



# NEGOTIATING FOR SUCCESS






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**Y**ou may not realize it, but human beings are born negotiators. In fact, you have been negotiating since the first time you asked to stay up an extra hour before going to bed! As a real estate professional, you have a perfect opportunity to demonstrate the strategies you have practiced your entire life.

You doubtless already understand the importance of effective negotiating skills. Negotiation is a learned art that's vitally important to move a transaction smoothly from listing to contract to closing. It can be the key to cultivating happy clients and is one of the skills that can get you to the top of the field. Skilled negotiators earn a reputation as great agents; other agents generally count them as worthy associates, and clients rely upon their expertise to forge the best deals possible. As you know, the goal of any real estate transaction is to make sure that everyone involved is pleased with the outcome and satisfied that they have made the best possible deal. Cooperating agents always want a win-win situation. Negotiations that lead to that feeling, and that progress without incident along a path from listing to closing or from the first offer to move-in, are ideal.

The path to closing is not always easy, but the ultimate goal is to have each party walk away feeling like a winner. That feeling will depend largely on the negotiating skills of the agents involved. Finalizing a real estate deal involves lots of moving parts, serious effort, commitment, constant attention to detail, "hand-holding," the ability to juggle needs, concerns, and responsibilities, and –more often than not– a sense of humor. It always involves negotiation, whether you call it that or not.



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## How do you view negotiation?

Do you believe price is the number one factor that should be prioritized in any negotiation? Are you willing to put forth your best efforts on behalf of your clients? Do you look at the “back and forth” offers – or negotiation- as an opportunity, or as a threat? Do you view ongoing negotiation as an adversarial relationship that pits your skills against rival agents? Does the thought of negotiating pricing or terms make your palms sweat and keep you up at night? Or, on the other hand, do you tend to give up when the going gets tough, and your negotiations threaten to stall or break down completely? Do you just want to move on to the next deal? There are no wrong answers, but if you feel that your negotiating skills could be improved, there are some time-tested basic principles to guide you.

Not only is negotiation a necessary part of the job, but it also offers a wealth of benefits and opportunities for growth. It’s an art that requires a delicate balance of communication skills, empathy, and strategic thinking. Real estate professionals can continuously develop these skills and apply them in multiple aspects of their lives by viewing negotiation as a positive and necessary aspect of their job. This personal growth can lead to greater confidence, resilience, and problem-solving abilities, which are valuable traits both professionally and in your everyday life.

Because the real estate market is constantly changing, you must be able to adapt to various conditions to remain successful. Negotiation is vital in navigating these fluctuations, as it allows real estate professionals to secure favorable outcomes for their clients regardless of what’s going on in the market. By embracing negotiation, real estate professionals can stay ahead of market trends and maintain a strong reputation in the industry.





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## What Is Negotiation?

In general terms, negotiation is simply a means of resolving differences. It can be viewed as a way to achieve agreement without fighting, to find compromise without conflict. It involves the art of persuasion, and can be viewed as a marketing tool. Dr. Robert Cialdini, professor emeritus of psychology and marketing at Arizona State University, outlines six rudimentary principles of persuasion:

- **Reciprocity:** Most people feel obliged to give something in return if offered something that has value. For example, it's been shown that restaurant diners leave larger tips for servers offering chocolates or mints as they present the bill.
- **Scarcity:** A unique item (for sale) moves people to action. (If you emphasize the individuality of a property, will that motivate a buyer to make an offer?)
- **Authority:** It's only natural to be impressed by initials after your name. Go for those specialty designations that certify you as a real estate professional with advanced credentials. Display those initials on your business cards and hang those certificates in your office.
- **Consistency:** Adversarial relationships almost always backfire. Treat even competing agents as friends, and you will score points not only with them but with clients as well.
- **Liking:** Contrary to the phrase that says "familiarity breeds contempt," being likable and the "nice guy" or "nice gal" in the crowd often leads to positive outcomes. Being likable is essential in business, as it can significantly impact a person's success. It shouldn't be surprising that being likable makes it easier to build rapport with others, and building a strong rapport with colleagues, clients, and partners is essential for success. When people like you, they are more likely to be open and honest with you, which can lead to better communication and cooperation. This can make it easier to work together to achieve common goals and resolve any challenges along the way.



Being likable can also improve trust. People are naturally more likely to trust someone who they like and feel comfortable around. This is particularly important in business. When people trust you, they will generally be more willing to work with you.

Finally, being likable can increase a person's influence. When people like you, they are more likely to be receptive to your ideas and to be influenced by your opinions. This can be particularly helpful when negotiating, persuading, or influencing others.

- **Consensus:** If you build a reputation as a great agent, your stock will rise in the eyes of your community and clientele. That has a long-term and lasting benefit, according to Dr. Cialdini, and it is one of the six principles he cites as a “no-brainer” in the art of persuasion. In other words, you become what others think you are.

Your persuasive skills, and by extension your negotiating expertise, comprise a skill set that allows you to be the catalyst – or part of the team – that helps parties reach an agreement that is acceptable to all involved. There should be nothing threatening in that.

And that's important to remember: if there is no threat involved, there are no negative connotations. If you negotiate with an optimistic viewpoint, your chances of reaching a satisfactory agreement often increase.

By its very nature, negotiation involves an effort to reach a consensus. A successful negotiator will be honest, truthful, informed, authoritative, knowledgeable, consistent, and likable. If, as a real estate agent, you hone your negotiating skills and seek to build a reputation as a good agent to work with, you'll automatically gain leverage that will serve you well. Skilled real estate agents list and sell more properties, close more transactions, and deal with buyers, sellers, lenders, and other agents more effectively. You will gain confidence, become more skillful at negotiating, and boost your success in your chosen field.



Career coaches and motivational speakers offer a variety of strategies designed to make real estate professionals more effective negotiators. They include both broad concepts and specific suggestions. As you come to better understand your negotiator role, you should experiment with different techniques. Still, your style should evolve naturally based on your personality and focus. Negotiating efforts should always be grounded in your fiduciary responsibility to your client. And, as we have mentioned, your negotiating skills should always focus on your commitment to as close to a “win-win” situation as possible.

As a real estate practitioner, you use negotiating skills every day in large and small ways. When you meet a potential client, whether a seller or a buyer, you commit to helping them reach a suitable agreement regarding the property they wish to sell or purchase. You have probably heard repeatedly that the best outcome in any real estate transaction is one in which both buyer and seller feel like winners. That’s the goal, and it is entirely possible. All it takes is a commitment to the basic principle of negotiation. Good negotiators seek to discover what a win looks like for the other person. If, as a negotiator, you can make the other party feel like a winner while still getting what you want for your client, everyone feels good. That’s what you want to aim for.

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## Negotiation Tactics 101

Before you can be a master at negotiation, you must, of course, master the basics of your local market. Arm yourself with data; be factual in your discussions and always be able to justify your position when discussing the property, financing, terms, and contract specifics. As a real estate professional, your clients consider you the expert, so make sure you have the expertise they expect. Listen to their concerns and understand their goals. Be honest, truthful, and informative when answering questions. Earn a client’s respect based on your knowledge and experience, and never make claims you cannot support with facts and recent data. Beyond that, however, every top negotiator has some common-sense rules and strategies that work for them.



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## Look Beyond Price

Buyers and sellers tend to focus on price. Many real estate professionals do too. But the best negotiators employ other negotiating strategies to employ as well. Consider deal points beyond only the sales price – for example, timing is a compelling financial motivator. Do not hesitate to point out to a seller the actual cost of holding out for a higher offer. Whether it's \$5,000 or \$50,000 depends, of course, on the circumstances. Still, the tab can be substantial when you factor in additional interest on a mortgage payment, maintenance, utilities, property taxes and the delay of a planned moving date, or even the emotional toll of prolonged uncertainty.

You can tabulate the actual dollar amount that additional time will cost and hint at the increased anxiety that might be involved. Remember that any price reductions will almost certainly affect future offers. The longer any property is on the market, the more “shopworn” it becomes. It is a fact that new listings typically sell for higher prices than properties that have been on the market for extended periods. Understand that every buying and selling decision has both an emotional component and a practical side. Learn to balance both considerations as you strive to reach an agreement that will be acceptable to both the buyer and the seller. This goes back to determining the “why” of each seller or buyer. Figure it out, and play to that motivation.

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## Know What to Give Away

Although in some markets it's common to include window coverings and freestanding appliances as part of a property sale, that's not true everywhere, and clients don't always expect it even where it is the norm. Consider suggesting to clients that such items can become bargaining chips. For example, note on a listing agreement that refrigerator, washer, and dryer are negotiable rather than included. It then becomes a buyer's option to specify whether they are included in the sales price. And that, in turn, can become a point for negotiation. Although a seller may be perfectly willing to leave such appliances behind, the fact that they are listed as “negotiable” plants



a seed in the buyer's mind. Negotiable items can always be traded for other contract contingencies – for example, a quicker close or a reduction in the amount a seller is obligated to commit for any requested repairs. Be willing to be creative.

As a general rule, it's wise to have sellers remove non-negotiable items before listing the property – an heirloom chandelier, for instance – but many buyers are motivated by the offer of negotiable furniture or electronic equipment or other components. Use these items as additional negotiating tools. Conceding is also acceptable when facing a deadlock: If the negotiation has reached an impasse, giving in on a minor point may help break the deadlock and facilitate progress toward an agreement. This can also help break stalemates on more important issues. Sometimes, conceding on a less important issue can provide leverage to negotiate more favorable terms on higher-priority matters.

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## Remove Emotion From The Equation

During negotiations, it helps if the real estate agents keep a composed and level-headed demeanor to reach a successful agreement. One of the primary advantages of keeping calm during negotiations is preserving rational thinking and self-control, which helps create an atmosphere for discovering mutually beneficial solutions.

Again, negotiations often encompass various emotions that can influence the interactions between parties. Responding with anger may intensify tensions, obstruct effective communication, and conceal the true interests of both parties. Don't take anything personally: by avoiding angry reactions, agents can maintain a balanced approach, enabling them to listen carefully, ask relevant questions, and gain a deeper understanding of the other party's position.

Furthermore, a real estate agent that remains calm and level-headed in the face of anger conveys an image of professionalism and self-discipline. This attitude can positively impact the other party, inspiring them to adopt a more cooperative mindset and enhancing the likelihood of coming together on deal terms.





An additional advantage of not responding with anger is preserving long-lasting relationships. Negotiations frequently lay the groundwork for the “vibe” or “tone” for the rest of the transaction, and sustaining a respectful and non-adversarial atmosphere during negotiations can nurture trust and goodwill between the parties. This positive rapport sets the stage for fruitful interactions down the road, especially when an appraisal is low or a home inspection shows more things wrong than the buyer or seller had hoped.

Lastly, effective emotion management allows real estate agents to concentrate on the core issues and better identify solutions catering to the requirements of both parties. The capacity to remain objective and focus on problem-solving is vital for a win-win outcome.

In short, abstaining from anger during negotiations provides numerous benefits, including maintaining rationality and self-control, efficient communication, safeguarding long-term relationships, and fostering creative problem-solving. By remaining calm and poised, negotiators can cultivate a more productive environment, resulting in more favorable outcomes for all parties involved- and a closed escrow.

