

A Tale of Two Markets

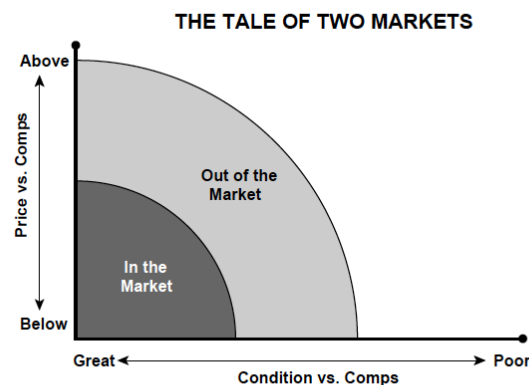
Your Price Repositioning Guide

Pricing can be a great opportunity to help sellers stay ahead of the market and get their house sold quickly. You want the seller to know that you deeply understand both their circumstances *and* the state of the market. To help you master this skill and manage clients' expectations, we'll take you through "A Tale of Two Markets"—a process that shapes your conversation about price repositioning.

- You can share the graphs in this guide with your seller, fulfilling your fiduciary responsibility to educate them on the market and how they can get ahead.
- These same figures can be found on pages 150-153 of *SHIFT*.
- If you'd like to access only the graphs without this guide, you can find them on [KellerINK.com](https://www.kellerink.com).

A Tale of Two Markets

When you talk about how a listing is priced in the market, you want to explain to the seller that there are actually two markets—those listings priced **in the market** and those listings that are priced **out of the market**.



The above figure shows these two markets. As you can see, those homes that are priced **in the market** have a low listing price and are in great condition. When we use this graph, we're comparing the price and condition of the seller's home with other comps. Comps are similar houses in that region.

These comps may be the seller's neighbors, but they're also competitors—a buyer will have to choose one house over the other. And we don't want our client's house to be overlooked by being priced **out of the market**.

A Sellers' Market

Sellers need to understand how their home can be priced and stay within in the market, but they should also be able to recognize the difference between a sellers' market and a buyers' market and how this affects pricing.

The following graph shows that in a sellers' market, prices will be higher and still be considered in the market. This happens because there's not much inventory but plenty of buyers.

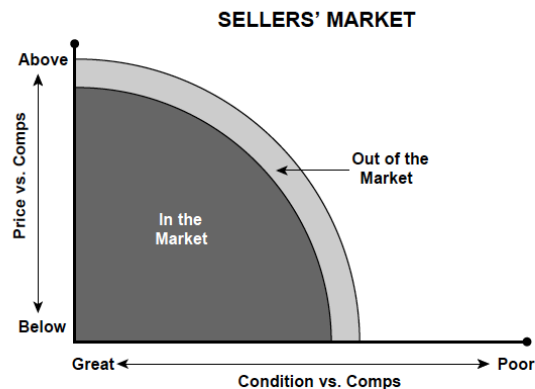


FIGURE 36

You want to be sure that the seller understands how homes sell when they are either in or out of a sellers' market. That way, when you explain what happens in a buyers' market, it makes sense to the seller that a different market requires a different strategy for getting their house sold.

A Buyers' Market

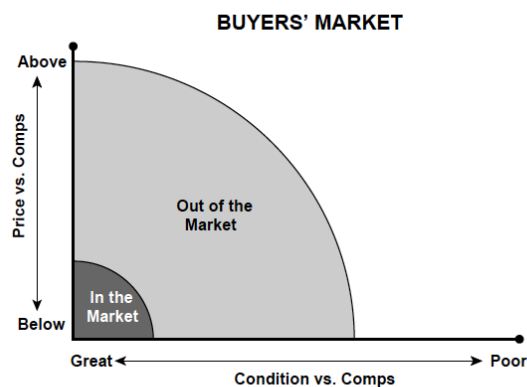


FIGURE 37

This graph shows the reality of the buyer's market. The big difference is that the number of homes priced out of the market increases.

