



*Fleur de Lis*

# Sentinel

FIRST QUARTER 2022

FOR REALTORS

## 3 Steps to Setting Realistic Buyer Expectations in Today's Ultra-Competitive Market

by Tom Ferry, <https://www.tomferry.com/blog/setting-buyer-expectations-2021/>

### “Boy, that escalated quickly.”

– RON BURGUNDY

The Broke Agent recently compared the current landscape for buyers to the giant fight scene in Anchorman – and he’s not exaggerating much.

Listings today seem to generate tons of offers, leaving one party victorious and countless other potential buyers defeated, disappointed and licking their wounds.

Your job as an agent is to prepare people for that battle and set realistic expectations from the start.

Because if you don’t, you’re only setting them up for frustration – and wasting your own valuable time in the process!

So today I’m giving you three steps to integrate into your Buyer Consultation to make sure your buyers are “battle ready.”

#### Let’s dive in...

#### STEP ONE: EDUCATE AND INFORM

It’s extremely important to make sure any buyers understand the highly competitive arena they’re about to step into.

Don’t take it for granted. Even though the inventory shortage has made its way into mainstream news, don’t expect that your buyers fully understand what it means to them. **Also keep in mind** that they don’t do this every day like you do.

So you need to sit them down and explain it to them.

The first thing you want to do is show them all the data – everything from pending sales, to active inventory, to new listings coming on the market, to the multitude of offers generated on recent sales, to interest rates and more. Use this to make the case that it’s most definitely a seller’s market.

Next, give them real-world examples. I like to call it “tell the story of the market” where you use an anecdote or two to illustrate – in layman’s terms – exactly what’s happening out there.

Finally, conduct a quick review of simple “supply and demand” economics. When supply is low and demand is high, prices increase and buyers lose leverage.

You might scare some people off with this education process... but I believe it’s better you learn that early in the process rather than wasting time showing them houses they’re not prepared to ever make a realistic offer on.

#### STEP TWO: 5 COMPONENTS OF WRITING A POWERFUL OFFER

Once you’ve established the battlefield, the next step is to review with the buyer five components of writing a powerful offer in today’s competitive marketplace:

**1. Minimal or no contingencies** – Don’t let them get their hopes up for those old carpets to be replaced or complex terms to be agreed to in the contract. In fact, it’s probably wise to prepare them to make concessions if they really want the property.



**2. Strong financing** – Make sure the buyer’s financial house is in order and they’ve secured the best possible loan to put them in position to win a bidding war.

**3. Include a buyer “love letter”** – The National Association of Realtors has raised Fair Housing questions about the practice of sending a letter to the seller in hopes of emotionally swaying their decision-making process, so tread lightly with this one. But if legal in your area and done correctly, it can be a powerful tool to help an offer stand out among the crowd.

**4. At or up to 10% ABOVE asking price** – Today’s bidding wars aren’t for the faint of heart, and winning a desired home might require an offer well over the asking price. Prepare your buyers for this possibility.

**5. Act quickly and decisively** – Make sure your buyers understand that if they see a property they like, there’s no time for hemming and hawing. They need to strike quickly!

### STEP THREE: THREE AGREEMENTS AND A QUESTION

If your prospective buyers still haven’t been scared off, now it’s time to get them to agree to three conditions, and then ask one crucial closer. Make sure they understand:

- 1. You may not get everything you want in the property**
- 2. You are putting yourself in a position to gain equity**
- 3. You may need to write multiple offers to get one accepted**

If they agree to those conditions, then close with this question:

**“Knowing this, are you still willing to move forward to BUY A HOME in this competitive market?”**

When they say YES, congratulations... You’ve got a new buyer customer and more importantly, you’ve done the difficult job of setting proper expectations for the process.

**Now go help them find their dream home!**

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*“We will enhance the quality of life in our communities by focusing on you!”*

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