

Buying Real Estate vs. Buying Retail

I often use analogies to explain or clarify a point I want to make to help others make sense of my thinking. Buying Real Estate is a perfect example because many people do it and some think they understand it well enough to try doing it *on their own*. In reality, many can get quickly overwhelmed when the process does not go exactly as they expected or were told it should go. I use retail as an example of what buying Real Estate is not because practically anyone can make a retail purchase.

When you buy retail, either in a store or online, you have different choices and price points, you can complete a sale relatively quickly and you get what you bought immediately or within days. You generally have to pay the advertised price and are assumed to have the funds or credit to buy as you wander through the store or browse online. The retail process typically involves a very limited interaction where mass-produced items are sold to a wide audience. Wham, bam

The typical Real Estate experience is very different although the Internet has seemingly made the process more retail-like in terms of how a buyer can move through the steps without proving or agreeing to much at all. Let's leave the Internet aspect alone for this analogy.

Generally speaking, a buyer needs to get pre-approved to show if and what they are “qualified” to buy so that an agent, who likely only gets paid when a sale closes, will have some idea as far as what to show them. The buyer has to determine their “needs” and “wants” including where they want to live. After doing that, subject to change of course, an agent will schedule appointments to show the buyer a number of houses, hopefully taking the time to evaluate each so that the buyer can narrow their choices and ultimately determine a specific property to pursue. The formal offer is either the first “engaged” aspect of the buying process or it is the conclusion, depending on how compatible the “needs” and “wants” are for the buyer and seller. If their respective needs and wants complement each other, there may be a sale or at least an opportunity to negotiate any differences. If not, the search continues.

Once a property is put under contract, meaning sold but not settled, both parties have tasks to complete before the process of transferring ownership can conclude. Both parties will likely have several opportunities to re-evaluate their enthusiasm and dedication to the process. I believe that once a purchase agreement has been fully executed, one party is likely *happier* than the other and the rest of the process may be affected by who feels what emotion: does the buyer feel that they paid too much *or* does the seller feel that they took less than they should have? Time will tell!

The Internet is now involved in the process for most consumers and it can become a real *distraction* if it diverts a buyer's attention from doing things they will likely need to do sooner or later. This could make them miss a buying opportunity because they were not prepared to make an offer or perhaps compete with another buyer. Buying Real Estate is generally a multiple-step, possibly complicated business transaction that should not be equated with retail even though a small percentage of buyers and sellers are completing sales with little or no representation. The typical consumer, while having access to **data** and **information**, does not have the **knowledge** and **insight** to navigate the many twists and turns that most Real Estate sales involve. While appearing to be a very basic process, it is an emotional process often justified with logic. It is typically one of our largest financial investments and mistakes can be very costly. While most sales will close, problems may linger until long after settlement leaving a buyer to overcome something that might never have been an issue.

There is no time for inexperience, empty promises *or* false expectations!

HIRE WISELY: We are not “*all the same*”!