



Talking to the Seller

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Hot (Seller's) Market

1. A hot (seller's) market is when you have less than a 3-month supply of homes. You can determine this by looking at the data spread sheet below the graphs. I have circled just a few of the months with less than 3 months inventory
2. You can also look at the pended sales red line to see if it is higher than the current dark green sold bar. In this example the red pended line is higher than the sold bar which means that our solds should increase in the months to follow. With pended sales increasing, the sellers market will continue until the listings exceed a 3-month supply. Given last years trend that would seem unlikely. If you look at last year, the inventory starts to decline as you enter the winter months.
3. 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. There are seasonal trends, which are different in each market. In this example, the inventory drops in the winter months, peaks during the summer then repeats itself as we head back into summer.
4. But even though inventory seems to be climbing in this example all we have to do is look to last year, to see it starts to drop off in the fall months. Sales start to fall as well. If a sellers' home has not sold during the summer months they will have a tougher time in the winter. If the home has not sold in a hot market like this it is either over priced or in terrible condition. Time to reevaluate the strategy.
5. This graph is the best for you, the agent, to send out in your newsletters, postcards or post on your web site. Use the larger areas and ask the customers to call you for more specific information on their area and price range. E-mail your customers the latest updates of Facts and Trends and give your customers some insight to what it means to them.
6. You, the agent, can also use this information to identify the best markets to farm opportunities. In a Sellers market, you should shift your time away from buyers and spend more time soliciting Sellers. With low inventory, buyers will be handed to you on a silver platter if you have the listings. Use this information in your listing presentations and buyer orientations.
7. During a Seller's market this graph is especially important for you – the agent. You may use this chart to help your sellers set a more aggressive listing price in a hot market. In doing so, you will maximize the return of the equity the sellers have built in their home.
8. Now let me share with you how you can speak to your seller.



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TALKING TO YOUR CLIENT SAMPLE DIALOG

9. Mr. & Mrs. Seller, first I want to tell you that this is factual Multiple Listing Data for your area and your price range.
10. One of my **roles is to educate you** to current and past market conditions and help you determine how to compete for the few buyers willing to buy in this market. Together, with this information we can create more realistic selling strategy.
11. As you can see by the dark green homes sold bars for the last three months, there are currently more homes selling than there were last year. This is good news - there are more buyers in your price range. But we must compare that to how many homes are for sale and the pended sales line to get a complete picture.
12. As you can see by the light green homes for sale bars, inventory has started to drop, which is what it did last year during the same time period. However, unlike last year, we have more homes sold. In fact, we have less than three months inventory. And this gives you, the seller, the upper hand.
13. We determine this by dividing the number of homes for sale by the number selling. In this last month we have 30 homes for sale and 15 sold, that gives us 2 months of inventory ($30/15 = 2$). In other words, if we had no more homes come on the market and we continued to sell 15 homes per month, our inventory would only last 2 months.
14. Mr. and Mrs. Seller this is a great market for you as you have the negotiating advantage. Yet we must keep our eye on changes in the market. Specifically we need to watch for increasing inventory and decreasing sales. What that means to you is more competition and fewer buyers. Both of these can change the market to a neutral or buyers market in a short period of time.
15. If we see the market shifting we can gain the advantage over our competition by adjusting our price. I will keep you posted on the market changes with these monthly charts.