

5 K's of Negotiating



1. **Know what Data the Other Side has Available** - both sides have the same MLS data on the subject property, including any previous listing info. Both, also, can compare average DOM, LP/SP ratios and common \$/SQ FT numbers. The key here is to consider the data the other side is viewing, not to blindly ignore it.

2. **Know the Other Side's Expectations** –
 - a. **If you're the Seller -**
 - i. have your agent ask the BA how fast a response they expect to their contract offer.
 - ii. Are they moving quickly because they already lost another home they wanted to buy
 - iii. **And/Or**, are they anxious to move on to another property, if this offer is unsuccessful.
 - b. **If you're the Buyer-**
 - i. Have your agent ask the LA what the Seller is seeking on possession date
 - ii. **If not noted in MLS**, what personal property can convey.
 - iii. **Discuss with your agent** what percentage of the list price sellers would typically expect based on the current DOM of this listing

3. **Know their Needs versus Wants** -
 - a. **If you're the Seller -**
 - I. Does buyer Need or Want Seller paid Closing Cost assistance?
 - II. Does buyer Need or Want a price discount off the List Price?
 - b. **If you're the Buyer -**
 - I. Does seller Need or Want a specific closing date?

4. **Know their Other Options** -
 - a. **If You're the Seller – Buyer Options include:**
 - I. **Buying Another Listing**
 1. **Within the Subdivision**
 2. **Within the School District**
 3. **Within the same MLS Area**
 4. **Anywhere else in the world. Therefore, know your competition.**
 - II. **Financing**
 1. **Can the buyer use a style that doesn't require Owner Paid Closing?**

- b. **If You're the Buyer - Seller Options include:**
 - I. **Current Offers from Other Buyers**
 - II. **Additional daily showings of the property that may lead to offer(s),**
If they are getting a lot of traffic, they may just choose to wait for other contracts.

- 5. **Know What the Other Side is Thinking -**
 - a. **This is Quintessential to Negotiating. I Can't Emphasize this, Enough.**
 - b. **If your agent won't be able to tell you this, find an agent who can!**
 - c. ****This must be answered before you ever agree to work with the agent.****
 - i. **Have them explain to you HOW they will know what the other side is thinking.**
 - ii. **Ask for their documented approach.**

Keep in mind, successful negotiating doesn't necessarily mean wringing every dime out of a buyer or seller at contract time. In fact, this can be counterproductive as there can be more negotiations to come in the form of:

1. **Home Inspection**
2. **Termite Inspection**
3. **Appraisal**
4. **Reinspection of Repairs**
5. **Final Walkthrough**

Many people feel negotiation equals conflict. They want to avoid this at any cost. That cost can be regret. Buyer regret that they paid too much for their house. Seller regret that they gave the house away. For others, negotiation means a battle to the end. This battle must be won, at any cost. Instead, I want you to see negotiating as a feeling that you didn't give anything away. It's knowing that you came to an agreement with your eyes fully open. Most importantly, it removes much of the stress of a real estate transaction. Current stress in the form of "am I doing the right thing?". And, future stress in the form of regret. In today's world, anything that we can do to lower stress is a good thing.

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