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In This Issue...

- [Using the CMA as Your Primary Pricing Tool - New Tactic](#)
- [Buyer Interview - Save Hours of Wasted Time](#)

 Using the CMA as Your Primary Pricing Tool -
 New Tactic


Most agents approach the CMA process with the mindset that the report's primary purpose is to educate sellers about the value of their property. I take an opposite view, and I suggest you do the same.

I believe that the **primary purpose of the CMA is to educate you**, the agent, about the prices at which comparable homes are being listed and sold. Only by completing a competitive market review and analysis can you obtain certainty and conviction about the value of the property you're getting ready to list. With this knowledge, you'll be able to **proceed with confidence** as you share your view of the marketplace and persuade the seller to accept your home pricing recommendation.

Factors that contribute to a CMA:

A competitive market analysis involves a review of all homes in your marketplace similar to the one you are selling that have **recently sold, have sales pending, are active listings, or recently expired**. Activity in each of these four categories contributes to your analysis, however, some categories deserve greater importance or weight in your pricing assessment.

Sold properties

 - [**Last Chance**] -

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Often referred to as “solds”, sold properties provide the most valuable demonstration of market value. They are properties for which sales goals have been accomplished, transactions have closed, and ownership has transferred. The sellers have their cash in hand. When you study “solds”, you can be certain that the prices reflect values that won mutual consent from a willing buyer and a willing seller. **Use these properties as the cornerstone of your presentation of value to the seller.** Use entries from all other categories primarily to support the pricing position you recommend based upon comparable sold properties.

Especially in markets undergoing active appreciation or depreciation, **review only homes that have sold and closed in the last six months or less.** Sales before that period probably won't be an accurate indication of current values.

Pending properties

Pending properties are homes that have been secured by a buyer, but the sale hasn't yet closed, and ownership has yet to transfer. Deals linger in the pending stage for 30 to 60 days. When you study the pricing of comparable pending sales, realize that the information is less reliable than that of sold homes for these two reasons:

1. **Anything can still happen to derail the transaction.** The buyer can walk away from the deal. Financing could be denied if either the owner or the house doesn't meet lending requirements.
2. **The price on a pending deal is the price the seller initially asked.** You won't know the final closing price agreed upon by the seller and buyer until the deal is completed. In some cases, the closing price is substantially less or more than the asking price.

If a pending home is very comparable to the home you're selling, and it's pricing is very important to your CMA, **contact the listing agent and ask** if he or she can tell you whether the seller received close to the asking price. Expect only to receive general information. The agent can't give you the sales price due to fiduciary responsibility owed to the seller, but you will likely receive enough information to help qualify the information received from pending sale documents.

Active properties

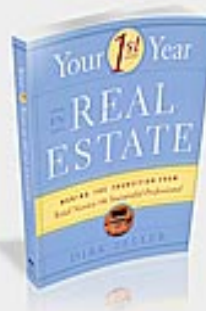
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Your seller's eyes will wander straight to this part of the CMA because it usually contains the highest prices in the report. Without good counsel, sellers will look at the prices being asked for other homes and want to place their price right at the top of the range. **To avoid unrealistic expectations, take the following steps:**

- Explain that active properties are accompanied by **asking prices** – which will be affected by the outcome of buyer negotiations and final price adjustments.
- Present comparable active listings as a good indication of the level and intensity of current competition for the buyer's dollars, rather than as a clear indicator of current house value.
- Remind your sellers that, while they have only one house to sell, the buyer in a neutral market has many homes to choose from. Use active listings to help competitively position each house within the current available inventory.

Expired listings

These are homes owned by sellers who, in effect, lost the sales game. In a CMA, they provide a very good bookend against the prices of sold properties. By presenting both categories, you can show your seller the pricing path to success, as indicated by sold properties, and the path to failure, as indicated by expired listings.

For an especially instructive pricing example, find an expired listing that also shows up in your sold category of properties. Use the example as a graphic illustration of the first-time failure that can result from over-pricing, and the success that results from on-target pricing.

Taking CMA results with a grain of salt

Remember the old saying, "Stop and smell the roses" ? I suggest you make it a mantra during the CMA process. At some point during your review of real estate records and home photos and computer analyses, take a break and **get out to actually look at comparable properties** in order to form a good old-fashioned first-hand opinion.

Don't expect data sheets and digital photos alone to present the strengths, weaknesses, and permutations of each comparable property. Some homes just plain feel better than

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others, and that's a distinction you have to experience live and in real time. Follow these steps:

- **To view active properties, start by making an appointment with the seller.**
- For a pending property, you can call the agent or the owner to gain entry in order to evaluate the house against your seller's home.
- Call owners for permission to view homes that have recently sold or that have expired listings. You might even manage to turn a tour of an expired listing into a prospecting preview. Who knows? Play your cards right, and your research for one seller's CMA might secure another seller's listing.

