



Selling a house can be one of the most stressful times in people's lives. Your clients trust you as their real estate professional to provide the leadership and insight necessary to help them reach their goals. However, an emotional connection to the property may make them hesitate to reduce the price, even when the market requires it. Navigating a price reduction can be tricky, but if done correctly, you'll enhance your relationship with your clients and help them achieve their objectives.

How to Handle a Price Reduction



The Debut is Key

More buyers are searching the Internet for new listings than ever before. In fact, **new listings get 4 times more web traffic.**¹ We know that if the home hasn't received attention from buyers after the first 30 days on the market, then it's likely the price needs to be adjusted to make it more competitive with others in the neighborhood.

Although you've done the research and have suggested a reasonable and competitive price for the listing, clients may still be reluctant to price it below their expectations.

5 Stages of a Price Reduction

It's important to have compassion for your clients and understand the stages sellers often go through when their home is not selling as quickly as anticipated and they must consider reducing the price.

- 1. Denial:** Due to emotional attachment, many homeowners **overestimate the market value of their home** by **5-10%**.²
- 2. Anger:** After a week or two of inactivity, your clients **may be getting upset** and **looking for someone to blame**.
- 3. Frustration:** Your clients' pent up **anger could now be directed at you** and your skills as a professional salesperson.
- 4. Disappointment:** Through continued education on the neighborhood market, **they discover that their price is unrealistic** and they've missed out on their prime marketing opportunity.
- 5. Acceptance:** Nearly **56%** of sellers said they **reduced their asking price** at least once.³ The average price reduction was **11%**.⁴

Sources: 1) The Wall Street Journal, August 23, 2010
2) SmartMoney Magazine, February 2, 2011
3) National Association of Realtors, 2010 Profile of Home Buyers and Sellers
4) Trulia.com, Price Reduction Report, December 2010

Help Your Clients Through the Process

The best and most professional thing you can do to save your clients and yourself from a lot of grief, frustration and resentment is to price the home right, from the beginning. If this isn't possible, how can you help your clients feel better about the process and ultimately create advocates along the way?



Be Visible: Communicate with your clients to show that you are doing all you can to sell their home.

- **Call at least once a week** to update them on all activity, promotions, feedback and neighborhood information.
- **Write a personal note** to let them know you appreciate their business.
- Every 21 days, **do a face-to-face Pop-By** to go over your marketing plan and an updated market analysis.

Listen: The best way to make clients comfortable enough to let down their guard is to **hear what they have to say and affirm their feelings.**

Put Them in the Shoes of a Buyer: Go with them to **view the other homes that are comparable to theirs** in the neighborhood. Talk through the decision process a buyer goes through when considering a home for purchase.

Communicate Effectively: As you are giving your clients updates, use excellent dialogues like the one below to **reassure them that you care** and want to help them sell their home for top dollar.

Price Reduction Dialogue

"Hi [Wendy], I just wanted to give you an update on your home. I want you to know that getting your home sold is a high priority to me and we're doing everything possible to get it sold. Here's what we've accomplished this week. We've looked at the activity on your home so far and while a number of folks have come through, when we followed up with the agents representing these buyers, we discovered that they've actually gone and bought another property. So, what the market's currently telling us is that we're priced a little on the high side. I believe if we adjust the price downward, we'll be taking a major step in the right direction to increase our chances of getting your home sold. What would you like to do as we move forward?"

Typically the person will say, "Well, what do you think?"

"Well, I think if we reduce the price, we'll be much more competitive in this market. My professional recommendation would be to reduce the price to \$_____."

They may also say, "But [Brian], you're the one who put the home on the market at this price..."

"You know, you're right, [Wendy]. My goal is to get you top dollar. And I'll always try to get you the best price. Now that we've shown the home to several potential buyers, we know that it's a little on the high side so it's time to adjust the price to what the market is telling us. My professional recommendation would be to reduce the price to \$_____. Why don't we do that and let's see what kind of response we get. And then every Friday, for your peace of mind, I'm going to give you an update on what happened."

Be Willing to Walk Away

After discussing their needs and objectives, calmly show your clients how you can help them achieve their goals with your plan. If they refuse to commit to your strategy, then wash your hands of it. You never know, they may call you back to list their home at the right price after they've taken another agent through the crazy stages of a price reduction!