

PRICE TO SELL WITH YOUR CMA

THE COMPETITIVE SKILL OF PRICING

IGNITE POWER SESSION #5

In this chapter ...

- Learn Influential Pricing Strategies
- Build a Knock-Out Comparative Market Analysis
- Handle Pricing Objections Like a Pro

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Today's Expectations

Capper in Training

1. Study market fundamentals to discover the top pricing strategies for pricing any property.
2. Learn to prepare a Comparative Market Analysis (CMA) that will easily support your pricing methodology.
3. Learn pricing presentation scripts and pricing objections handlers that will benefit both you and your potential clients.
4. Discover standards and techniques to deliver a great CMA and your price recommendation.

Ignite Faculty



To maximize your learning, your Ignite faculty is committed to:

1. Devote the majority of class time to **activities**.
2. Role model what it takes to be highly successful. Guide and support the Cappers in Training by holding them accountable to their **Daily 10/4** and pre-work **Mission**, and during the **phone call** activity make calls along with the class.

Action Reveal

There are three parts to the Action Reveal:

1. Review **Mission** assignments and get questions answered.
 - a. Answer questions about any videos watched
 - b. Provide your aha's from the Mission
2. Announce your **Daily 10/4** activity results from the day before class and review leader board standings. Celebrate successes!
3. Make **Real-Play** calls in class.

IGNITE	Complete this Mission prior to attending Ignite Power Session 5	Mission 5
DONE ✓	1. Daily 10/4 – develop your lead generation habit	
<input type="checkbox"/>	Complete your Daily 10/4 daily!	
<input type="checkbox"/>	Write notes on the homes you previewed and bring to class to share	
<input type="checkbox"/>	Report out – be prepared to share your Daily 10/4 results in class	
<input type="checkbox"/>	Bring a supply of notecards, business cards, and stamps for handwritten notes	
DONE ✓	2. Extend your learning	
<input type="checkbox"/>	Study your local market statistics and be prepared to discuss in class	
<input type="checkbox"/>	Practice scripts with a partner	
DONE ✓	3. Gather your tools	
<input type="checkbox"/>	Prepare a list of names to call in Power Session 5 Real-Play and bring to class	
<input type="checkbox"/>	Bring your laptop/tablet to class—you'll use it to access your MLS to create a CMA - Comparative Market Analysis.	
DONE ✓	4. Prepare for a listing appointment II	
<input type="checkbox"/>	Watch <i>Mega Camp 2014 Sellers</i> (29:25 mins)	
DONE ✓	5. Follow up – with previous Power Session	
<input type="checkbox"/>	Complete activities from the Action Plan in the previous Power Session	
<small>*Access videos from KWConnect.com. Ignite. Need help? Contact your Technology Coordinator or Tech Ambassador in your Market Center, or email support@kw.com.</small>		
		
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Report Out – Daily 10/4

Note: For help using myTracker, refer to instructions on the back of your Mission page.

Report on Your Daily 10/4 Activities

The **Daily 10/4** is your most important business activity!

Keep track of yourself and your fellow Cappers in Training and cheer their successes!

Capper in Training	10 Contacts added	10 Connections	10 Notes	Homes Previewed
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				

Your Turn – Lead Generate for Business

Daily 10/4 Real Play

Begin by saying an affirming message out loud. **“I love the results I get from daily lead generation!”**

1. Get your phone and your list of contacts you prepared for this calling session. This week you’ll be calling **friends and family**, and any **referral** names you’ve received by now.
2. Use scripts already provided in Power Sessions 1- 3 for calling.
 - Goal #1: Call for **20 minutes** and make contact with as many people as possible.
 - Goal #2: Ask for business, that is, an **appointment**, if it’s a strong lead.
 - Goal #3: Ask for **referrals** from each contact.
 - Goal #4: Offer your **KW Mobile App** to each contact.
3. Record your results below and share them at the end of the call time.

Results				
Name	Phone Number	App	Referral Name	Result of Call
1.				
2.				
3.				
4.				
5.				
6.				
7.				

Time: 20 minutes

Your Turn – Handwritten Notes

1. Write to **2 – 3 people** you called to thank them for their time.

REFERRALS

Thank you for taking the time to chat with me today. It was great getting to know you and I look forward to helping you. Please know that I am available to you at any time, to be an asset and resource to you, your family, and your friends. Please call me whenever a question or need comes up. I'll stay in touch. I wish you all the best!