If you **can't gain access** to a home, as a fall back position, take a few minutes to **drive by** any of the comparables you're studying. The drive will give you a chance to review the neighborhood and the exterior condition, landscaping, and curb appeal of each property.

To your Success,



Dirk Zeller

CEO

Real Estate Champions, Inc

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 Top

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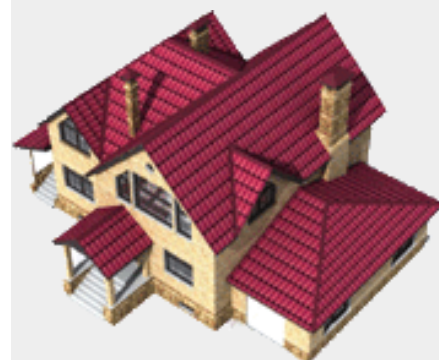


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spend in them in order to get the most out of our day.

I was reminded of this after speaking with one of our die-hard Coaches Corner™ Newsletter Subscribers. My conversation with him inspired me to make another tool available for you to equip yourself with.

You see, Darin and many others read our newsletter religiously, and many of them print it out for the "Golden Nuggets of Real Estate Wisdom". He told me that he often refers back to them during his down time.

I'd venture to bet that **the average REALTOR® wastes at least an hour a day driving around in their vehicle**, and given the choice, they'd rather invest that time in building a successful Real Estate Career.

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Buyer Interview - Save Hours of Wasted Time

The buyer interview is the first step in the buyer process. It should happen before you run to the computer to find them the right home. If you don't do this first, you may be competing with two or three other Agents for the same buyer.

Why compete when you don't have to? Let the other Agents in the marketplace compete and waste their time with disloyal buyers. Champion Agents only invest their time with people who are loyal and who will buy through them.

The buyer interview is separated into three sections. The first section is **determining their values and needs**. You want to find out what their needs are in a home: number of bedrooms and bathrooms, layout of the home, etc. To be able to best fulfill their needs, you will want to obtain all the information about the property they want to own.

Then you will need to find out the values they are attaching to this new home – **the “why?” behind the move**, the emotions that they are using to make the buying decision. We all buy things because it appeals to our emotions. We then rationalize our emotions through logic. To create long-term satisfied clients, a great salesperson makes sure the buyers’ emotions are met.

You then must understand the benefits they are looking for you to provide. There are some specific beliefs people have about REALTORS®. They want you to provide a certain type of service level. **You need to know their expectations of service**.

If I were in a buyer interview with someone who wanted me to be available at all times (including nights and weekends), we would have a problem. I needed to know if my service model of having my staff and myself available only at certain times was acceptable. I also needed to know why the buyer felt I should be available 24 hours a day, seven days a week for him. **If I could not persuade him that we would be able to provide him with the highest quality of assistance, I would disengage the appointment and refer him to another Agent in the office who was willing to provide the service he felt he needed.**

In the second section of the buyer interview, we would present the **benefits of service**. At this point, we shared with them services that we provided to the buyer. We had these services in written form for the buyer. We could then show him the services and benefits he would receive from working with us. People make decisions in the buying process based on emotion and the benefits they receive. If you don’t show them their specific benefits, they will not buy.

Examples of services and benefits:

“We merge your profile with the MLS. The benefit to you is that you will be one of the first people to see a new home on the market. Since the best values sell within days, we feel that it is crucial for you to see the homes first.”

The last service we listed was that the seller actually pays our fee. The buyer would receive all these services and benefits **free of charge**. We would only ask for one thing from him to receive all of these services, which was his commitment to work with us exclusively.

Next comes section three of the buyer interview. This section I call the client commitment. **You don't have a client until he has committed to you.** Up until then he is only a prospect. This section of the buyer interview separates the Champion Agent from the rest. You must lay it on the line. He needs to understand that this is your job and how you provide for your family. You owe it to your spouse and children to work only with people who are 100% committed to working with you.

Since you are providing all these services for no cost to anyone until closing, you have to ensure that a closing will happen. Draw him in by putting his job in that position. He wouldn't work for a month hoping his paycheck wouldn't bounce at the end of the month. He would find another job.

You can only provide a high level of service to a few select clients at a time. You cannot help them all. Make sure they want to be helped by you. If they cannot give you a commitment, thank them and refer them to someone else. Invest your time finding another person who will commit. It's all about commitment; either you are or you aren't. Champion Agents ask for the commitment, and if they don't get it, they move onto the next.

For more on how you can "Convert + Commit the Buyer Every Time," go [here](#)...

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Dirk Zeller

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- [July 25th](#)
- [July 18th](#)
- [July 11th](#)
- [July 5th](#)
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[Top](#)

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