**Never Fear a “Face-to-Face” Meeting** The real estate profession is a people business at its heart. Learn to read people’s faces – it can be a great advantage, not only as Kenny Rogers suggests, for gamblers but also for real estate agents. While nowadays some communication is often easier via text message or email than face-to-face or via telephone, it’s always more effective if you can talk with a real person rather than communicate in writing or digitally. Especially during the initial stages of a transaction, make every effort if possible to schedule person-to-person meetings between you and a client or between yourself and another agent. Buyers and sellers meeting in person are less common, but there’s no law against it and on some occasions be productive for both parties.

Establish a rapport, ask questions, explain your reasons and tactics, and meet in your office, at a client’s office, or even for a quick coffee in a public place. Always try to be



present for showings so that you can answer questions and gauge reactions. You'll find that the extra time and effort pay big dividends.

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## Embrace Real Conversation

We have all become used to filling out forms and providing documentation in printed or handwritten form. Of course, all legal requirements must be met, but never believe that you have fulfilled your responsibility to a client by handing over a stack of papers to be signed. At the very least, take a few moments to explain why each form is needed, and ask your clients if they would like a more complete explanation of anything contained in any document. Always ensure that clients have copies of important papers, especially any signed documents.

As you proceed in your real estate career, continue to engage with current, past, and prospective clients:

- Keep sellers updated on inquiries from potential buyers, whether or not a showing is scheduled. Always share any feedback you receive from other agents or potential buyers.
- Keep in touch with anyone who contacts you about a specific property. Ask how their property search is going; determine whether they have moved on or are working with another agent.
- Don't consider a deal done once the closing occurs. Consider making a quick phone call or sending a follow-up text message or even a postcard two to four weeks after closing to the client. Regular communication helps establish and maintain trust between the agent and the client. Remember that satisfied clients are more likely to return for future transactions and recommend an agent to their friends, family, and colleagues. Keeping in touch with past clients ensures that the agent remains top of mind when someone needs real estate services



or knows someone who does. By keeping clients informed, agents demonstrate their professionalism, reliability, and commitment to their client's interests. They'll appreciate that you took time out of a busy schedule to remember them as individuals rather than simply as a paycheck!

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## Help The Transaction Along

**Truth:** Some clients need help. Some need to be more informed. Some are overly critical. Some sellers could be more realistic. Some buyers need to figure out what they want. Others are demanding. Some brokers and other agents will never be your best friends. Others may need to be more efficient. Some want things done "their way, at any cost." But your duty as a real estate professional is to use the knowledge you have amassed and the expertise you have developed in a way that helps create outcomes your clients are satisfied with. Always strive to demonstrate professionalism when dealing with another agent, just as you would when working with a buyer or a seller. Use all the tools at your disposal to assist clients in achieving the best possible outcomes. That means you should always demonstrate respect for other agents and brokers. Your best path to winning is by mastering proven negotiating strategies that focus on letting the other person feel like a winner.

Basically, be the agent that everybody wants to work with. Aim for smooth transactions, and never let issues escalate into drama.

Being an easy-to-work-with person has numerous benefits that contribute to professional success and your overall well-being as well. Even in a negotiation, amiable individuals are approachable, friendly, and easy to get along with, making it easier to form strong connections and get deals done.

An amiable demeanor facilitates teamwork and cooperation in negotiation, leading to a more productive and harmonious environment. This, in turn, leads to calmer and better decision-making, problem-solving, and innovative thinking.



Moreover, being amiable helps build a strong network for future real estate transactions, which is vital for personal and professional growth. It opens new opportunities, because people are more inclined to recommend or refer someone who they find likable and trustworthy. A strong network also provides access to resources to help you grow and thrive.

Additionally, amiable individuals are often more resilient in the face of adversity. Maintaining positive relationships allows them to seek help, advice, or emotional support when needed, enabling them to overcome challenges more effectively. This resilience contributes to their overall mental and emotional well-being. You'll feel better if you know you have the support that you need in time of crisis.

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## Be Willing to Walk Away

Let's face it: Sometimes a deal just isn't possible. In the words of Kenny Rogers again, the secret lies in: *"knowin' what to throw away, And knowin' what to keep. 'Cause every hand's a winner, And every hand's a loser . . ."*

Hone your negotiating skills in a way that allows you to recognize the difference and take action before a transaction can disintegrate into chaos or erupt in discord. Even the best negotiators only win some of them. Walking away at the right time can minimize the loss for everyone involved. Recognize that if you're working with a buyer or a seller, and you reach an impasse, there may be nothing you can do to keep the deal alive. Of course, always seize every opportunity to salvage the deal, but never take it as a personal defeat if it does not happen. And in some cases, continuing to negotiate may even damage the relationship with the other party. If preserving the relationship is more important than reaching an agreement, it's better to walk away - especially if the other party insists on terms that are unrealistic or unacceptable and shows no willingness to compromise.

It can be a valuable strategy to establish your walk-away point, or the minimum outcome you will accept before negotiating. If the negotiation reaches a point where



the terms offered no longer meet your minimum requirements or are worse than your best alternative, then it may be time to seek options elsewhere.

This can be a good strategy when it comes to minimum price, minimum commission or minimum listing term.

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## Why Is Negotiation Important in Real Estate?

Because market conditions are always changing, you must make sure you use the latest data before meeting a new client. Then let the data drive your negotiations.

**Imagine this scenario:** You schedule a listing appointment with a new client who has a home in a popular subdivision. However, after a brief discussion and an initial tour, you sense that the seller has unrealistically high expectations, as the market slowed since the previous year. What should you do to help the client understand current conditions without completely dashing their hopes of a quick sale at a price they envisioned? Feel free to ask about their bottom line. But also don't hesitate to point out possible ways they might encourage a higher offer, perhaps by making needed repairs, repainting the interior, or working with a professional stager.

**Another scenario:** A homeowner calls because you have recently sold a home on the same street. They mention that they have made a decision to move to another state and are looking for a quick sale, but they have yet to determine what the market value of their home might be. After viewing the home, you offer a price range based on selling the property in its present condition without any repairs or upgrades and also suggest a substantially higher price they might realize by making some desirable improvements before listing the property. In most cases, you should confirm that their primary goal is to sell quickly and not hold out for the highest possible price. Greed can be a factor that outweighs speed in some cases and speed might outweigh getting more money and ,making repairs in others.





Using your knowledge to provide background and information moves a client to action in both examples. But always let the decision be theirs. Letting the facts speak for you is the best course of action. Get all the information you can and use it to your advantage. Do your homework in advance. Check current listings in the neighborhood and review comparable properties. Always go to a first appointment with the latest available data in hand, including the market value of homes sold in the previous month, quarter, or six-month period, as well as properties currently under contract, average days on the market, and the size and condition of comparable listings, with photos and listing descriptions, if available. Before you go, ascertain local tax and assessment figures, if possible, and HOA fees, if pertinent. During your preliminary discussion, determine the “why” behind the selling decision.

Fundamentally, the more information you possess to articulate your stance, the stronger your ability will be to uphold and defend it.

The most skilled real estate professionals emphasize: “Never underestimate the power of truth,” terming it a “trusted negotiation ally.” Again, use the facts to your advantage. Many of the same tactics apply to working with buyers. Listen to their wants and needs. Determine their priorities: Is a low price the most important factor, or would a quick close motivate them to submit an offer at a higher price? They may be interested in a quick close with delayed possession or consider a leaseback option for the seller if they do not need immediate possession. This can be an excellent choice for folks with school commitments and is an option that can be advantageous to both buyers and sellers.

Ask buyer leads whether or not they have a house to sell and if they need to sell it in order to purchase a new home. Determine their price range and whether they have a financing commitment in place. Discuss the ideal time frame and scheduling constraints. By asking a lot of questions, you’ll not only get to know your clients better, but you’ll also gain negotiating tools that will be invaluable when dealing with another agent.



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## Working for the Seller

Negotiation in real estate begins with something other than the offer. It starts when you first meet a prospective client. Everyone interested in selling a home or property will have personal reasons, and they almost always have a price in mind. That price may or may not be realistic. So the negotiation begins right from the start.

As mentioned before, however, price is only one of the factors to consider when listing the property. A wise agent will talk with the seller about other options that might be negotiable. The list is almost endless, depending on the specific property, its condition, the state of the real estate market, and the seller's desires. There are plenty of variables in every real estate contract, and they often require serious negotiation. No matter which side of the table you represent, be prepared to explain to your clients and negotiate favorable terms to the best of your ability.

The job of the listing agent is to understand the seller's objectives, priorities, and expectations. This will allow you to tailor your negotiation strategy to achieve their desired outcomes, such as maximizing the sale price or closing the deal within a specific timeframe.

The most important task of all is to conduct a thorough market analysis to determine the appropriate listing price for the property. A well-priced home will generate more interest and potentially lead to multiple offers, giving the seller even more negotiating power. The more interest you generate, the stronger the seller's position in any negotiations.

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## Working for the Buyer

Similar principles and elements apply if you're serving as a buyer's agent. You will typically have a defined price range and a specific area of interest indicated by your



client. Bring your experience and market knowledge into play by being honest with a buyer about current market conditions and whether their expectations are realistic.

If the market is extremely hot, explain that buyers might have to submit several offers before contracting on the property. And be sure to let them know that it might take longer than they would expect to find their “perfect” home. Much like working with a seller, it’s important to discuss the buyer’s objectives, priorities, and expectations, such as budget, desired property features, and location preferences. This will allow you to tailor your negotiation strategy to achieve their desired outcomes.

First-time buyers often need extra hand-holding, but even more experienced buyers can be intimidated by active markets and seller demands. Clients look to real estate agents for expert advice, so push your advantage by thinking creatively to expand your search parameters, if necessary. Suggest options that seem appropriate. You might show them property in neighborhoods a bit further from their primary choice locations or suggest well-priced homes that require a bit more work.

Always recommend that the buyer conduct a professional home inspection to uncover any hidden issues or defects with the property. This information can be used as leverage during negotiations and may result in price reductions or repair requests.

Keeping the buyer’s wants at the forefront of any property search is vital, but feel free to suggest alternatives that fall within their established parameters. Based on your market knowledge and experience, you can undoubtedly present satisfactory options for their consideration that didn’t occur to them.

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## Buyers’ Market Versus Sellers’ Market

The real estate market is a complex and ever-changing landscape that is influenced by a variety of factors. One of the most critical aspects determining the market’s nature is the balance between supply and demand, which can be divided into two primary categories: a buyer market and seller market. As a real estate agent, understanding



these dynamics is crucial for successful negotiations and achieving the best outcome for your clients. It's important to understand the characteristics of both markets and discuss their impact on negotiation strategies in real estate transactions.

Investigate creative financing options if it appears that may be necessary. Be upfront about the need for thoughtful decisions and prompt action. Reaffirm that it is common for sellers to receive multiple offers (especially if it's a seller's market) and that it's not always the highest price but the offer with the most attractive terms that wins.

If market conditions are depressed, you can be equally honest about a natural tendency on the part of a buyer to want to "steal" a property by making an extremely low offer. Once again, let the market statistics be your guide. Inject realistic perspective into every transaction by relying on the facts and the latest confirmed numbers.

### Buyer's Market: Definition and Characteristics

A buyer's market occurs when the supply of properties for sale exceeds the demand from potential buyers. In this scenario, buyers have a wider selection of properties and are generally in a stronger position to negotiate favorable terms. Key features of a buyer's market include:

- 1. High inventory:** The number of properties available for sale exceeds the number of interested buyers, leading to a surplus of housing inventory. Much of the United States and California experienced this in 2008-2010 when bank-owned properties and short sales flooded the market.
- 2. Lower prices:** With an excess supply, sellers may need to reduce their asking prices to attract buyers and stay competitive.
- 3. Longer time on market:** Properties may take longer to sell, as buyers have more options and can afford to be more selective.



