates to drop more. They think something better will come on the market.

### Their Needs and Wants

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Early in his career, Gary Keller, cofounder and chairman of the board of Keller Williams Realty Inc., worked with a young couple who did not understand that a house he showed them was the *only* house that met their criteria. Gary had asked about their needs and wants and knew he had a challenge on his hands. Then a house came on that market that looked like a good fit. He immediately took his buyers to see it. In fact, the home had just come on the market and the seller wasn't quite ready for a showing. Gary knew the house was in great condition and priced to sell, so he wasn't going to let this one get away. Gary and his buyers waited in the area for an hour until the seller was ready for a showing. Once he went through the house, Gary knew it was the only property that met his customers' needs and wants, but the customers didn't realize that. In fact, the woman said, “And just think, this is only the first house!” with the obvious implication there would be many other great choices. Fortunately, Gary had a list of the buyers' needs and wants with him. While inside the house, they had a conversation about why this house was a great buy. Gary shared his market expertise to let his customers know the house would sell immediately and if they did not make an offer on the spot, someone else would buy it that day, leaving them with no other good choices. Being able to remind his buyers of what they were seeking enabled Gary to create a sense of urgency and get a sale.

## How Features Will Improve Their Lives

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People will make a purchase when they understand how doing so benefits them. Many agents make the mistake of focusing on home features rather than benefits.

### *Features*

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Features are things that are attached to a product. Features in a home might include modern appliances, a large master bedroom, or a stone fireplace. Everyone can observe features. Agents don't add much value when they point out the obvious and buyers may not get excited about features.

### *Benefits*

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On the other hand, benefits are things that meet people's needs. Benefits get buyers excited because benefits improve their lives. Benefits in a home might include the convenience of a quiet and energy-efficient dishwasher, the luxury of having space for a reading area in a large master bedroom, or the cozy feeling created by a fire in a stone fireplace. Benefits appeal to buyers' emotions and people will buy when they fall in love with a home.

## Their Motivation

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A great buyer consultation includes questions about buyers' motivation. When you find a great property, review how the house meets their needs and wants, then remind them of their motivation to move. Buyers may have forgotten how much they want to get out of their parents' house or how much money they'll save when they have a shorter commute to work. When their motivation is strong and you find a solution, buyers will buy. You just need to point out how a great house solves the problem that caused them to look for a new home in the first place.

## Cost of Waiting

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Buyers may not think about the cost of delaying a purchase.

- For the first-time home buyer, there are many financial benefits they'll get once they are owners, including tax breaks and building their own equity rather than their landlord's equity.
- People who already own homes should be motivated to build equity in the new property rather than in the property they are selling.
- When buyers don't make a decision, they have to invest more time into looking at homes.
- The best homes sell fast, so people who wait can only select from the leftovers.
- The market shifts and the current great buys will no longer be available.

## What to Say

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There are a variety of things you can say to remind buyers it is a good time to move forward with a purchase.

### SCRIPT:

"Houses that aren't priced right or aren't in great shape are the ones that sit on the market and have price reductions. Is that the kind of house you want?"

"Remember, *Mr./Ms. Buyer*, there are homes selling today. There are buyers making buys. They are not uneducated buyers. They have just found great buys and they're taking advantage of them."

"*Mr./Ms. Buyer*, would you rather put money in your landlord's pocket or do you want your monthly housing payments to build equity for you?"

"Do you want to spend your time looking at houses you aren't going to buy or would you rather focus on the ones that meet your needs and wants so you can move on with your life?"

## Remove Fears

Buyers won't make a large purchase, such as a home, when they are uncomfortable with the decision. During the buyer consultation, you should ask about their fears, uncertainties, and doubts. Make sure you are working with customers who will actually buy a house when they see the right one. As you go through the home purchase process, continually ask about barriers that might prevent them from making a purchase. Use your knowledge to assuage their fears. Sometimes people just need permission to make a purchase decision. You can help these people recognize a great opportunity when it is in front of them and advise them to take action before the opportunity passes them by.

