



Negotiation *Planning Guide*

Successful negotiators rely on:

- 1) research** - gathering all the relevant facts you can about the market, the buyer and the seller; and
- 2) planning** - using these facts, coupled with an understanding of different negotiating techniques, to craft an optimal strategy.

When developing your negotiation plan, take time to first assess each of these factors:

MARKET CONDITIONS

- ♦ Conduct a thorough market analysis specific to the property in question, evaluating:
 - Inventory/absorption rate
 - Average list price trends
 - Trends in number of homes sold
 - Average selling price to listing price ratio
 - Price per square foot
 - Relative property condition
 - Any other relevant data
- ♦ What does the data say about the seller's asking price? Opportunities for buyers?
- ♦ What distortions, if any, are caused by distressed properties?

BUYER'S PERSPECTIVE

- ♦ What are your buyer's alternatives?
- ♦ What is the maximum price they are willing to pay?
- ♦ What other elements can your buyer include in their offer (or a response to a counteroffer) to make it more appealing?

SELLER'S PERSPECTIVE

- ♦ What are the seller's alternatives?
- ♦ What is the possible minimum the seller would accept?
- ♦ What do you know about the seller's situation that reveals motivations, priorities, etc.?

ZONE OF POSSIBLE AGREEMENT

- ♦ What is the range (if any) between the buyer's maximum price and the seller's expected minimum price?
- ♦ How do these numbers compare to your analysis of market conditions, specific to this property?

PERSUASION APPROACHES

Which will be most effective? (Think SUCCESS to remember all options.)

Self-interest – Can you show the seller why it's in their best interest to accept your buyer's offer?

Uniqueness – Is there a way you can make your buyer's offer unique and/or special relative to other buyers' offers?

Contrast – Can you present comparisons that will improve the appearance of your buyer's offer?

Communication – What method of presentation will you utilize? Words? Verbal? Body language?

Exchange (or reciprocity) – Can your buyer help the seller get what they want in exchange for giving your buyer what they want?

Sameness – Is there a “connecting point” with the seller and/or the listing agent that you can use to your advantage?

Sound logic – Can you use logic and rationale to justify your buyer's offer to the seller?

PLAN!

Working with your buyer, take all these and other relevant factors into consideration and agree on a negotiating plan. Will you be leaning heavily upon logic and data, using your market analysis to support your offer? Are there other aspects of your buyer's offer that can be emphasized to sweeten the deal? How will you structure your initial offer, relative to potential responses to counter-offers?

These questions, and others, are central to negotiating success. You can demonstrate your knowledge and experience to buyer-clients—and improve their ability to get what they most want from you—by taking a professional, step-by-step approach to negotiating on their behalf.