- 4. Favorable terms for buyers:** In a buyer's market, buyers have more leverage to negotiate lower prices, better contract terms, or additional concessions from sellers.

## Seller's Market: Definition and Characteristics

A seller's market occurs when the demand for properties exceeds the available supply. In this situation, sellers have the advantage, as they can expect multiple offers and potentially higher prices for their properties. Key characteristics of a seller's market include:

- 1. Low inventory:** The number of properties available for sale is less than the number of interested buyers, creating a shortage of housing inventory.
- 2. Higher prices:** With more buyers competing for a limited supply, sellers can typically command higher asking prices.
- 3. Shorter time on market:** Properties tend to sell more quickly in a seller's market, as buyers have fewer options and must act quickly to secure desirable properties.
- 4. Favorable terms for sellers:** In a seller's market, sellers have more leverage to negotiate higher prices, better contract terms, and/or fewer concessions to buyers.

## Impact on Negotiation Strategies for Real Estate Agents

Understanding whether you are operating in a buyer's or seller's market is essential for real estate agents to tailor their negotiation strategies accordingly. Here are some key considerations for agents in each type of market:





- 1. Buyer's Market Negotiations:** Real estate agents representing buyers should focus on leveraging the surplus of properties and lower prices to negotiate the best deal possible. Agents can advise their clients to take their time selecting the right property and encourage them to make lower offers or request additional concessions from the seller. Conversely, agents representing sellers in a buyer's market should focus on making their property stand out through effective marketing, competitive pricing, and being prepared to negotiate on terms in order to secure a sale.
- 2. Seller's Market Negotiations:** Agents representing sellers should capitalize on the high demand and limited inventory by pricing properties aggressively and being prepared for multiple offers. They can also counsel their clients to be selective in choosing the best offer based on price, financing, and other contingencies. On the other hand, agents representing buyers in a seller's market need to emphasize the importance of acting quickly and being prepared to submit a strong offer with favorable terms to stand out from the competition.

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## Financing Options

Are you familiar with the details of the various forms of financing? If not, you need to make learning them a top priority. Financing rules change, so review requirements periodically. Work with knowledgeable lenders and keep current on tax information affecting real estate transactions. Both sellers and buyers need to know the difference between pre-qualification and pre-approval, understand a conventional mortgage and its associated costs, and know the requirements and charges associated with government sponsored financing such as FHA and VA loans.

Sellers might ask you about tax liabilities and deductions. Be careful not to offer tax advice, but knowing the basic rules offers a strategic advantage as a negotiator. Although you will want a buyer to obtain financing information from a qualified lender, you should be able to offer effective general guidance and be familiar with down payment requirements and prevailing interest rates.



Inform your clients (sellers and buyers) about the pros and cons of cash sales, owner financing, or a lease option, all of which might be attractive options under the right conditions.

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## Possession

Although traditionally, real estate contracts stipulate possession at closing, there are situations when transferring possession on another date is advantageous for both sides. If a seller needs more time to arrange a move, or if a buyer requests possession prior to the transfer of title (this can be problematic), the possession date may be open for discussion.

For example, the Leaseback Option is a creative solution for sellers and buyers in cases where an immediate move would be burdensome or inconvenient for the seller, the buyer, or both. Negotiating a 30 or 90-day rental agreement allowing the sellers to remain in the property after closing can relieve angst, give the seller needed cash to purchase another home or to remain in the home until the end of a school year; it would allow a buyer the same leeway to schedule a move that better fits into their schedule.

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## Closing Costs

There are only a few truly non-negotiable costs associated with a real estate contract. There are certain charges that borrowers on government sponsored loans are not allowed to pay. In most cases either the buyer or seller may pay for inspections, title insurance, home warranties, surveys, transfer taxes, and recording fees. A seller may also stipulate that a home inspection will be accepted but stipulate that no repairs will be made or that repairs will be limited to a specified dollar amount.



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## The Inspection Report

Most real estate contracts today stipulate that a home inspection acceptable to the buyer will be completed. The inspection is typically ordered and paid for by the prospective buyer, and any noted deficiencies and suggested repairs then become matters of negotiation between buyer and seller before the escrow is closed. However, a seller may stipulate at the outset that a home inspection will be authorized but that no repairs will be made. Alternatively, a seller may limit the dollar amount of any needed improvements identified by the inspection.

The home inspection can also assist in identifying hidden problems. A professional home inspector can uncover problems that may not be apparent during a casual walk-through or visual inspection, like potential issues with the foundation, roofing, plumbing, electrical systems, HVAC, and more. Discovering these problems before closing the property allows buyers to make informed decisions. Depending upon the exact language of the offer and any subsequent counter-offers, an inspection report can sometimes become a stumbling block on the path to a successful closing. If the home inspection reveals issues, buyers can use this information as leverage to negotiate a lower price, request repairs, or ask for credit at closing. This can help buyers obtain a better deal and avoid unexpected repair costs after moving in.

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## Fees and Commissions

Real estate commissions are variable, and buyers and sellers alike are free to negotiate with brokers regarding the percentage of the commission and the party responsible for paying it. However, the commission should be established and agreed to in writing before performing any services. It is also a requirement that all parties to the transaction are informed about the specific duties of each participating agent.



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## Inclusions and Options

When writing a listing agreement, there is always a section that details precisely what will be conveyed to the new owner when a sale is consummated. This is an area where there are few legal requirements. Instead, local customs and traditions often prevail. As an agent, be diligent and thorough in listing what will and won't be included in the sale.

Appliances, fixtures, and home improvements that are permanently installed or attached to a structure's interior or exterior typically convey with the property (though there are exceptions). But other appliances and "built-ins" can be excluded from the sale, including freestanding laundry appliances, refrigerators, window coverings, lighting fixtures, and even garden structure or garage storage units.

As previously mentioned, these items can become great negotiating elements when listed as "negotiable." This can strategically boost a seller's actual financial return, and it may also illustrate a buyer's serious intent to make a deal.

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## Showings and Open Houses

While a home is lived in, few sellers maintain a home in "show-ready" condition 100 percent of the time while it's on the market. However, even though most buyers today initially view property through photos and online searches, there is no substitute for an actual property visit.

Be prepared, as either a buyer's representative or a listing agent, to field requests for showings on various days and times. Also, be mindful of your time and energy and the rights of both seller and buyer. Try to choose times that are convenient and limit scheduled property viewings to reasonable times and duration. This is one area where you should establish some rules in advance with both sellers and buyers. And, as mentioned previously, always follow up after a showing or viewing to gauge reactions.



## Know Your Buyers and Understand Who's Selling

Get to know your prospective buyer and work to figure out their motivation and their mindset with questions that require thoughtful answers. Concentrate on understanding the “why.” Always remain positive and suggest options that they might not have considered as you enter into any negotiation on their behalf.

There are specific differences in mindset and knowledge unique to different categories of clients: first-time buyers, folks who are ready to settle down, and empty-nesters nearing retirement age all have different priorities and backgrounds. It can be informative to read the latest trends for the various age groups and to familiarize yourself with buyer and seller trends based on generational preferences. The insights you glean from such studies will open your eyes to the concerns of the various individuals you encounter. The National Association of Realtors addresses these generation trends in a fascinating report that should be required reading for real estate professionals.<sup>1</sup>

However, while these analyses are often highly informative, be wary about putting too much emphasis on “group think.” Understand that every buyer and seller has a unique, personal stake in the transaction and that it is up to you to find the key to a successful buying or selling experience for each transaction. Buyers have different long-term plans and goals which can influence their housing needs. Some may be planning to expand their family, while others may be looking to downsize in the near future. These considerations can impact the choice of a suitable home. Not to mention that buyers have different financial situations and budgets, which impact the type and size of the house they can afford. Some may be able to afford a larger, more luxurious home, while others may need to prioritize affordability and opt for a smaller or more modest property even if that doesn't align perfectly with their goals.

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<sup>1</sup> The 2020 Home Buyers and Sellers Generational Trends Report, March 2020





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## Graduate Level Negotiation

As your expertise grows, you will develop natural and reliable techniques that become the backbone of your negotiating skills. Your persuasive talents and the way you deal with clients will become part of your professional persona. Focus on the principles of fairness and view every negotiation as a way to achieve mutual benefit with an acceptable outcome for both sides.

- Negotiation is a two-way street – If you want something, always be prepared to offer something in return. The goal is to ensure everyone gets a piece of the pie rather than constantly grabbing the biggest slice for yourself and your client.
- It is always smart to negotiate by phone before putting anything in writing. If you're acting as a buyer's agent, always inform the listing agent – preferably by phone -- that you have a client interested in submitting an offer. Ask if there is anything that the sellers are particularly interested in seeing as part of a first offer. You're likely to learn more through a call than a series of emails.
- You might be surprised at how many impediments can be resolved through a simple phone call with a cooperating (and cooperative) agent. Save time and frustration by discussing general terms before submitting a written offer. A verbal indication of interest is always appreciated.
- Always be positive. This is something that's actually easier to do in a conversation – allow your personality to shine through.
- Always remain even-tempered and considerate.

Remember the adage, "Rules are meant to be broken?" Sometimes that's absolutely true.

However, there are exceptions. As you gain confidence in your negotiating skills, you'll find that it's sometimes advantageous to schedule a face-to-face meeting to iron out



the final details of the transaction. It can be the smallest of details that will derail a seemingly easy transaction. Every seasoned real estate agent has stories like this to tell. If there is no other way, suggest to your broker that the buyer and seller meet personally to discuss their options.

For example, the details of a leaseback arrangement may be muddy, and buyer and seller would most likely feel more comfortable about such an arrangement after a personal meeting. Such a one-on-one meeting might also be invaluable if some owner financing is a part of the offer. It would allow both parties to establish a relationship aside from the strictly legal formalities of such a deal.

Another situation that might warrant a personal meeting would be a discussion of pricing on furniture or other negotiable items to be purchased as a part of the property sales contract. A joint walk-through to establish the pricing and condition of such items would be a good idea, and it could also help to create a bond between the parties that would be difficult to establish in any other way.

These personal meetings can be tricky, and they are not always the solution for most contract negotiations. But don't discount them as a possible tool in your negotiation arsenal, either.

Finally, suppose you and a cooperating agent have come to an impasse that threatens to derail the agreement. In that case, bringing a buyer and seller together around a conference table can be helpful. The meeting may not save the deal, but it will at least allow each side to present their case fully and honestly. If a deal is going to fall through, it's better for everyone to walk away with a friendly handshake than with bitter feelings.

One final thought, and we think it bears repeating: "Truth is the best negotiation ally."



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## Don't Take Things Personally

As real estate agents, you already know that dealing with unreasonable parties can be challenging and emotionally taxing when buying or selling a house. However, it is vital to avoid taking their behavior personally. Always maintain a clear focus on the end goal. Below are strategies for managing emotions and keeping a balanced perspective during negotiations.

Firstly, it is essential to separate the person from the issue. During negotiations, it is crucial to remember that the transaction is about the property, not about anyone's worth, identity, or personality. By concentrating on the facts, issues, and desired outcomes, individuals can avoid becoming entangled in personal feelings or judgments about the other party. This approach enables a calm, rational perspective, ultimately leading to more effective decision-making.