1. Enclose a business card in each note, stamp, and mail from your Market Centre.

Time: 5 minutes

Get Your Head in the Game

Helping sellers determine the correct price for their property is part of the value you bring to them. Pricing can be easy with a properly prepared Comparative Market Analysis—CMA. Presenting your CMA and discussing pricing with the seller are the two major components of the listing appointment.

You've already learned the dominant role your mindset plays in success in real estate sales. It's the same with your seller!

TRUTH

Pricing has a large mindset component, both for you and your seller.

Pricing is a process. Learning to do it well also requires knowing pricing strategies based on the principles that drive markets. It also requires knowing pricing tactics - building and presenting a Comparative Market Analysis and the scripts that go with it.

You will use your knowledge and expertise in pricing and presentation to win the sellers' agreement on the list price—a price that will get their home sold.



Make It Happen - Pricing

Pricing is one of the absolutely essential real estate success skills. To become a pricing master, you must understand:

1. **How markets work**
2. **Local market conditions**
3. **Pricing criteria**

1. How Markets Work

Two principles about markets and value provide a great foundation for pricing any real estate:

- **Market Dynamics:** Markets operate on the law of supply and demand. When supply is high and demand is down, prices fall. When supply is low and demand is up, prices increase.

- **Determination of Value:** Value is established based on an agreement between a willing seller and a willing buyer. The tug-of-war is always between what the seller wants and what the buyer is willing to pay.

2. Local Market Conditions

To price accurately and price to sell, you must constantly study the conditions in your local market and in the specific neighbourhoods where you want to specialize. Here are some basic factors to watch:

- **Inventory:** How much is for sale, and is inventory rising or falling

- **Days on Market (DOM):** How long it is taking properties to sell

- **Price per Square Foot:** A good comparative indicator of prices—when a group of properties has common qualities and features

- **Changes in the Local Landscape:** Monitor changes in major employers, shopping, schools, other services in the community, and changes in local laws that impact housing

3. Pricing Criteria

Getting the facts about pricing means evaluating a given property against other comparable properties. This means comparing your client's 20-year-old 3-bedroom, 2-bath property in a neighbourhood of similarly built homes with homes that sold recently that match or come very close to matching the particulars of their home.

The following factors come into play when looking for comparable properties.

- Location

- Size

- Amenities

- Condition

Your Turn – Market Statistics

Your Local Market Statistics

1. What are current local market statistics in your targeted areas?
 - Days on Market: _____
 - Average Price per Square Foot: _____
 - How many homes on the market now? _____

2. What are your sources for local market statistics?
 - _____
 - _____

Time: 10 minutes

Aha's from Activity

- _____
- _____

Pricing Principles and Strategies

It's very important to grasp the following six critical strategies that set the stage for using pricing criteria effectively. These strategies are standards you need to bear in mind as you approach pricing any property.

With practice, you will absorb and internalize them. They will become part of you as a real estate sales representative—and make you an outstanding adviser to both buyers and sellers.

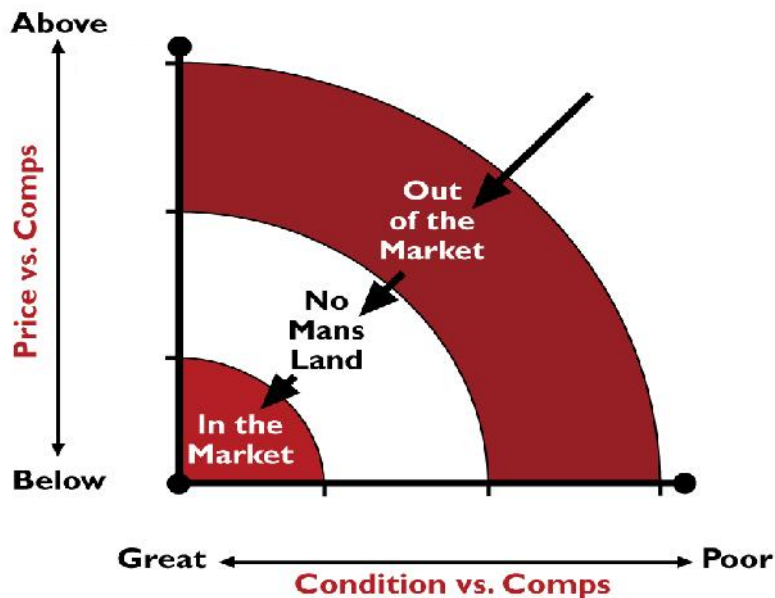
1. Know What Sells

There's little point in winning a listing if it does not sell. To get a home sold for the most money in the least amount of time, it must be priced **“in the market.”** There are two determining factors:

- Price
- Condition

Competitively priced properties must present in the best possible condition—outside and inside the home.

