



# Agent News

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## Things You Can Do To Help Motivate Buyers

by Blanche Evans

According to Gary Keller, one of the founders of franchisor Keller Williams Realty, internal research at his company of top producers reveals that top listing agents get between 15 and 25 listings a month while the "best buyer's agents were hard pressed to work with more than 6 to 8 buyers month after month, year after year."

The difference in activity can't be ignored. What makes a listing agent able to work with more than double the number of clients that a buyer's agent can?

### Motivation

Real estate consumers are either in a must-act or test the market state of motivation.

Sellers are often in a must-sell position regardless of what the market is doing. They are being transferred, or they may have lost jobs and want to get out from under the obligation of a home that may be too expensive to maintain. The closer sellers are to a must-sell position, the more motivated they are to list their homes with a Realtor, but that doesn't stop many sellers who merely wish to test the market from doing the same.

Buyers, on the other hand, are seldom in a must-buy position, unless they have recently sold a home and need to reinvest gains to avoid paying capital gains taxes. Buyers buy because they want to buy. As with less-than-motivated sellers, there are also many buyers who are testing the market and will only act when they encounter the deal of a lifetime.

### Buyers take more time

Motivation, then, is the biggest qualifier you can use in choosing which sellers and buyers to work with, but buyers pose an additional logistical problem - they simply take more time.

Because of the nature of buying, it takes longer to find a home than to put one on the market. Plus, the MLS enables the listing agent to utilize other members to get the home sold. Buyer's agents don't get comparable assistance from other agents. While sellers can list a home in a matter of hours, buyers have to go through a lengthier process of selection and elimination - how much to spend, which neighborhood to live in, what kind of home (condo vs. single-family) and lifestyle (low maintenance vs. yard work) commitment to make, what features to insist upon (number of bedrooms, hardwood floors, basement) and which house to choose?

In a seller's market, one in which there is high demand for homes, buyers become more motivated to act because they may believe they are missing out on an investment opportunity only to pay more for the same home later. This explains phenomena such as multiple offers on homes and offers over list price.

In a buyer's market, buyers fear the opposite - that they might overpay for a home purchased today. They are more cautious and demanding, causing sellers' homes, especially unimproved ones, to sit longer on the market with low, few or no offers. Buyer's market buyers feel their investment is more at risk. Perhaps they fear taking on the obligations of owning a home in an economic climate where people are losing jobs, or they fear losing their own jobs. Either way, they are less motivated to buy.

Keeping in mind that buyers may be less motivated than sellers and that they will take more time, how can you help push them along a little faster to the home of their dreams? Here are some suggestions:

- **Ascertain your buyer's level of motivation quickly.**

What steps has your buyer taken to prepare to buy a home? Has she been prequalified by a lender? If not, don't put her in

the car until she's ready to buy. Tell your buyer that without prequalification, she's aiming at a target blindfolded. She doesn't know what she can truly afford. A prequalification letter from a lender can narrow the search field to within a few thousand dollars, saving her time and effort. Also, sellers pay more attention to prequalified buyers. Tell the buyer her offers will be competing with other buyers who are ready to buy, and that you don't believe in putting buyers at a disadvantage.

Does the buyer have a move-in deadline, such as start of the next school year, the end of a lease, or a work start date? If the buyer hasn't mentioned a timeline, find out if there is one, and if there isn't, create one! If your buyer is willing to become prequalified by a lender, she can be locked into a low interest rate before interest rates tick up. Should interest rates tick downward, the buyer can either be preapproved for a different loan package at a lower rate, or get locked in by another lender. Either way the buyer wins, and a sense of urgency is created that will help you get the sale closed.

One of the best ways to cut to the chase is to ask your prospect to sign a buyer's representation agreement (service contract.) Oregon associate broker Adam Williams advises, "All of the sudden when they have to make a commitment, the truth comes out. Once I have a service contract in place the success ratio goes to almost 100 percent that they will make a purchase. Having a buyer under contract for me is the same as having a seller listing. The more I work it, the faster I'll get paid. It is true that I can work with only 4 or 5 buyer clients at a time but then again I don't have to wait for someone to come along and hopefully buy one of my listings. I control the buyer and my time much more effectively."

- **Help buyers get real**

Colorado broker Rose Mary Allinger tells every buyer before she shows them any homes to make a list of what they must have no-matter-what in a home. Then she has them make a list of what they do not want "no-matter-what" in a home. Third, she tells them: "Regardless of how much the lender says you "qualify" to borrow, what is the largest payment you can make per month w/o jeopardizing your entire lifestyle?"

By helping buyers arrive at a realistic housing budget, you can also help them better understand what they can and can't afford to buy, which narrows the number of homes you have to show considerably.

- **Observe buyers while viewing listings.**

Every home produces a reaction in the buyer - excitement, boredom, disgust, admiration, tenderness, coldness. What do your buyer's body language, facial expressions, and conversation tell you? A buyer might light up like a Christmas tree over a skillfully remodeled kitchen, but completely deflate when she sees the too-small master bedroom. Does that mean you don't have a sale? Not necessarily.

Start by showing the buyer no more than three homes the first time out. Then take the buyer for refreshments to discuss the homes. Tell the buyer this helps you refine her search, but it is also an opportunity to open the buyer's mind.

Would she buy that home if it were possible to expand the master at a reasonable cost? Be ready with solutions. You should know what the cost per square foot of improvements or additions are lately, because you should have a number of contractors at your beck and call that help you fix up sellers' homes for marketing. They can help buyers with move-in projects, too. Have a calculator handy to estimate the costs and how much it will add to the bottom line. If the buyer shows interest, bring the lender in to the discussion. Would it be possible to buy this home and get a home improvement loan to improve the master?

- **Increase buyer motivation with handyman services.**

Nothing demotivates buyers faster than a home that needs repairs or updating. But the reality of the real estate market is that most housing stock is older, and homes show wear and tear - even newer ones.

The buyer may not be able to afford a new home, so in order to ease her fears about buying used, help the buyer understand that solutions are available for major and minor problems. She has no one else to turn to who has as much experience and knows the local scuttlebutt about contractors and repair services as you do. So use it! Make it your business to know who has the cheapest granite and tile in town, which contractors are the most reliable, and whether a home warranty will or won't cover that 20-year old furnace. If you are worried about liability, simply put a disclaimer on your handyman sheet that you aren't responsible for another person's work.

This is a great opportunity to show the buyer that you have thought ahead to after the sale and the buyer's well-being.