A key part of this is maintaining a professional attitude throughout the negotiation process. By treating the home purchase as a business transaction, buyers, sellers, and agents can maintain their emotional distance and focus on their primary objective – property sale. Adopting a professional and respectful demeanor, even when faced with a difficult counterpart, helps create an environment where rationality remains at the forefront, thereby increasing the likelihood of reaching a satisfactory close of escrow.

When emotions escalate, take a step back and employ stress-reduction techniques, such as deep breathing or visualization, to regain control and refocus on the task.

Finally, reminding oneself of the broader context and long-term goals is helpful. Buyers and sellers can easily let go of minor disputes or unreasonable demands by keeping the ultimate objective- selling the property- in mind. Explicitly returning to this perspective helps to prioritize issues, focus on what truly matters, and prevent emotional reactions from derailing the negotiation.



Remember - not taking the other party's behavior personally during a home purchase negotiation involves:

- Separating the person from the issue.
- Maintaining a professional attitude.
- Being empathetic.
- Managing emotions.
- Keeping the broader context in mind.

By adopting these strategies, buyers can successfully remain focused on acquiring the property and navigate complex negotiations.

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## The Importance of Finding Common Ground

We engage in negotiations every day, whether in business transactions, political discussions, or interpersonal disputes. The essence of negotiation lies in pursuing a mutually beneficial outcome that is satisfactory to all parties involved. In real estate, that means successfully closing the escrow.

Finding common ground serves as a vital foundation for achieving this outcome. In real estate, the ability to find common ground can help you close more deals (and ultimately make more money).



## Building Rapport and Trust

Establishing common ground helps build rapport and trust between buyers, sellers, and agents. Agents can create an atmosphere of mutual understanding and empathy by identifying shared interests, values, or goals. Establishing this connection makes it easier for parties to communicate effectively, listen to each other's concerns, and work together toward finding solutions. There are so many moving parts to a real estate transaction that conflict is nearly unavoidable. Inspections are going to turn up a laundry list of items to be repaired, possession may be delayed, and sometimes keys aren't always in lock boxes where they're supposed to be.

Trying to build trust and rapport, in turn, reduces the likelihood of conflicts and misunderstandings, paving the way for a smoother negotiation process.

## Facilitating Open Communication

When common ground is established, parties are more likely to communicate openly and honestly. They become more receptive to each other's perspectives and more willing to share information that they might otherwise withhold. Open communication also enables real estate professionals to understand better the needs, priorities, and constraints of both the buyer and seller, which ultimately contributes to more informed decision-making and collaborative problem-solving.

## Enhancing Collaborative Problem-Solving

Once you've established some kind of common ground, it shifts the focus from competition to cooperation. When parties recognize their shared interests - and the shared goal of closing the escrow - they are more inclined to work together to find creative solutions that address their mutual concerns. This cooperative approach encourages brainstorming, exploration of alternatives, and the development of innovative solutions that benefit all parties, often resulting in a win-win outcome.



## Reducing Tensions and Conflicts

Finding common ground can help reduce tensions and conflicts during negotiations. By focusing on shared interests or objectives, parties are less likely to become entrenched in their positions, which can lead to a deadlock that's frustrating for everybody. Instead, the emphasis on common ground fosters a sense of unity and collaboration, making it easier for parties to compromise and find mutually acceptable solutions.

## Promoting Long-Term Relationships

Even if you practice in a major metropolitan area, the local real estate industry tends to be a small group. Establishing common ground with agents on the other side of the negotiating table can positively impact long-term relationships between parties, which is important because you're going to run into them in other negotiations. These connections can result in goodwill, trust, and a sense of partnership, laying the foundation for future collaborations and successful interactions and creating a more sustainable and harmonious relationship between all parties involved.

Ultimately, finding common ground is paramount in negotiations, as it plays a crucial role in building rapport and trust, facilitating open communication, enhancing collaborative problem-solving, reducing tensions and conflicts, and promoting long-term relationships. By focusing on shared interests, values, or objectives, negotiators can create a cooperative environment that encourages collaboration and leads to more successful, mutually beneficial outcomes - and more closed escrows.

## Pay Attention To Non-Verbal Cues

Nowadays most real estate negotiations happen over the phone and through email. However, it's important to understand that non-verbal cues are crucial communication components. These cues can significantly influence parties' perception and response





of the messages. Here are some examples of non-verbal cues that can play a role in negotiations:

**The tone of voice:** A person's voice's pitch, volume, and inflection can convey their emotions and attitudes. For example, a calm, steady tone may indicate confidence and control, while a shaky or high-pitched voice may suggest nervousness or uncertainty. And if someone's angry, you'll definitely notice it in their voice, signaling that it's time to de-escalate tensions.

**Proximity:** The physical distance between you and the other party can signal their level of comfort, trust, and intimacy. Standing or sitting too close may be perceived as intrusive, while maintaining too much distance can suggest disinterest or detachment.

**Facial expressions:** The expression on a person's face can reveal their emotions and reactions, such as happiness, anger, surprise, or confusion. For example, raised eyebrows indicate surprise, while a furrowed brow may suggest disagreement or concern. If a client is nodding and verbally agreeing to something with a furrowed brow, that's a sign that you need to look a little more deeply at what they're really feeling.

**Gestures:** Hand movements and gestures can be used to emphasize points, convey agreement or disagreement, or indicate the level of engagement. For example, crossed arms can suggest defensiveness or disagreement.

**Touch:** In some cultures, a gentle touch on the arm or a pat on the back can be a sign of support, agreement, or reassurance. However, touch may be considered inappropriate or unwelcome in other cultures or contexts, so be very conscious of social norms where you work.

If you can negotiate some part of the transaction in person, paying attention to these cues is essential. Real estate agents can gain valuable insights into their counterpart's emotions and adjust their approach accordingly.



Being aware of and responsive to these non-verbal cues can help create a more constructive negotiation environment, facilitate better communication, and increase the likelihood of reaching the close of escrow.

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## Don't Be Attached To The Outcome

Of course, as real estate agents who work on commission, we are often just as invested (sometimes even more) as the buyer and seller are. But being unattached to the outcome in negotiation offers numerous benefits that can contribute to a more successful and satisfying process.

A significant advantage of such logical detachment is the preservation of an objective perspective. Real estate professionals, not weighed down by personal stakes in a particular result, can assess circumstances with a degree of neutrality. This independence enables the agent to concentrate on identifying solutions and making well-informed choices, instead of being influenced by individual prejudices or emotional considerations.

Not being too focused on a specific result helps in another way: it makes you more flexible when you're discussing deals. As a real estate agent, if you're open to different outcomes, you can think about many options and find unique and smart ways to agree. Also, if things change or new details come up, you can handle it quickly because you're not stuck on one path to close the transaction.

Being unattached to the outcome can also create a more positive and collaborative negotiation atmosphere. Agents who don't reek of "commission breath" are more likely to approach the process with an open mind and a willingness to listen to the other party's concerns and interests. This can help build rapport and trust between the parties, which can pave the way for more effective communication and problem-solving.



Moreover, not being attached to the outcome can reduce the stress and pressure associated with negotiations. When not preoccupied with achieving a particular result, they may experience less anxiety and tension, allowing them to approach the negotiation process more calmly and confidently. This can result in clearer thinking and better decision-making, ultimately increasing the likelihood of a successful negotiation – not to mention making the process more pleasant for everyone involved.

Embracing this mindset can help agents achieve more closed sales while fostering a positive and constructive negotiation environment. Being unattached to the outcome of a negotiation can lead to a more objective, flexible, and collaborative approach, while also reducing stress and promoting effective decision-making.

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## Negotiating Repair Requests – Buyer Perspective

Purchasing a home is a significant investment, and a home inspection is a critical step in the process. It helps buyers identify potential issues with the property that might require repairs or maintenance. When the home inspection report uncovers problems – and it often does – it's essential for buyers to negotiate with the seller to make some or all of the repairs. The goal should be to effectively negotiate repairs from the seller, ensuring a successful real estate transaction for both parties.

### 1. Review and Understand the Inspection Report

The first step in negotiating repairs is understanding what the home inspection report actually says. Buyers should thoroughly review the document, noting any areas of concern or items requiring immediate attention. It's essential to differentiate between major and minor issues and cosmetic problems that can be easily addressed later. Understanding the extent and cost of the repairs will help buyers develop a more solid negotiation strategy.



## 2. Prioritize Repairs and Focus on Major Issues

It's crucial for buyers to focus on the most significant issues. These include structural problems, electrical or plumbing issues, and safety hazards, which could impact the home's value and habitability. By concentrating on these major concerns, buyers can effectively negotiate with sellers and avoid getting bogged down in disputes over minor or cosmetic matters.

## 3. Obtain Repair Estimates

To effectively negotiate with the seller, buyers should obtain estimates for the necessary repairs from reputable contractors. The inspection report will tell you what's wrong, but not how much it will cost to fix it. A clear idea of the costs will help buyers make informed decisions and present a strong case to the seller. Providing the seller with detailed estimates also demonstrates the buyer's willingness to reach an agreement that's fair for both sides.

## 4. Communicate Effectively and Be Reasonable

Effective communication is key when negotiating repairs (which is easier when you've established common ground, as noted earlier). Buyers should be clear and concise when discussing the inspection results with the seller and their agent, focusing on the most critical issues and providing supporting documentation, including the inspection report and repair estimates. Buyers must be reasonable in their requests and open to compromise, which can help foster a positive working relationship with the seller over the course of the transaction.



## 5. Consider Alternative Solutions

Buyers should consider alternative solutions if the seller is unwilling or unable to make the necessary repairs. These include requesting a reduction in the sale price, a credit at closing, or possibly even an escrow holdback to cover the repair costs. By exploring different options, buyers can find a solution that meets their needs and also satisfies the seller.

Negotiating repairs after a home inspection can be a particularly challenging aspect of the home-buying process. However, buyers can successfully negotiate with sellers to address the necessary repairs by understanding the inspection report, prioritizing major issues, obtaining clear repair estimates, communicating effectively, considering alternative solutions, and working with a skilled real estate agent. Ultimately, this will help ensure a smoother real estate transaction and protect the buyer's investment in their new home.

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## Negotiating Repair Requests – Seller Perspective

Home inspections often uncover issues that buyers may ask the seller to address. While some repairs are warranted, sellers may wish to avoid making certain repairs to save time and resources. This section explores strategies sellers can employ to prevent committing to unnecessary repairs while maintaining a positive and successful transaction.

### 1. Pre-listing Home Inspection

One proactive approach sellers can take is to conduct a pre-listing home inspection of their own. This allows the seller to identify potential issues before putting the property on the market, enabling them to address significant problems in advance. By



resolving major concerns beforehand, sellers can present a well-maintained property that reduces the chances of buyers requesting additional repairs.

Of course, this may also trigger disclosure obligations if and when the inspection turns up items that need to be remedied by the owner.

## 2. Price the Property Appropriately

Pricing the property to reflect its current condition is crucial for sellers who wish to avoid making extensive repairs. If the home requires updates or has known issues, a lower listing price can attract buyers willing to take on these responsibilities. By setting a realistic price, sellers can signal to potential buyers that they have accounted for the property's condition, potentially reducing repair requests.

## 3. Offer As-Is Sale

An "as-is" sale means that the property is being sold in its present condition and that the seller does not intend to make any repairs to the property. This can preempt any negotiations related to home repairs. By specifying that the property is being sold as-is, sellers can set the expectation that they will not be responsible for making any repairs or addressing issues found during the home inspection. However, sellers must still be transparent about known issues and be prepared for the possibility of a reduced sale price.