### Fear of Paying Too Much

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No one wants to pay more than they need to pay for anything. In our culture, most commodities have a fixed price. Home purchases are different. People have an expectation that price will be negotiated. In fact, in a buyers' market, buyers are looking for the new bottom of the market and are anxious to negotiate down. So, how do you get buyers to agree on a purchase price they'll view as a good deal?

### CMA

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Buyers will agree to a purchase when they are well-informed and believe they are getting a good deal. That's why you do a CMA when they like a home. Use a variety of numbers on pendings and recent sales to demonstrate why a purchase price is good.

Factors to Compare	
1.	Price per square foot
2.	Comparison of list price to sales price
3.	Sales price for comparable properties
4.	Benefits the home has compared to others in the area

## *Appraisal*

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In addition to doing a CMA, remind buyers of the appraisal. Reassure buyers that their lender will not make a loan for an overpriced property—that's why they do an appraisal. The appraisal will give them an objective opinion about the property's value in the current market. If a home appraises for less than the offer, the buyer has some options. The best option is to negotiate with the seller for a lower price. After all, buyers make offers on houses they want and sellers need to be flexible when there is a lot of competition. When the offer has a contingency on getting funding, buyers have peace of mind in knowing they can walk away from a house that appraises for less than the offer if that is what they want to do.

## *Fear of Making a Commitment*

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Buyers are excited about living in a home that fulfills their dreams, but they can be hesitant about signing a contract and making a large financial commitment.

## *Option period*

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In many areas buyers can pay a small fee to sellers (option fee) in order to thoroughly evaluate a house. Hesitant buyers may need to be reminded that the option period reserves the home for them by taking it off the market, while they gather information necessary to make a well-informed decision.

During the option period, inspectors document the condition of the house. Comments about conditions that may not be obvious to buyers as they walk through a house are especially valuable. Once buyers know the true condition of the house, they can move forward with purchase of the house as it is, negotiate for repairs, or walk away from the agreement.

During the option period, buyers can change their mind about the purchase for any reason at all (or no reason). When buyers have an option period on a contract, they have essentially bought the option to proceed with a purchase decision within a set period of time.

## *Buyback guarantee*

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Some top agents with large teams offer a buyback guarantee. There are variations on the offer, but essentially, the guarantee lets buyers know the agent will sell the home for free if the buyer doesn't like it and wants to move to another home in the area within a specified period of time. The purpose of the guarantee is to negate the fear of making a bad decision.

These guarantees have restrictions. For instance, it is only offered for a limited time. (How many of your buyers want to go through the hassle and expense of moving within eighteen months of buying a home?) It is only offered on homes the agent approves—ones the agent knows can be sold again. There is a stipulation that the homeowner will use the agent for the purchase of the next home. Agents who offer a buyback guarantee are highly skilled. They get legal advice on what to offer and they rarely have to buy back or resell a home for free.

## Incentives and Concessions

When there is a lot of competition and homes sit on the market for a long time, sellers are often willing to offer incentives or make concessions. The best way to find out what you can get for your buyer is to ask.

Incentives and Concessions	
1.	Improvement allowances (carpet, paint)
2.	Pay early move out on renter's lease
3.	Pay mortgage on buyer's existing home for a defined period of time
4.	Pay buyer closing costs
5.	Lease purchase options
6.	Mortgage buydowns
7.	Seller financing
8.	Extras (electronic equipment or car)

### RESOURCE

For information on financing options, see *Agent Financials* from Keller Williams University.

# Close

Never forget the importance of asking if buyers want to purchase a house. It's your job to help them make a good decision. Sometimes they need your insight. Let them know when a house meets their criteria by using scripts that have been effective for top agents.

**SCRIPT:**

"Is this a house you want to buy?"

"If you love this house, someone else will too."

"Good houses sell fast in any market."

"The next person who looks at this house could make an offer."

"How would you feel if someone else bought this house tomorrow?"

**Helping Buyers Move Forward**

What new scripts could you use to facilitate a purchase decision?

What incentives or concessions should you be seeking?

