

What to do? What to do?

By Patti Brotherton

Yes, we are in a changing real estate market. Yes, the events of the last days have changed our lives forever. Yes, there is positive about what is happening in the real estate market. Yes, we need to be the leaders in this industry and do what is best for our sellers and our buyers. We need to keep them informed. We need to help them make informed decisions. Let me give you some ideas to keep in mind right now to help all your clients.

Re-qualify Your Buyers

The interest rate changes have made a significant difference in this market versus other times when the economy was slowing. And with the changes in the demand of the bond market, we have seen the interest rates again drop to a 30-year low. To give your buyers more confidence, have them pre-qualified again. The chances are that they can qualify for a larger loan. And with softening in home prices, it's the best of both worlds for the buyer. Even if the buyer didn't want to use the higher loan amount, it will make him see that this is a benefit to him. It may even motivate your buyer to purchase a property now by giving him more confidence in what he is doing.

Educate Your Sellers

We all talk about keeping our sellers informed, but do we really? You need to tell them when you see one page of new listings coming on the market in a week and two pages of price reductions. Something is happening.

An easy way for the market to talk to your client and be the "bad guy" instead of you, is to prepare a CMA every month on the sellers' property. Show the sellers in black and white what is happening—the competition is coming on at better prices, homes are on the market longer, there are more price reductions than ever, there are more properties falling out of sales transactions, etc. Your CMA will do that.

If you don't want to do a CMA, then just make a copy of the MLS data for a week and highlight all the activities. Let the sellers draw their own conclusions based on the printout.

Lead the Market

Make sure you emphasize something positive every time you talk with your sellers. You don't want to just be painting a "doom and gloom" picture because that is definitely not the case. The truth is, we are in a transitioning market and you are trying to have their property lead the market, not chase it. There are lots of properties selling! And like every marketplace that ever was, price is the key! Put the right price on your listings and if they don't sell within 60 days, start reducing the price.

One of the problems for us as Realtors is that we use comparable sales from the last six months, and when prices are changing fast, we don't always adjust up or down. You need to watch for the signs. Are you seeing more signs? Are you seeing sales fall out? Are you reading the local newspaper to see what the consumer mood is? Are you seeing properties sell fast when they are just a tad below the comps? You know what to look for.

Be careful; don't "buy" a listing. It will cost you much more in the long run.

The Bottom Line

When you keep both your buyers and sellers informed on what you believe is happening in the marketplace and back it up with facts from the MLS, everyone wins. Your seller will be more inclined to price their property correctly and the buyers will want to purchase sooner than later. It's a great business—real estate is a sound investment for now and for the future.