Many standard form purchase and sale agreements will include such a clause.

## 4. Provide Detailed Disclosure Statements

Sellers should provide thorough disclosure statements that detail any known issues with the property. Besides this being a legal requirement, this transparency can help prevent surprises during the home inspection and effectively manage buyer expectations. By





being upfront about the property's condition, sellers can establish trust with potential buyers and reduce the likelihood of being asked to make additional repairs.

## 5. Negotiate with the Buyer

In some cases, sellers may be able to negotiate with the buyer to avoid making certain repairs. This can be achieved by offering concessions, such as a reduced sale price or a credit at closing, in exchange for the buyer taking responsibility for the repairs. By presenting these alternatives, sellers can maintain a positive relationship with the buyer while avoiding the time and hassle often associated with additional repair work.

## 6. Stand Firm on Reasonable Ground

When faced with requests for minor or cosmetic repairs, sellers should be prepared to stand firm on reasonable grounds. They should differentiate between legitimate concerns, such as health and safety hazards or major structural issues, and minor or aesthetic matters. By focusing on addressing significant problems, sellers can avoid being burdened with unnecessary repairs.

Remember that sellers can employ various strategies to avoid making unnecessary repairs after a home inspection. Pre-listing home inspection, pricing the property appropriately, offering an as-is sale, providing detailed disclosure statements, negotiating with the buyer, and standing firm on reasonable grounds are all tactics that will help the seller's position in any negotiations. By utilizing these strategies, sellers can protect their interests, save time and resources, and ensure a successful real estate transaction.



## Negotiating Commission Reductions

In real estate, objections to commission fees are not uncommon, and agents need to be prepared to address these objections effectively. Here are a few ways to counter a commission objection from a seller:

### Strategy 1:

**Explain the value of your services:** Emphasize your services, such as marketing, advertising, and negotiation skills, which will help them sell their property more quickly and for a higher price.

It's important to highlight your marketing strategies, such as online advertising, open houses, and professional photography, and explain the hard and soft costs associated with these services.

### Strategy 2:

**Address their concerns directly:** Ask the seller what their specific concerns are about the commission fee and address them directly. Be transparent and open in your discussions and try to find a mutually acceptable solution.

### Strategy 3:

Work on your scripts, as they are important in providing a structured and systematic approach to the sales process. By using a script, we have a clear roadmap to follow, which helps to ensure we stay on track and deliver the same message to each potential customer. This consistency can increase your overall success rate.

Scripts also provide a way for real estate professionals to prepare for common objections and challenges they face during the sales process. By having a script, the real estate professional can anticipate potential objections and have a clear and concise response ready, which can help build trust with the customer.



For example:

**Objection:** “I don’t want to pay such a high commission fee.”

**Response:** “I understand your concern about the commission fee. However, it’s important to remember that my services go beyond just putting a sign in your yard. I have a proven marketing plan to help you sell your property more quickly and for a higher price. I also have extensive experience negotiating for my clients, which will help you get the best deal possible.”

**Objection:** “Another agent said they would do this for only \$5,000 flat.”

**Response:** “If another agent is willing to offer a low fee, how quickly do you think they will concede to a lowball offer on your home if they can’t even negotiate their own fee? You need a strong negotiator who will stand firm on the price we set on your property.”

No matter what, it’s important to maintain a professional demeanor and remain calm when addressing objections. Avoid getting defensive or argumentative, as this can damage your relationship with the seller. Your script will help with this.

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## Buyer-Side Negotiation Starts With A Well Put Together Offer

In the competitive world of real estate, submitting a well-structured, thorough, and professional offer is crucial to increase the chances of acceptance. A well-prepared offer reflects the buyer’s interest in the property and demonstrates their seriousness and commitment to a smooth transaction. It’s hard to overstate the importance of a meticulously put-together offer and how much it can positively impact the outcome of a real estate deal.



A comprehensive and well-organized offer establishes credibility and trust between the buyer, seller, and their respective agents. It shows that the buyer has done their homework, thoroughly evaluated the property, and is genuinely interested in closing a deal. Furthermore, it conveys that the buyer understands the nuances of the transaction process and is committed to making it as seamless as possible.

A crucial aspect of a well-prepared offer is the inclusion of the buyer's financial details, such as mortgage pre-approval, proof of funds, or a lender's letter. This information demonstrates the buyer's financial capability to follow through on the transaction, which is a critical consideration for sellers when considering offers. By showcasing their financial preparedness, buyers can increase their chances of having their offer accepted.

A thorough offer should also clearly outline the terms and conditions of the purchase, such as the proposed sale price, closing date, contingencies, and any concessions requested. By effectively communicating these terms, the buyer can demonstrate their understanding of the transaction process and provide the seller with a clear picture of their intentions. This clarity reduces the likelihood of misunderstandings and can lead to smoother negotiations.

A well-structured initial offer that addresses all pertinent aspects of the transaction can help reduce the need for counteroffers, a time-consuming process that can potentially derail a deal. By submitting a comprehensive offer that preemptively accounts for the seller's needs and expectations, the buyer increases the likelihood of acceptance, streamlining the negotiation process.

Remember that too many counter offers can lead the parties to decision fatigue. Constantly reviewing, adjusting, and responding to counteroffers can be mentally exhausting. This can lead to poorer judgment, impulsive decisions, or a lack of willingness to continue the process, causing parties to walk away from potential agreements.



A well-prepared and thorough offer can make the difference between multiple offers in a competitive real estate market. By submitting a comprehensive and professional offer, the buyer can stand out from the competition and increase their chances of being chosen by the seller. This attention to detail can be a game-changer, especially in highly sought-after neighborhoods or markets with limited inventory.

Basically, submitting a well-structured, thorough, and professional offer is crucial in increasing the chances of acceptance in real estate transactions. Buyers can significantly improve their chances of securing their dream property by paying close attention to the details and crafting a well-put-together offer. A comprehensive offer establishes credibility, demonstrates financial capability, effectively communicates terms and conditions, reduces the need for counteroffers, reflects professionalism, and helps the buyer stand out in a competitive market.

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## Learn To Flinch

### The Flinch Technique in Real Estate Negotiation: An Overview

In real estate, negotiations play a crucial role in determining the outcome of a transaction. One of the tactics professionals employ to gain an advantage is the flinch technique. It's a technique unique to in-person meetings or sometimes phone calls. This section aims to explain the concept of flinching in negotiation, its utility, and strategies to counter it effectively.

### The Flinch Technique: Definition and Purpose

The flinch is a negotiation tactic that uses a physical reaction to communicate shock, dismay, or disbelief at an offer or counteroffer. It can be involuntary, such as a gasp, an open mouth to convey exasperation. The primary purpose of a flinch is to make



the other party feel as though their offer is unreasonable, thereby causing them to reevaluate their position and potentially make concessions.

### The Usefulness of the Flinch Technique

For several reasons, the flinch technique can be a powerful tool in real estate negotiations. First, it capitalizes on the human tendency to react to emotional cues. When a negotiator flinches, they create a sense of unease and doubt in their counterpart, who may question their offer's viability. This can lead to a shift in power dynamics, with the flinching party gaining the upper hand.

Second, the flinch can create a psychological advantage by putting the other party on the defensive. When someone perceives their offer has been met with disbelief or disapproval, they may feel a need to justify or defend their position. This might cause them to reveal information that the flinching party can use to their advantage.

Finally, the flinch technique can be used to test the other party's resolve. By gauging their reaction to the flinch (or lack of reaction), a negotiator can assess the strength of their counterpart's position and adjust their strategy accordingly.

### Counteracting the Flinch Technique

While the flinch technique can be a potent negotiation tool, you should also be prepared to recognize and counteract it effectively to maintain a balanced negotiation. Here are some strategies for doing so:

- 1. Remain composed:** When faced with a flinch, it is crucial to maintain composure and not react impulsively. Take a moment to gather your thoughts and emotions before responding. This will help prevent knee-jerk concessions and preserve the integrity of your negotiating position.



2. **Please stick to your rationale:** Reaffirm the justification for your offer or counteroffer, emphasizing the research, data, or reasoning that supports it. Don't get defensive. By focusing on the facts, you can create a sense of confidence in your position and deflect the emotional impact of the flinch.
3. **Call out the tactic:** If you suspect your counterpart intentionally uses the flinch technique, consider addressing it directly. Acknowledging the tactic can neutralize its effectiveness and refocus the negotiation on more substantive issues.
4. **Use a counter-flinch:** In some cases, responding with your own flinch may be an effective countermeasure. Demonstrating shock or dismay at their reaction can create a sense of doubt in the other party and potentially regain the upper hand in the negotiation.

The technique is a valuable negotiation tool in real estate transactions that can create a psychological advantage and potentially lead to favorable outcomes. However, it's not a magic bullet, and negotiators need to recognize and counteract this appropriately. Here, as always, maintaining a calm, rational demeanor is the best way to keep negotiations professional, positive, and effective.

### **"You'll Have To Do Better Than That!" Technique**

One of the more effective techniques in negotiation is using the phrase, "You have to do better than that!" This technique works well and can be applied in the home-buying process.

This phrase can create a psychological impact on the other party. It sends a clear message that the buyer, for example, is unsatisfied with the current offer, prompting the seller to reconsider their position. It's a declaration which is both factual and emotional. This technique can be a powerful tool in establishing a sense of urgency and motivating the seller to provide a better offer or concessions to close the deal.





### *Demonstrating Confidence and Assertiveness*

Assertiveness is important in negotiation, as it helps buyers communicate their needs and expectations effectively. By stating, “You have to do better than that!” buyers demonstrate their confidence in evaluating the property and its worth. This assertiveness can often be persuasive, increasing the likelihood that the seller will make concessions to meet the buyer’s demands.

**Example:** During a home purchase negotiation, a buyer may discover that the property requires substantial repairs. Once the inspections are in hand, the buyer’s agent can tell the listing agent and say, “You have to do better than that!” in response to a minuscule credit for repairs. This conveys their clear expectation for a reduced price or additional repair credits to account for the additional expenses they will incur.

### *Encouraging Dialogue and Collaboration*

Although saying “You have to do better than that!” may seem aggressive, it can also encourage dialogue and collaboration between the buyer and the seller. By using this statement, buyers can open the door for further negotiation, allowing both parties to openly discuss their needs, concerns, and expectations. Despite the confrontational overtones of the statement, it can kick off a process that can ultimately lead to a mutually beneficial agreement.

**Example:** A buyer may use this statement when discussing financing options, such as the interest rate or mortgage terms. By urging the seller or lender to “do better,” the buyer invites them to propose alternative solutions, potentially leading to more favorable financing arrangements.



### ***Establishing a Benchmark for Negotiation***

When a buyer uses the phrase “You have to do better than that!”, they effectively establish a benchmark for the negotiation. It’s a clear boundary, indicating that the buyer is unwilling to accept the offer. By creating this benchmark, buyers can guide the negotiation process toward their desired outcome.

**Example:** A buyer might use this phrase when negotiating the sale price of a property. By setting a benchmark instead of walking away from the table, the buyer can signal their willingness to negotiate further, encouraging the seller to consider alternative pricing options that may be more acceptable to both parties.

The negotiation technique of using the phrase “You have to do better than that!” can be a powerful tool in the home-buying process. This approach creates a psychological impact, demonstrates confidence and assertiveness, encourages dialogue and collaboration, and establishes a benchmark for negotiation. By employing this technique, buyers can effectively communicate their needs and expectations, which will increase the chances of reaching a favorable agreement with the seller.