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## Notes

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# The Bottom Line

Do you have endless time to spend with your buyers? Top agents work efficiently and effectively with their buying customers, allowing them to serve a maximum number of buyers in a given period of time. You'll enjoy working with buyers, serve your customers well, and maximize your earning potential when you help them move forward with a good buying decision.

You need to do a variety of things for your customers:

- Be an expert on the local real estate market.
- Be an expert on the economy in general and how your local economy compares to national trends.
- Educate your buyers.
- Articulate why this is a great time to buy.
- Assuage buyers' fears.
- Create a best-buy list.
- Show them houses that meet their needs and wants.
- Facilitate a decision to buy a house.

## Notes

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# Scripts

## Be the Expert

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**AGENT:**        Mr./Ms. Buyer, in this market, every house that's a good buy is in the lower part of the chart. Those homes are IN the market. Buying that today would be a great idea. The problem is that if you don't buy one of those, they're all going to be gone, because they're selling. Some are getting multiple offers. And if you aren't in the market, then you're going to miss the market. So you have to be looking and ready to act. And I'm going to guide you as to when it's time to act. When a house fits your criteria, and it's a best buy, that's when you buy. You don't wait for the price to come down because the only ones that are going to come down are the ones that are overpriced. The ones that are currently priced right aren't going down any further. They're being bought.

**AGENT:**        This is called a buyers' market. It's not called a waiters' market or a lookers' market. It's a good time to buy because prices are low and inventory is high.

**AGENT:**        If we're at the low or near the low point of this shift in the market, and you're buying a house to live in and stay in for a multiple number of years, then five years from now, you're not going to be sitting around saying, 'I should have waited another month to buy the house because I could have gotten a slightly better price.' You're just going to be glad you bought in this general time frame because your home's value will have gone up.

**AGENT:**        Do you want to risk missing a house that is perfect for you because you're waiting for a sliver of savings that may or may not be there?

## Create a Best-Buy List

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**AGENT:** Mr./Ms. Buyer, not every home on the market is a good buy. But there is a set of homes that really are, based on their price, their condition, and the motivation of the seller. And those homes are the ones that are selling. I'll take you to see those homes and you have to be ready to act. When a house fits your criteria and it's a best buy, that's when you buy. You can't expect the price to come down in the future because only the overpriced homes will come down. The ones that are currently priced right are being bought.

**AGENT:** Hi, Mr./Ms. Buyer, this is your name. I'm sorry to interrupt you at work. I know you're busy, but here's the thing. A home that fits your criteria just hit our best-buy list. This is probably *the one*. Our experience tells us it could be gone within a day. We can't get out there fast enough and I don't want to delay. Can you and spouse's name take a long lunch to see the property?

**AGENT:** You should bring your checkbook and I'll bring the paperwork. Be ready to act. It would be hard to find anything that is better than this. If we miss this opportunity, I'll feel like I let you down.

## Find It for Them

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**AGENT:**       What exactly do you mean by \_\_\_\_\_? (e.g., large kitchen)  
What does having \_\_\_\_\_ do for you?  
What does that look like to you?  
Can you explain that in more detail?  
How does that make you feel?  
Why do you suppose that is?

**AGENT:**       Mr./Ms. Buyer, out of curiosity, do you mind my asking, what's  
prompting your move?  
What does the next home need to accomplish for you?  
When do you need to be in your new home?  
On a scale from 1–10, with 10 meaning you must buy a home as quickly  
as possible and 1 meaning you're not sure you'll really buy anything, how  
would you rate yourself?  
What would it take for you to become a 10?

**AGENT:**       Is this a house you want to buy?  
What would it take for this to be a house you would buy?  
Why don't we go back to the office and I'll let you know how things are  
moving in the area.

**AGENT:**       Do you want a home for you and your family or do you want a deal? You  
can't have both.

## Facilitate Decision Making

---

**AGENT:** Houses that aren't priced right or aren't in great shape are the ones that sit on the market and have price reductions. Is that the kind of house you want?

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**AGENT:** Mr./Ms. Buyer, would you rather put money in your landlord's pocket or do you want your monthly housing payments to build equity for you?