The following graphic shows the combined selling power of the right price and great property condition.



The percentage of buyers who will look at a property increases and decreases in direct proportion to the property's price compared to market value. Pricing above the market does not get you showings; pricing at or just below the market does.

Source: SHIFT

2. Know What the Seller (and You) Can and Can't Control

An important part of the pricing process is to help your sellers understand that sales representatives and sellers do not determine the purchase price of their home. Instead, the market determines the price.

Pricing to sell is based on understanding what is selling. Use the simple dialogue below:

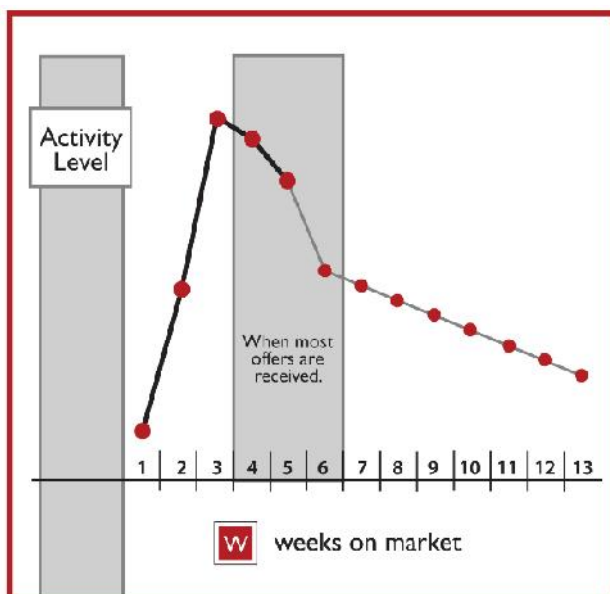
SCRIPT:

Mr./Ms. Seller, some of the things you can control during the selling process are the condition of your property, the availability of your home for showings, and your positioning in the market. In the end, value is determined solely by what a buyer is willing to pay in today's market, based on comparing your home to others currently on the market for sale. I don't determine value and neither do you. The market determines value. Does this make sense?

3. Understand the Window of Opportunity

The best chance to sell a home is when it first comes on the market!

Sellers need to be clear on this—that there is a window of opportunity that opens, and closes, quickly! The following graphic depicts how buyer interest climbs rapidly when a listing hits the market, and declines after the first month.



The first few weeks are “make or break” time for most listings.

Source: eEdge Listing Consultation Guide

4. Price to Reflect Market Movement

Pricing requires facts and numbers, yet it's also an art—an art of persuasion. Choosing the right comparable properties is a big step in the right direction. But there's much more to it. Your job as the listing sales representative is to help your sellers understand how the right price impacts the marketability and salability of their home.

Marketability and salability are also determined by the following:

1. **Market Direction:** Whether the market is appreciating or depreciating
2. **Market Speed of Change:** How quickly prices are changing and what the rate of change is

5. Don't Chase the Market: Price Ahead Of It

Your ability to be knowledgeable of the current market pays off when it comes to any kind of shifting market—whether shifting up (appreciating) or shifting down (depreciating), and even in a stable market.