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## **The Importance of the “Nibbling” Technique**

Nibbling is a negotiation tactic where one party tries to gain small concessions or additional benefits after a deal has already been agreed upon but before it is finalized. These small requests or changes are often minor and may seem insignificant. Still, when you add them up, they can result in a significant shift in the overall outcome of the negotiation.

Nibbling often occurs when one party feels they have more leverage or believes the other party is eager to close the deal and may be more willing to concede to small requests to avoid jeopardizing the agreement. The party using the nibbling tactic may ask for small favors, changes in terms, or additional items or services that were not part of the original negotiation.



An example of nibbling in negotiation could occur when purchasing a used car. Let's say the buyer and the seller have agreed on a price for the car after some negotiation. However, the buyer decides to employ the nibbling tactic just before signing the final contract.

The buyer might say, "I just realized the car is going to need new tires soon. Could you take off another \$100 to help me cover the cost of the new tires?" The seller, eager to finalize the deal and believing it's a minor concession, may agree to the buyer's request on the spot, especially when it's presented casually.

Once the seller agrees to the \$100 discount, the buyer may continue nibbling by mentioning that the car also needs an oil change and asking for an additional \$50 off. The buyer could even ask the seller to include a full gas tank or replace the windshield wipers as part of the deal.

While each of these requests may seem small and insignificant on their own, when combined, they can lead to a more significant shift in the overall outcome of the negotiation, providing the buyer with extra benefits beyond what was initially agreed upon. This is an example of how nibbling can gain small concessions in a negotiation.

Real estate transactions can be prolonged and complex, and nibbling can occur at any point from the initial offer to the final closing. Here's an example of how nibbling can play out in a real estate negotiation:

Imagine you are a real estate agent representing a buyer who has made an offer on the house. After some back-and-forth negotiation, the seller has agreed to the buyer's offer price, and both parties have signed the purchase agreement. However, a few days before the scheduled closing, the buyer contacts you and says that interest rates have increased substantially and they want a small credit to help buy down their interest rate.

This is a classic example of nibbling. The buyer is making a small demand after the agreement has already been reached, hoping to get more concessions from the



seller. The buyer may feel safe in making this request since the seller has already agreed to the purchase price and will probably be motivated to avoid further delays or complications in the transaction.

As the seller's agent, assessing the situation and deciding how to respond is important. Sometimes, it may be worth paying the additional amount to keep the transaction moving forward. However, it's also important to consider the precedent this concession sets for future negotiations and the potential impact on your client's budget and overall satisfaction with the purchase.

Suppose you decide to push back on the buyer's request. In that case, you can negotiate a compromise, such as offering to pay half the additional amount or asking the seller to include other items in the sale like an excluded appliance or a chandelier. You can also remind the buyer that they have already agreed to the purchase price and that adding additional costs at this stage could jeopardize the whole transaction.

Overall, nibbling is a common negotiation tactic in real estate, and it's important to be aware of it and have a strategy in place for responding to it. Understanding the motivations behind nibbling and being prepared to negotiate in good faith can help your clients get the best possible outcome in their real estate transactions.

To counter nibbling, real estate professionals should be prepared to address these small requests. One way to do this is to agree on all terms and conditions upfront and clearly define the scope of the agreement before finalizing it. Strong agents can also use the nibbling tactic to balance out any concessions made to the other party.

Nibbling is common, and often doesn't significantly change the deal, but it's important to recognize that nibbling can sometimes damage the relationship between the negotiating parties – particularly if it's perceived as an attempt to take advantage of the situation or if it delays the finalization of the deal. Therefore, it's essential to use this tactic judiciously and consider the potential consequences of the relationship between the parties involved.



## Handling an Angry Adversary in A Negotiation

Anger is an emotion that can be especially difficult to manage in a negotiation. Effective negotiation works best in a collaborative environment, and an angry client or agent on the other end of a deal can derail discussions and impede progress, potentially leading to unsuccessful outcomes. However, it's not necessarily a deal-breaker. With the right approach and mindset, it is possible to handle anger effectively, paving the way for a successful close of escrow. It's important to discuss and understand strategies for managing an angry client or agent, including understanding the causes of anger, employing active listening and empathy, staying level-headed and composed, and seeking common ground.

### *Understanding the Causes of Anger*

The first step in managing an angry adversary is understanding the cause of the emotion. Anger often stems from frustration, fear, or a sense of being treated unfairly. By identifying the underlying cause, the real estate professional can better address the issue and redirect the conversation toward a more productive outcome.

Let's suppose that, during a real estate purchase negotiation, a buyer becomes visibly angry when the seller refuses to lower the property's asking price. The real estate professional, acting as a mediator between the two parties, needs to understand the root cause of the buyer's anger to address the issue effectively.

In this situation, the real estate professional should ask open-ended questions to determine the cause of their frustration. Is the buyer blindly yelling at the sky with no rationale, or is their reaction based on a disparity with recent comparable sales in the neighborhood? Are they afraid of overextending themselves financially? Do



they believe the seller is treating them unfairly by not considering their offer or being unwilling to negotiate?

Once the real estate professional has identified the underlying cause of the buyer's anger, they can work to redirect the conversation toward a more productive outcome. For instance, if the buyer is concerned about the property's value, the real estate professional could provide additional market data and comps to support the seller's asking price. It's also important to remind the buyer that most purchase agreements will include an appraisal contingency to determine fair market value and protect the buyer from overpaying.

If the buyer's anger stems from a perception of being unfairly treated, the professional could remind both parties of the importance of open communication and encourage a collaborative negotiation process.

By understanding and addressing the root cause of the buyer's anger, the real estate professional can help diffuse tensions and refocus the negotiation on finding a mutually agreeable solution for both the buyer and the seller.

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## Employing Active Listening and Empathy

Active listening and empathy are essential in handling angry clients. By genuinely listening to the other party's concerns and feelings, the real estate professional demonstrates respect, understanding, and empathy. Remember that when people feel heard and understood, they are more likely to be open, flexible, and cooperative, while also providing an opportunity to gather valuable information that can be used to find common ground.



### ***Staying Calm and Composed***

Remaining calm and collected can prevent a negotiation from escalating, as it signals that the agent is willing to engage in a rational discussion even in the face of angry parties. Maintaining a level-headed demeanor allows for clear communication and makes it easier to focus on the issues rather than being drawn into a heated argument.

Even something as simple as a chandelier being included with the sale or a closing cost credit can spiral out of control if you aren't careful, so remember to maintain a consistently calm and respectful demeanor throughout the discussion.

### ***Seeking Common Ground***

Finding common ground is an important part of negotiating overall, but it's a particularly effective strategy for managing anger in real estate negotiations. Real estate professionals can shift the conversation away from personal emotions and toward mutually beneficial solutions by identifying shared interests or concerns. This approach helps defuse anger and fosters a collaborative atmosphere, increasing the likelihood of a successful outcome.

Remember – regardless of the emotions being expressed over the negotiating table, the seller wants a successful close so they can move on to the next chapter of their lives, and the buyer wants the keys to the property to move their own plans forward. Keep reminding both parties that they share a common goal: a successful close.

### ***The final word on suspicious and otherwise angry parties in a negotiation***

Whether it's a buyer, seller, or vendor, handling an angry party in a negotiation requires patience, empathy, and strategic thinking. Real estate professionals can successfully navigate difficult situations and achieve mutually beneficial outcomes by working





to understand the root causes of anger, employing active listening and empathy, remaining calm and composed, and seeking common ground.

By mastering these skills, agents can build stronger relationships, establish trust, and foster collaborative environments that keep emotions in check and lead to more closed deals.

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## Negotiating with different personality types

Several personality type theories categorize people based on their traits and preferences. A basic understanding of these can help win over each personality type in a negotiation. Some of the most well-known personality type models include:

- 1. Myers-Briggs Type Indicator (MBTI):** Based on the work of Carl Jung, this is one of the most popular personality type models. It identifies 16 distinct personality types, which are derived from combinations of four dichotomies: Extraversion (E) vs. Introversion (I), Sensing (S) vs. Intuition (N), Thinking (T) vs. Feeling (F), and Judging (J) vs. Perceiving (P). Examples of MBTI personality types include ISTJ, ENFP, and INTP.
- 2. Big Five (Five-Factor Model):** This model assesses personality based on five broad traits: Openness to Experience (O), Conscientiousness (C), Extraversion (E), Agreeableness (A), and Neuroticism (N). Each trait is measured on a continuum, and individuals can score anywhere along the spectrum for each dimension.
- 3. Enneagram:** This model identifies nine interconnected personality types, each with a unique set of strengths and weaknesses. The types are Type 1 (The Perfectionist), Type 2 (The Helper), Type 3 (The Achiever), Type 4 (The Individualist), Type 5 (The Investigator), Type 6 (The Loyalist), Type 7 (The Enthusiast), Type 8 (The Challenger), and Type 9 (The Peacemaker).



4. **DISC:** This model, whose groundwork was laid by psychologist William Marston, focuses on four primary personality traits: Dominance (D), Influence (I), Steadiness (S), and Conscientiousness (C). DISC is often used in organizational settings for team building and communication improvement.
5. **The Four Temperaments:** This is an ancient personality model that divides people into four main temperaments: Sanguine (enthusiastic, sociable), Choleric (short-tempered, ambitious), Melancholic (analytical, reserved), and Phlegmatic (relaxed, peaceful). This model has evolved considerably over the centuries, but its core ideas can still be found in some modern personality theories.

In this section of the book, we will focus on the DISC model and learn how to deal effectively with each personality type. Remember that the DISC model suggests that each of us has a dominant personality style but acknowledges that individuals can exhibit characteristics of other styles in certain situations or circumstances. In other words, while someone may have a dominant style, they may also display traits of other styles in different situations. Also, remember that no personality system is an exact science, and we should only use these as tools for self-awareness and understanding rather than as a way to strictly categorize an individual's personality.

The DISC assessment was created in the 1940s and 1950s by Walter V. Clarke, an industrial psychologist. Clarke built on Marston's theory by developing a self-report questionnaire to measure individual preferences and tendencies within the four DISC dimensions.

Since then, various organizations and researchers have refined and adapted the DISC profile test; there are multiple versions of the test available today. However, the DISC model's core principles remain rooted in Marston's original work on human emotions and behavior.



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## ***The Dominance (D) Personality Type***

Assertive, ambitious, and goal-oriented individuals characterize the Dominance (D) personality type. They are natural leaders, driven to achieve results and overcome challenges. D-types tend to be decisive, self-reliant, and efficient, preferring to take control of any situation and make quick decisions. They are motivated by challenges, power, and authority and often exhibit a strong sense of urgency.

### ***Negotiating with D Personality Types***

When negotiating with a D personality type, it is important to understand their preference for direct, concise communication. They appreciate honesty, so be clear about your intentions and objectives. Focus on presenting the facts and data that support your argument, avoiding superfluous details or emotional appeals. D-types are results-driven and competitive, so emphasize the mutually beneficial outcomes of your proposal.

To build rapport:

1. Show respect for their time and authority.
2. Be prepared and organized in your presentation, demonstrating that you understand their goals and priorities.
3. Acknowledge their achievements and strengths, but do not be intimidated by their assertive nature.
4. Maintain your confidence and assert your own opinions when necessary, as D-types often respect those who can stand their ground.