Overall, this trend is great for buyers looking for an affordable home in great condition—they have more options. However, this means that sellers have a lot of competition; if their properties aren't priced competitively, buyers could easily overlook a seller's home or try to renegotiate the price.

Why Being “In the Market” Matters

A property that doesn't have a price matched to its market may end up costing the seller more than time.

In *SHIFT*, Dave Jenks shares his home-selling experience. His initial listing price was \$195,000, and when a buyer offered to take the home for \$180,000, Dave declined the offer. After an entire year of having to shoulder the carrying costs, he ultimately sold his home for \$170,000, \$25,000 less than the initial price. If Dave had taken that first offer, the difference would've only been by \$15,000. Waiting for a better offer to come isn't always the best option.

Sellers shouldn't have to end up going for a lower price. If you can help them proactively match the price of their listing to the market, they can avoid buyers who make low-ball offers and attract buyers who are interested in the reasonable cost and great condition of their home.

A Final Look

When you look at how both sellers' and buyers' markets effect pricing, this is what it looks like together:

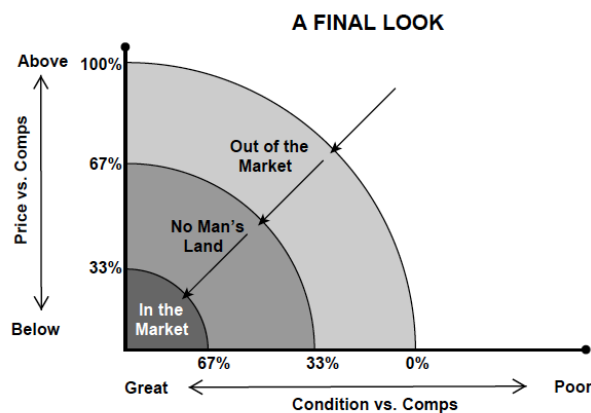


FIGURE 38

This graph shows two important details:

1. There are very few houses priced in the market.
2. If we don't price the seller's house in the market, then they'll end up being left out of the market.

Your client doesn't want to be in a **No Man's Land**—a dead zone where a listing doesn't gain any interest. That means no showings and no offers.

If your client has found themselves in No Man's Land by pricing too high, it's time to reposition the price so it is in market. By **repositioning** the price of a listing, they can avoid the high cost of being out of the market and get their house sold for as close as possible to their initial asking price.

How to “Reposition” Prices

Match the Market

As a real estate agent, it your job to inform the seller about the reality of the market. You can use the graphs we’ve just shared to explain to your clients how the market works. You’ll help them level up on how to best sell their home sellers, and that strengthens the trust they have in you as their fiduciary.

To further strengthen that trust and confidence, research the market and compile a list of the right comps to show the seller. To win big in this relationship, make a note of comps that make sense to the seller.

Choose comps based on the following factors:

1. Location
2. Amenities
3. Size
4. Conditions

The seller should be able to look at the comps and understand the market they’re in. If those comps show that the initial asking price for the listing needs to be adjusted, hopefully your client will understand how repositioning that price will make their listing stronger.

Your conversation about how to reposition the price on their property might go something like this:

“Looking at the next few months, the pricing of the homes around you, and what’s selling right now, if we lower your listing price by \$50,000, we’re likely to see your home sold before you move to Boston this Spring. I want to get this timed right for you—would that price point work for your timeline?”

You can also see a comprehensive example of price repositioning dialogue on pages 150-154 in *SHIFT*.

When conversations with sellers are framed in the way we’ve shown you here, you can help motivate sellers to act. Each point builds on the other so that by the time you confidently present comps and discuss next steps, the seller is prepared to talk about how to get their home sold quickly. Educating the seller on what’s happening in their neighborhood also provides them with a savviness that only boosts your level of expertise and integrity as a successful agent.

Find more SHIFT resources and tools on [KellerINK.com](https://www.kellerink.com).