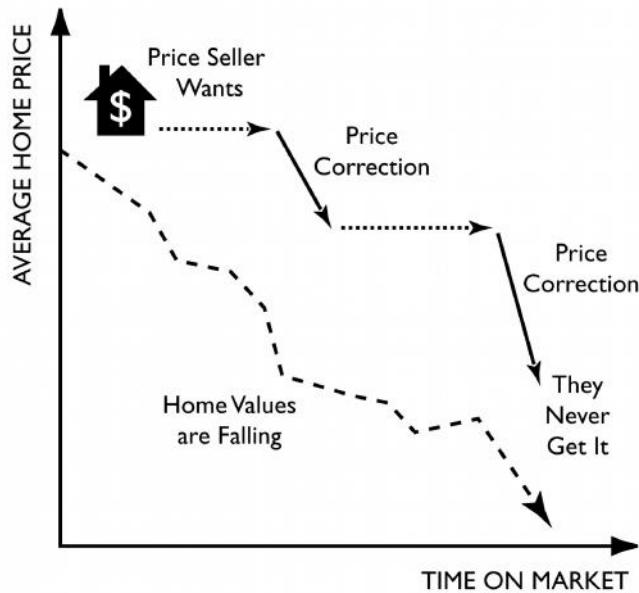
Rising market

In a rising market, sellers who feel time is on their side may price above the current market and hope the market will “catch up” and bring them the price they want—provided the market continues to rise. Sellers who want to cash in on improving prices in rising markets are still well advised to price at the market to get a sale now—and move on with their lives.



Declining market

When prices are falling, sellers make a huge mistake by pricing too high, hoping to attract the offer they want—and thinking they will drop the price later if that strategy doesn't work. The reality is that most sellers who do this never correct enough to keep up with price reality. Sellers who price right will get the buyers while the listing that's "chasing the market down" will take longer to sell.



6. Don't Be Afraid to Be Professionally Honest

Pricing right is hard work. But it's worth it—because it gets your sellers to their goals, and you make money for your business.

Professional honesty is your best approach. It means understanding where the customers are coming from and being professional enough to stand up for them and tell them the truth about tough topics, such as:

1. Market conditions
2. Property condition, features, amenities, location
3. Buyer and buyer representative feedback
4. Comparable property sales

Be honest

Here's a short script to address pricing honestly.

SALES REPRESENTATIVE

Do you want me to tell you the truth, or do you want me to tell you what you want to hear?

If a seller insists on a higher than market price, get agreement now that if you have not had a bona fide offer in a reasonable (short) time period, you will reduce the price to your recommended price.

SALES REPRESENTATIVE

The first few weeks your home is on the market are the most critical and will attract the most serious buyers. If we don't get a bona fide offer in this time, the market is telling us the home is overpriced. If after three weeks this is what's happening, do you agree to reduce the price to my recommended price to meet market demands?

Your Turn – Pricing Strategies

Pricing – In Your Own Words

1. Work with a partner.
2. Put the essence of the critical pricing strategies below in your own words. Take no more than 1 minute of explanation per point. Challenge yourself to communicate only the basic idea. Refer to the preceding pages, as needed.

- The factors that drive price
-

- What sells
-

- What the seller can and can't control
-

- The window of opportunity
-

- Pricing is about market movement
-

- Don't chase the market
-

3. Evaluate one another's presentation and make suggestions for improvements.

Time: 10 minutes

Aha's from Activity

- _____
- _____

The CMA – Comparative Market Analysis

CMA is a process by which a property to be listed is evaluated against other comparable properties to determine a recommended list price. Use the CMA to present information to help sellers understand and accept the right price for their home. The CMA process includes the following:

1. **Search:** Search the MLS for properties that correspond to the “subject property” (the one you are pricing) using the four main criteria—location, size, amenities, and condition.
2. **Select:** Select a small number of recently sold properties, and properties pending sale, that you believe represent the closest comparisons to your seller’s property. The number of comparables available will be impacted by market conditions.
3. **Decide:** Decide on a price to recommend to your seller that takes into account:
 - a. The comparables
 - b. Your seller’s motivation and goals
4. **Review:** Review the data, in a simple, readable format, with your seller to show why you’ve chosen the price you are recommending and how their property compares.

Pricing Recommendations

Present your price recommendation by showing the sellers the following pages from your listing presentation that illustrate your conclusion:

1. List of recent listings and sales most comparable to their own property: listings sold, pending, and active from their immediate neighbourhood, covering a recent time period, usually the last 30 days.
2. Property details for each of your selections: detail sheets for the comparable properties.

Tip: Print these from the MLS.
3. Conclusion: A summary page (see sample in your Listing Presentation Guide) that pulls your conclusions together supporting your price recommendation.

For the seller, your price recommendation should feel like a conclusion you have reached together after looking at the comparable home data.