### **Identifying a D Personality Type**

Recognizing a D personality type can facilitate effective communication and negotiation. Some key indicators of this type include:

1. Direct communication style: D-types are straightforward and concise in their language.
2. Decisiveness: They are quick to make decisions and take action.
3. Self-reliance: D-types often prefer to work independently and may resist seeking assistance, even when it's advisable.
4. Goal orientation: They focus on achieving specific objectives and outcomes.
5. Competitive nature: D-types enjoy challenges and may be driven by a desire to outperform others.

### **Winning Over a D Personality Type in a Sales Situation**

To win over a D personality type in a sales situation, focus on presenting your product or service in a way that aligns with their preferences and communication style.

You can win a D-personality over by highlighting the direct benefits of your services, presenting concrete data, and addressing the D-type's concerns efficiently.

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### **The Influence (I) Personality Type**

The Influence (I) personality type is characterized by outgoing, enthusiastic, and people-oriented individuals. They are natural communicators, often skilled at building relationships and inspiring others. I-types thrive in social settings and enjoy engaging



in conversations, preferring to collaborate rather than work independently. They are motivated by recognition, social interaction, and positive feedback.

### ***Negotiating with I Personality Types***

When negotiating with an I-personality type, it is crucial to understand their preference for friendly, personal communication. They appreciate genuine connections, so try to build rapport by asking about their interests and listening attentively to their responses. (This should be easy since you'll be focusing on building a good rapport anyway, as mentioned above.) Be positive and enthusiastic in your approach, as I-types are drawn to energetic and optimistic individuals.

While you still need to have facts and figures to back up your positions, focus on the emotional benefits and the impact your proposal will have on people. I-types will be more receptive if they can see your proposal's value to them and others. Be patient and flexible, as they may take longer to make decisions and change their mind more frequently than other personality types.

### ***Identifying an I Personality Type***

Recognizing an I-personality type is essential for effective communication and negotiation. Some key indicators of this type include:

1. Outgoing nature: I-types tend to be sociable and enjoy interacting with others.
2. Enthusiasm: They are energetic and often display a positive attitude.
3. Strong communication skills: I-types excel at building relationships and expressing themselves.
4. Collaborative approach: They prefer working in teams and cooperating with others.



5. Focus on personal connections: I-types value genuine relationships and are more likely than most to make decisions based on emotions and personal factors.

### **Winning Over an I Personality Type in a Real Estate Sales Situation**

To win over an I-personality type in a real estate sales situation, focus on personal connections and the emotional aspects of the property. For example, while with a D-type you'd want to efficiently focus on the facts and figures pertaining to a property, with an I-type it wouldn't hurt to be more expository and expansive.

Also, when negotiating with an "I," don't forget to ask them how they feel about a given deal point or timeline. Let them explain and describe their emotions.

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## **The Steadiness (S) Personality Type**

### **Understanding the S Personality Type**

Steadiness (S) personalities are characterized by their calm, patient, and stable nature. They are often referred to as "the supporter" in the DISC profile, as they are driven by a desire for cooperation, harmony, and dependability. S personalities prefer a steady pace and resist change, valuing security and stability in their personal and professional lives. They have a strong sense of loyalty, are empathetic, and are known for their excellent listening skills. S personalities often excel in roles that require patience, consistency, and the ability to work well with others.



### *Identifying an S Personality Type*

Identifying a Steadiness (S) personality type can be done by observing their behavior and preferences in various situations. Some common traits and behaviors of S personalities include:

- 1. Seeking harmony:** S personalities aim to maintain peaceful and positive relationships with others, avoiding conflicts and confrontations whenever possible.
- 2. Patience and calmness:** They demonstrate patience and remain calm under pressure, often serving as a stabilizing force in group settings.
- 3. Active listening:** S personalities are attentive listeners, showing genuine interest in others' thoughts and feelings.
- 4. Dependability:** They are reliable and trustworthy, always following through on their commitments and responsibilities.
- 5. Resistance to change:** You may need to nudge an S personality to adapt to new ideas or situations, as they often prefer familiar and established routines.

### *Negotiating with S Personalities*

When negotiating with a Steadiness (S) personality type, it is crucial to understand their need for stability and strong relationships. Here are some strategies to effectively negotiate with S personalities:

- 1. Build rapport:** Establish trust and rapport by genuinely showing interest in their concerns and needs. Connect on a personal level by sharing your own experiences and finding common ground.





- 2. Be patient:** Allow S personalities to process the information you give them. They may need additional time to consider options and weigh the pros and cons before making a decision.
- 3. Provide reassurance:** Emphasize the stability and security of the deal or situation, preemptively addressing any potential concerns they may have.
- 4. Avoid aggressive tactics:** Steer clear of hard-sell or confrontational approaches, as they may alienate an S personality and damage the relationship.
- 5. Collaborate:** Engage in collaborative problem-solving and seek their input on decisions, demonstrating that you value their opinions and expertise.

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## ***The Conscientiousness (C) Personality Type***

### ***Understanding the C Personality Type***

A strong focus on precision, accuracy, and detail characterizes the Conscientiousness (C) personality type. Often referred to as “the analyzer” in the DISC profile, C personalities are driven by logic, systematic processes, and adherence to high standards. They are disciplined, careful, and thorough, excelling in roles that require analytical skills, attention to detail, and organization. C personalities are adept at identifying and solving complex problems. However, they can also be cautious and risk-averse, making them deliberate decision-makers.

### ***Identifying a C Personality Type***

Recognizing a Conscientiousness (C) personality type can be achieved by observing their behavior and preferences in various situations. Some common traits of these personalities include:



1. **Detail-oriented:** C personalities pay close attention to detail and often notice inconsistencies or discrepancies others might overlook.
2. **Analytical thinking:** They are logical and systematic in their approach to problem-solving, frequently analyzing information and data to make informed decisions.
3. **High standards:** C personalities hold themselves and others to high standards, striving for excellence in everything they do and expecting the same of those with whom they collaborate.
4. **Cautiousness:** They are risk-averse and may require more time to make decisions, carefully weighing the pros and cons of each option.
5. **Rules and procedures:** C personalities value adherence to established rules and procedures, ensuring tasks are completed accurately and efficiently.

### *Negotiating with C Personalities*

When negotiating with a Conscientiousness (C) personality type, it is essential to understand their need for accuracy, data, and logical reasoning. Here are some strategies to effectively negotiate with C personalities:

1. **Be prepared:** Enter negotiations well-prepared with facts, data, and logical arguments that support your position. Be ready to address any questions or concerns they may have.
2. **Be detail-oriented:** Clearly explain the specifics of any proposal or deal, providing comprehensive information and documentation to satisfy their need for precision.



- 3. Show respect for their expertise:** Acknowledge and respect their knowledge and expertise in the subject matter, as this can help build trust and credibility.
- 4. Be patient:** Allow time for C personalities to carefully analyze information and consider all aspects of the deal before making a decision.
- 5. Maintain professionalism:** Approach negotiations professionally, remaining objective and focused on the task.

### *Winning Over C Personalities in Real Estate Sales*

In a real estate sales situation, winning over a C personality requires a focus on accuracy, detail, and data-driven decision-making. Here's an example of how to approach a C personality type in this context:

- 1. Provide comprehensive information:** Offer detailed property descriptions, including accurate measurements, specifications, and relevant data. Be prepared to answer any questions they may have and provide additional documentation if necessary. If they ask questions to which you don't have the answer, be prepared to research the answers promptly.
- 2. Use data to support your claims:** Present market data, comparative analyses, and other relevant information to support your recommendations and guide the C personality in making an informed decision.
- 3. Demonstrate your expertise:** Showcase your own knowledge of the local real estate market, property features, and potential issues. This will help establish trust and credibility with a C personality.
- 4. Allow time for analysis:** When negotiating with a strong C personality, it is essential to allow time for analysis because they will want to examine all the details and data before deciding. A person with a high C personality may only



feel comfortable making a decision after thoroughly considering all the facts and potential outcomes. Rushing them into making a decision may cause them to feel stressed or uncertain, leading to a breakdown in the negotiation process. That's why it's crucial to give them the time and space they need to analyze the information, weigh the pros and cons, and come to a well-considered decision.

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## Negotiating the Ben Franklin way

### What is the Ben Franklin close?

The Ben Franklin Close is a decision-making technique based on a method employed by Benjamin Franklin, one of America's most revered founding fathers. Franklin's approach to decision-making was to create a simple yet effective Pro-Con list, which aided him in weighing the advantages and disadvantages of a particular choice. This technique not only helped Franklin make well-informed decisions but also provided a sense of confidence in the choices he made for both sides.

The Ben Franklin Close has since evolved into a powerful sales closing technique designed to help clients overcome indecision using Franklin's method. To successfully execute the Ben Franklin Close, a salesperson must first establish a relatable preamble, explaining that even the great Benjamin Franklin faced difficulties in making decisions. This sets the stage for introducing the Pro-Con list as a useful tool for the buyer to conclude.

The salesperson then guides the customer through the process, encouraging them to list all the positive reasons for proceeding with the transaction on one side of a sheet of paper while noting any potential drawbacks on the other. When using this approach, it's crucial to first obtain the agreement of the client to follow this method, as it ensures that they are invested in the process and will respect the outcome.



During the listing of pros, the salesperson should actively contribute to the list, pointing out various appealing aspects of the deal. However, when listing the cons, the salesperson should step back, allowing the client to generate the reasons independently. The client's list of pros will likely outweigh the cons, leading to an informed decision in favor of the investment.

The Ben Franklin Close is a time-tested decision-making technique that can be readily adapted for sales. By drawing upon Benjamin Franklin's method of weighing pros and cons, real estate agents can help clients overcome their indecision and feel more confident in their choices. The key to success lies in guiding them through the process and obtaining their agreement to follow the method, ultimately leading to a positive outcome for both parties.

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## Negotiating like Ben Franklin With a Hesitant Buyer

Create a list outlining the benefits of buying a home. Such a list might look like the following:

Pros of Buying a House:

- 1. Building equity:** Over time, as you pay off your mortgage and the property value increases, you build equity, which can be a valuable asset in the future.
- 2. Tax benefits:** Homeowners may qualify for various tax deductions, such as mortgage interest and property taxes, potentially reducing their tax burden.
- 3. Stability and control:** Owning a home offers more stability and control, as you can make decisions about renovations, landscaping, and other aspects of the property without needing permission from a landlord.



4. **Long-term investment:** Real estate has historically been an excellent long-term investment, with property values typically increasing over time.
5. **Fixed mortgage payments:** With a fixed-rate mortgage, your monthly payments will remain the same throughout the life of the loan, making it easier to budget and plan for the future.
6. **Privacy:** Homeownership generally provides more privacy than renting, as you have more control over your living environment and are not subject to the rules of a landlord or property management company.
7. **Potential for rental income:** Owning a home may allow you to generate rental income of your own by renting out a room or the entire property, helping offset the homeownership costs.

Next, let the buyer come up with the “cons” to buying a home so that you can sniff out their real objections. What are they hesitant about? What’s holding them back from making a decision? Once they set it down on paper, you will understand their true objections, and you can talk through them one at a time.

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## Negotiating like Ben Franklin With a Hesitant Seller

The Ben Franklin method can also be used with a reluctant seller on a listing presentation.

Just as you would with a buyer, create a list outlining the benefits of listing with you. This list might look like the following:

1. **Experience and local expertise:** I have been working as a real estate agent in the [City/Region] area for over [number of years] years and have successfully closed numerous transactions. My extensive knowledge of the local market



and my ability to understand current trends allow me to provide you with a comprehensive strategy tailored to your specific property and neighborhood.