**AGENT:** Do you want to spend your time looking at houses you aren't going to buy or would you rather focus on the ones that meet your needs and wants so you can move on with your life?

**AGENT:** Is this a house you want to buy?  
If you love this house, someone else will too.  
Good houses sell fast in any market.  
The next person who looks at this house could make an offer.  
How would you feel if someone else bought this house tomorrow?

# My Action Plan

Don't put away this training guide without developing a plan to put what you have learned into action!

Review the key "challenges" listed below and assess your current ability to meet each challenge on a scale of 1–5.

1 = "I have no experience with this."

2 = "I am not very good at this."

3 = "I am pretty good at this."

4 = "I am confident with this."

5 = "I am an expert at this."

For any rating of 3 or below, write down the action steps you will take to increase your understanding, build your skills, develop your confidence, see greater results, and take home more money!

Challenge	Rating	Action Steps
1. I can clearly explain the Tale of Two Markets.		
2. I can articulate why this is a great time to buy a home.		
3. I have graphs and statistics to demonstrate why this is a great time to buy.		
4. I preview homes weekly.		
5. I preview all of the comparable homes around my listings.		

Challenge	Rating	Action Steps
6. I am an expert on homes in my area.		
7. I have a best-buy list and update it daily.		
8. My process of working with buyers begins with an in-office consultation.		
9. I ask questions to help me understand values, true needs, and motivations.		
10. At the end of every buyer consultation, I have a clear understanding of my buyers' needs and wants.		
11. I can explain the advantages of home ownership.		
12. I only show houses that meet my buyers' criteria.		
13. I talk about benefits rather than features.		
14. I am good at helping buyers make a decision to buy.		
15. I am effective at helping buyers overcome their fears about buying.		



Challenge	Rating	Action Steps
16. I always do a CMA before my buyers make an offer.		
17. I am good at obtaining seller concessions.		
18. I have mastered effective scripts for creating urgency to buy.		
19. I have set goals for next year for number of transactions, etc. in the CGI Calculator with my MC leaders.		

## From Aha's to Achievement

### AHA's

*What are your Aha's?*

### BEHAVIORS

*What behaviors do you intend to change?*

### TOOLS

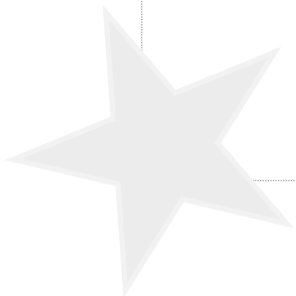
*What tools will you use?*

### ACCOUNTABILITY

*What does accountability for this look like?*

### ACHIEVEMENT

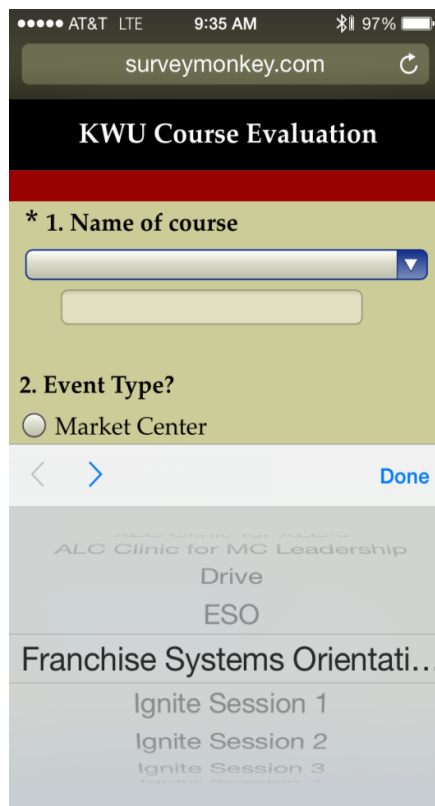
*What will you achieve?*



# Don't Forget Your Evaluation!

To fill out the evaluation:

1. Go to [KWUeval.com](http://KWUeval.com) on any mobile device.
2. Select the course and instructor.
3. Share your feedback.



Select drop-down to  
scroll for title of this  
course

Thank You for Sharing Your Feedback