Tip #1:

When sellers want to go above your recommended price, be sure they know that any offer they accept must meet the test of the buyer's professional appraisal. A price that won't appraise will require additional money from the buyer.

Tip #2:

Price per square foot can be a valuable tool, but only when comparables are very close together in terms of features, age, condition, and location—properties in a newer subdivision would be a good example.



A GUIDE TO SELLING YOUR HOME

Recommended Price for Your Home

My recommendation is based on the following.

- A detailed, custom market analysis
- The unique characteristics of your home and its setting
- My expertise in the real estate market

My primary goal is to net you the most money possible. And I believe this pricing plan, matched with my 14-Step Marketing Plan, will draw agents and buyers to your home and position it as a highly appealing and highly competitive property.

- Average Sales Price: \$
- Average Sales Price (\$ / sq. feet): \$
- Recommended List Price: \$
- Recommended Sales Price (\$ / sq. feet): \$

Your Turn – CMA

Make Your Own Comparable Market Analysis

Working in teams of 3 or 4, the goal of this exercise is for you to determine a recommended price on a property given to you by your instructor. Follow the CMA approach outlined in this session.

1. Evaluate your chosen property against comparables based on the four major determining factors for price:
 - a. Location
 - b. Size
 - c. Amenities
 - d. Condition
2. Note at least one factor in each category that impacted your evaluation against the competing properties. Did you assign a dollar value to any of these factors? If so, what was it? (use the Property Pricing Worksheet on the next page)
3. Form your price conclusion (using the “Recommended Price for Your Home” page from the listing presentation) and be prepared to defend it to the class, including factors you and your team agreed about or disagreed about as you chose a price.

Time: 30 minutes

Aha's from Activity

- _____
- _____

Notes

Property Pricing Worksheet

Property	Location	Bedrooms, Baths, Sq. Ft.	Amenities	Condition	Price	DOM
Subject Property						
Comparable Properties						

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Putting It All Together

1. **Action Plan**
2. **Prepare for Your Next Class**
3. **Recall and Remember**

Action Plan

Recap of all assignments from today, and in preparation for next class.








Action	Completed / Due Date
Complete your Daily 10/4.	
Enter numbers into myTracker.	
Practice pulling comparatives for different properties.	
Practice your pricing and objections scripts.	
Complete your Mission for the next class.	

Bring your phone, laptop/tablet, and database to every class.

Prepare for Your Next Class

Prepare for your next class by completing the Mission prior to the next scheduled Ignite Power Session.

Download your **Mission** for the next class from Ignite on KWConnect.

IGNITE	Complete this Mission prior to attending Ignite Power Session 6	Mission 6
DONE ✓	1. Daily 10/4 – develop your lead generation habit	
	<input type="checkbox"/> Complete your Daily 10/4 daily!	
	<input type="checkbox"/> Write notes on the homes you previewed and bring to class to share	
	<input type="checkbox"/> Report out – be prepared to share your Daily 10/4 results in class	
	<input type="checkbox"/> Bring a supply of notecards, business cards, and stamps for handwritten notes	
DONE ✓	2. Extend your learning	
	<input type="checkbox"/> Practice scripts with a partner	
DONE ✓	3. Gather your tools	
	<input type="checkbox"/> Create a list of names to call in Power Session 6 Real-Play and bring to class	
	<input type="checkbox"/> Download "Prepare for Your Open Home" checklist for sellers	
DONE ✓	4. Work the listing	
	<input type="checkbox"/> Read: <i>KWLS Syndication</i>	
	<input type="checkbox"/> Read: <i>Create or Enter a Listing In the KWLS</i>	
	<input type="checkbox"/> Read: <i>Create a Greensheet When Your Listing Is In the KWLS</i>	
	<input type="checkbox"/> Watch: <i>Staging the Home</i> 3-video series (33:28 mins)	  
DONE ✓	5. Follow up – with previous Power Session	
	<input type="checkbox"/> Complete activities from the Action Plan in the previous Power Session	
<small>*Access videos from KWConnect.com. Ignite. Need help? Contact your Technology Coordinator or Tech Ambassador in your Market Center, or email support@kw.com.</small>		
		
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Recall and Remember

Why is it important to properly price a home to sell?

What are the four factors that drive price?

1.

2.

3.

4.

What is important about the window of opportunity?

Why is a CMA important?