- 2. Marketing and technology:** As an agent in today's competitive market, I understand the importance of using technology and multiple marketing channels to showcase your property to the widest possible audience. My marketing plan includes high-quality professional photography, engaging video tours, targeted social media advertising, and listing syndication across multiple platforms to ensure maximum exposure.
- 3. Strong negotiation skills:** My experience in negotiation means that I am well-equipped to get you the best possible price for your home. I will work tirelessly to ensure that every offer is carefully reviewed and strategically negotiated on your behalf, with your best interests always at the forefront.
- 4. Communication and transparency:** Open communication is the key to any successful partnership. As your agent, I will keep you informed throughout the process, providing regular updates, feedback from potential buyers, and guidance on improving your property's marketability.
- 5. Personalized service:** I understand that every client and property is unique, and I am committed to providing you with a personalized experience tailored to your specific needs and goals. I am available to answer any questions or address any concerns that may arise during the process, and I am always willing to go the extra mile to ensure your satisfaction.

Now let the seller come up with the "cons" of listing with you so that you can determine their real objections. What are they hesitant about? What's holding them back from signing that listing contract? Once this is explained on paper, you can talk through their concerns one at a time and get that listing signed!





## Always put your client's interests before your own

Remember that real estate agents have a fiduciary duty toward their clients. This duty is one of the highest good faith and loyalty. In short, the negotiation has to lead to an outcome that doesn't put the agent's interests ahead of the client's.

Maintaining this duty is essential for many reasons, foremost of which is establishing trust between the agent and the client. Trust is the foundation of any successful relationship, and in the context of real estate transactions, it can make or break the outcome. Real estate agents demonstrate their commitment to their client's well-being and showcase their professionalism and ethical conduct by consistently upholding their fiduciary duty.

Sometimes the client may think the agent cares more about their commission than their best interest. This can lead to problems that may negatively impact negotiations and even derail a deal altogether.

Consider the following example:

John and Karen were in the process of buying their first home together. They had spent weeks searching for the perfect property with the help of their real estate agent, Linda. They had shared their budget and specific requirements with Linda, hoping she would find them a house that suited their needs.

One day, Linda called the buyers to inform them about a new listing that had just come on the market. She insisted it was perfect for them, and that they needed to see it immediately. Eager to see what sounded like their dream home, the couple agreed to meet Linda at the property.



As they toured the house, John and Karen couldn't help but notice that it was significantly more expensive than their stated budget, and many of the features they had requested were not included. The house was larger than they needed, for one thing, and the backyard was much smaller than they had hoped for. They also noticed multiple maintenance issues that would need to be addressed, such as a leaky roof and discoloration in both bathrooms above the shower.

When they voiced their concerns with Linda, she dismissed them, saying that the property was a great investment and they could quickly fix the issues. Linda seemed more focused on the potential commission she would receive from the sale, rather than truly listening to their needs and helping them find the right home. John and Karen couldn't help but also notice that Linda was the listing agent on the home.

John and Karen began to feel suspicious of Linda's intentions, as it seemed obvious that she cared more about her commission than their best interest. They decided to speak to other real estate agents to get a second opinion on the property and eventually decided to part ways with Linda in search of a more sincere agent who would appropriately prioritize their needs and preferences. Linda strayed from the core priorities of an agent, and it cost her a client (and probably didn't help her reputation with the other agent John and Karen retained).

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## Try and understand both sides in the negotiation.

Negotiation is the art of reaching an agreement between two or more parties through communication and compromise. One of the most effective ways to become a better negotiator is to understand and consider both sides of an argument to help foster communication and lead to compromise. Remember, seeing both sides of an argument is important to be a successful negotiator. It's not always about "beating" the other side, it's about finding a way so everyone is satisfied with the outcome.



In the context of a real estate agent, seeing both sides of an argument is crucial for facilitating productive and successful negotiations between buyers and sellers. As an intermediary, we represent the client's interests while working towards a mutually beneficial agreement for all parties involved.

For instance, imagine a seller asking for a higher price than the buyer is willing to pay for a property (surprise surprise!). The real estate agent can certainly recognize their desire to maximize the return on their investment. But likewise, by understanding the buyer's perspective, the agent can appreciate their need to find a fairly priced property and their concerns about overpaying.

Understanding both perspectives fosters a more productive and respectful dialogue between the real estate agent and their counterparts. The agent can build trust and rapport by empathizing with both parties, creating a more conducive environment for successful negotiations. They can acknowledge and address the concerns of both parties, ensuring that each feels heard and respected.

Additionally, by seeing both sides of the argument, the real estate agent can identify areas where compromise is possible and propose creative solutions.

For example, the agent might suggest that the seller agrees to a slightly lower price if the buyer is willing to accept the property in its current condition without asking for repairs or improvements. This approach addresses both the seller's desire to maximize their return and the buyer's budget constraints, ultimately leading to a more satisfying agreement for all parties involved.

Your ability to see both sides of an argument and empathize with the concerns of both the buyer and the seller is essential for successful negotiations. This understanding fosters a more productive dialogue, builds trust, and leads to more closed transactions!

**Enhancing empathy and understanding:** Empathy allows negotiators to build trust and rapport with their counterparts, which can significantly contribute to the success of a negotiation. A negotiator can better empathize with the other party's perspective



and concerns by seeing both sides of an argument. This understanding fosters a more productive and respectful dialogue, ultimately leading to a more satisfying agreement for all parties involved.

**Identifying underlying interests:** By considering both sides of an argument, a negotiator can uncover each party's true underlying interests and motivations. This understanding is vital in finding common ground and reaching a mutually beneficial agreement. It is hard to negotiate effectively when you don't know what the other side really wants. When real estate agents understand the core interests of both parties, they can develop creative solutions and trade-offs that address the concerns of all stakeholders.

**Reducing conflict and emotional barriers:** Negotiations often involve high-stakes issues and can be emotionally charged - especially regarding something as expensive as a home or commercial asset. As real estate agents, we deal in high-dollar-value items, so there is going to be some conflict, and a bit of emotion in the room shouldn't be a surprise. Understanding both sides of an argument can help a negotiator diffuse tension and avoid escalating conflicts. By acknowledging the concerns and emotions of all parties, agents can maintain a more constructive and solution-focused atmosphere, leading to a more effective negotiation process.

**Facilitating better decision-making:** When you see both sides of an argument, you become better equipped to make informed decisions. A comprehensive understanding of the different perspectives and concerns at play allows the real estate agents to weigh the pros and cons of various options, leading to a successful close.

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## Let the Other Party Come to Their Conclusion

Negotiations play a crucial role in many aspects of life, from business deals to resolving interpersonal conflicts. A successful negotiation requires a delicate balance of communication, persuasion, and understanding - especially in real estate.



One common premise in negotiations is that it is essential to refrain from directly telling the other party what you would like them to do. It's much more effective to allow them to come to their own conclusion for achieving the desired outcome. Understanding this is important and will help you get more deals across the finish line.

When the other party in your negotiation comes to their conclusion, they have a greater sense of ownership and commitment to the outcome. This sense of ownership can lead to a stronger commitment to the agreement, increasing the likelihood of successful implementation.

Allowing the other party to reach their own conclusion also empowers them and fosters trust. A real estate professional who listens and provides space for the other party to think and decide demonstrates respect for their autonomy and intelligence, strengthening the relationship and enhancing the chances of a positive outcome. Remember to be open to new ideas and solutions. When agents encourage buyers and sellers to think independently, they tap into the collective creativity of both parties, increasing the chances of finding innovative and mutually beneficial solutions for any challenges.

Finally, remember to avoid defensiveness. Directly telling someone what to do can provoke a defensive reaction, especially if the client perceives the demand as an infringement on their autonomy. By allowing your buyers and sellers to come to their own conclusions, agents can avoid triggering negative reactions, keep emotions on an even keel, and get more deals closed.

### **Example of a Tense Negotiation**

The Cuban Missile Crisis of 1962 is an example of a high-stakes negotiation where direct demands from one party nearly led to catastrophic consequences. The United States discovered that the Soviet Union had been placing nuclear missiles in Cuba, sparking a tense standoff between the two superpowers.



President John F. Kennedy initially adopted a direct approach, demanding the immediate removal of the missiles from Cuba. This aggressive stance almost pushed the negotiations to the brink of failure, as the Soviet Union's leader at the time, Nikita Khrushchev, felt cornered by the ultimatum. Instead of complying, Khrushchev prepared for a possible war, escalating the crisis.

Recognizing the potential for disaster, both leaders employed more subtle negotiation tactics, including backchannel communications and concessions. Kennedy averted a potential nuclear war by allowing Khrushchev to come to his own conclusion regarding removing the missiles.

While the purchase and sale of real estate aren't as high stakes as a nuclear war, the principle remains the same - don't cram your way down someone else's throat, and you'll get more deals done and make more money.

### **Building Strong Professional Relationships**

There are usually multiple parties involved in any real estate transaction, including buyers, sellers, agents, lenders, and vendors. Developing strong negotiation skills allows agents to foster positive relationships with all parties involved, paving the way for smoother transactions. This collaborative approach can lead to better communication, enhanced understanding, and mutually beneficial outcomes, ultimately contributing to the agent's professional success.

### **Navigating Challenging Market Conditions**

Real estate markets are unpredictable; conditions frequently change. Agents with refined negotiation skills are better equipped to navigate these changing environments and adjust their strategies accordingly. By remaining informed with the latest data and



continuously improving their negotiation techniques, agents can remain agile and responsive to market shifts, ensuring that they are well-prepared to secure favorable deals for their clients, regardless of the circumstances.

### **Gaining a Competitive Edge**

The real estate industry is highly competitive, with many agents vying for clients and striving to stand out from a crowded field of professionals. Possessing advanced negotiation skills can give agents a significant advantage in this competitive landscape. By demonstrating their expertise and achieving successful outcomes for clients, agents can differentiate themselves from others in the field and attract new business, both by earning the confidence of their own clients (and referrals) and by securing a strong reputation among their professional peers.

### **Encouraging Professional Growth and Development**

Continuously improving negotiation skills contributes to an agent's professional growth and development. Agents can always refine their techniques by engaging in ongoing learning and seeking feedback, enhancing their understanding of the real estate market, and growing as professionals. This commitment to improvement benefits the agent's career and leads to better results for their clients. No matter how experienced you are, there's always room to explore situations you haven't encountered; practice makes perfect.

The importance of improving negotiation skills for real estate agents cannot be overstated. By continuously refining these abilities, agents can achieve optimal outcomes for their clients, build strong professional relationships, navigate challenging market conditions, gain a competitive edge, and encourage professional growth and development. Investing time and effort in negotiation skills is a worthwhile endeavor



for anyone striving for excellence in their profession. We encourage you to apply the skills and recommendations we've covered here and keep honing your own skills, so you can provide the best possible service to your clients.

Throughout this book, we have explored numerous real estate negotiating techniques, highlighting the significance of each in facilitating successful transactions. As we conclude, it is essential to remind you of the importance of continuously improving negotiation skills for real estate professionals and to encourage you to enhance these abilities. Remember that refined negotiation skills are key in the real estate profession.

Our primary responsibility is to represent the best interests of our clients, whether they are buyers or sellers. By honing our negotiation skills, we can secure more favorable terms and conditions, ensure client satisfaction, and bolster our reputation as skilled and trustworthy professionals.





