



Talking to the BUYER

Supply & Demand:

Slow (Buyer's) Market

2. Illustration

1. Slow (Buyer's) market is when you have more than a 6-month supply of homes. You can determine the number of months' supply by looking at the data spread sheet below the graphs. I have circled just a few of the months with more than 6 months inventory.
2. You can also demonstrate inventory and sales history trends by drawing a big arrow across the graph when you show the chart to your customer.
3. There are seasonal trends, which are different in each market. In this example the inventory decreases in the winter months, peaks during the summer then repeats itself as we head back into summer. You will want to ignore sharp spikes or dips in any 1 month and focus on the overall trend.
4. Even though recent sales are strong compared to last year, there is still more than 6-month inventory.
5. During a buyers market this graph is important for you - the agent. You may use this chart to help your buyers find the strongest area in a weak market. This will reduce the chances of the buyer losing equity once they become a homeowner. As an example a buyer would be better off in a market with 7-month inventory versus one with 20-month. When the market shifts the area with the least amount of inventory will recover first. Buyers who need to move into a specific area can find which price range has the least inventory. This area will most likely recover first.
6. Now let me share with you how you can speak to your buyer.

TALKING TO YOUR CLIENT SAMPLE DIALOG

7. Mr. & Mrs. Buyer, first I want to tell you that this is factual Multiple Listing Data for your area and your price range.
8. One of my **roles is to educate you** to current and past market conditions and to help you determine the best buying strategy for your individual situation.
9. As you can see by the dark green **homes sold** bars, based on the last three months, there are less homes selling than last year at this time. This is good news; there are more sellers in your price range. However, we have to compare the number of homes for sale and the pended sales to get a complete picture.
10. As you can see by the light green **homes for sale** bars, inventory has started to increase. This is exactly what it did last year during the same time period. But unlike last year we have more homes for sale. In fact we have more than **six months inventory**. This gives you, the buyer, the upper hand.



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11. We determine this by dividing the number of homes for sale by the number of homes selling. In this last month we have 51 homes for sale and 7 sold; that gives us 7 months of inventory. ($51/7 = 7$). In other words, if we had no more homes come on the market and we continued to sell 7 homes per month, our inventory would only last 7 months.
12. Mr. & Mrs. Buyer, if you decide to move into this area, I will also show you the price-per-square-foot chart to help you determine the pricing strategy. If you are still open as to which area to move into, we can compare areas and price ranges to find the strongest of the buyers markets that are most likely to recover first. As an example, in your price range the inventory in area A is more than 12 months. In area B the inventory was at 10 months and has dropped to 7 months. Based on this, the trend for area B is more optimistic than A.”
13. I will e-mail or deliver this to you each month so we can plan our marketing strategy together accordingly.