How many new contacts in your KW eEdge database by the end of Ignite? _____

How many new contacts do you have today? _____

From Aha's to Achievement

AHA'S

What are your aha's?

BEHAVIORS

What behaviors do you intend to change?

TOOLS

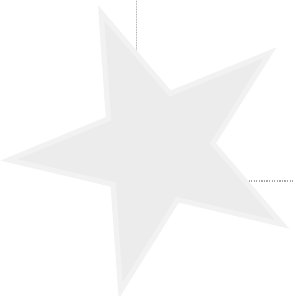
What tools will you use?

ACCOUNTABILITY

What does accountability for this look like?

ACHIEVEMENT

What will you achieve?



Enhance Your Learning

Watch on KWConnect

Practice Scripts with Sellers (with KW agent Jodie Boxer) audio on KWConnect

Handling Objections – Price Reductions Part 2

Use Tools

Pricing Strategies Checklist

Ways to Communicate

Seller Prelisting Packet

Seller Listing Presentation

Connect on Social Media

Keller Williams Facebook Page -

<https://www.facebook.com/KellerWilliamsRealty>

KW Blog - <http://blog.kw.com/>

Inman - <http://www.inman.com/>

Your Market Centre Facebook Page

CMA Scripts

Explaining the CMA

SALES REPRESENTATIVE:

Mr./Ms. Seller, would you like to obtain the highest price possible for your property?

If “no,” dig deeper. If “yes,” continue.

To achieve the highest price possible, you must have maximum exposure to the marketplace. The most important decision you will make in this respect is where you decide to price your property. The way most sellers establish their listing price is with a Comparative Market Analysis, what we call a CMA.

(take out your CMA pages)

As you can see from this CMA, the average market time in our area is 60 days*. This means that if you want to sell your property in less than 60 days, you have to be in the top 50 percent in terms of price and property condition. To sell in 30* days, you’ll have to be in the top 10–15 percent in terms of your price and property condition.

**You will need to find out the correct numbers for your marketplace and customize this script.*

Determining the List Price

SALES REPRESENTATIVE:

Mr./Ms. Seller, the most important decision you will make is where you will price your property. Pricing your home at fair market value will attract more buyers. Attracting more buyers normally results in a higher purchase price. Overpricing your home results in a longer market time and possibly a lower price.

Would you like to price your property to sell quickly, or will you price your property where it could take longer to sell? The choice is yours. What would you like to do?

Pricing Objections

Objection 1: *We need a certain amount from this sale to buy our next home.*

SALES REPRESENTATIVE:

Will you as a buyer pay what the seller wants because that's the price they need? No, you'll pay what it's worth, right? That's what your buyers will do too.

Objection 2: *Can we price a little higher and come down later?*

SALES REPRESENTATIVE:

Option 1:

Here's what frightens me about pricing higher. People who have seen many houses will find yours, but they won't look at it because of the price. We don't want to drive buyers away; we want to attract buyers. We want them to make offers. Does that make sense?

Option 2:

The greatest number of showings comes in the first three weeks. If they see the house is overpriced, they walk away and we don't get them back. Let's get one or more people to make an offer right away. If more than one likes your price, they might even compete and drive it higher. Wouldn't that be great?

Objection 3: *How can we be sure the price you're recommending is the right price?*

SALES REPRESENTATIVE:

Real estate is a market-driven commodity like stocks. If you have ever bought a stock, how do you know what it's worth? When you sell a stock, although you know what you paid for it, the market doesn't care. Like that, the market says what your home is worth. Why would a buyer pay more than the market says it's worth?

Closing the Deal Script

SALES REPRESENTATIVE:

After studying the comparables, taking into account the unique characteristics of your home and its setting, and using my knowledge of the averages in your neighbourhood, I have prepared my recommendation.

Remember that my primary goal is to net you the most money possible. And I believe this pricing plan, matched with my 14-Step Marketing Plan, will draw sales representatives and buyers to your home and position it as a highly appealing and highly competitive property.

SALES REPRESENTATIVE:

After looking at everything I've presented about condition and price, what are your thoughts? Do you agree with this price recommendation? Is this what you'd like to list your home for? Are you ready to make a decision to work with me?

If Yes:

Great, it sounds like we've got a price and are ready to put a sign in the yard. Let's do it and get this house sold!

