

CALIFORNIA REAL ESTATE SERVICES

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Finding the Peace: Strategies for Negotiating in Today's Marketplace by: Melissa Dittmann Tracey

Deals are falling apart in record numbers. How can you keep buyers and sellers together long enough to reach it to the closing table?

Buyers want it all. They want a home warranty, closing costs covered, and maybe even the big-screen TV and some of the furniture. Oh, and they also want \$20,000 — probably more — shaved off the asking price. And sellers are mad, feeling trapped and wondering how much more they have to give up to seal a deal. Sound familiar? Negotiations nowadays can be tense. And trying to reach a deal that can keep both sides happy is getting tougher.



“Deals are taking a lot longer than what they used to; the challenges are definitely greater,” says Mehrad Nazari, president and CEO of California Real Estate Services, a real estate investment brokerage and consulting firm in La Jolla, Calif. “There’s a lot of uncertainty in the market from the buyer’s side, seller’s side, and the agent’s side.” We see the big picture, the overall goal, and all the potential obstacles in the way. Most of all, we should be able to see the common ground, and must use that as the building blocks for a sound agreement.”

Three Principles of Negotiating

Knowledge can be power when negotiating. Nazari, who holds negotiation seminars and workshops for in-house training across the country, describes three principles in the negotiation process that can help guide your real estate deals.

1. **Strength:** To gain more strength in negotiations, educate your buyer and sellers about market conditions. Educate them about not only the comps in the area but also the competition. “The market is changing drastically, and just looking at the past for pricing doesn’t paint the full picture,” says Nazari, who has worked in real estate for more than 30 years and also holds a Ph.D. in leadership and human behavior. “There may be nothing available that is comparable to this house, so current conditions and availability of competition needs to be taken into account too.”

Understand your buyers' or sellers' "needs" versus their "wants." Taking the time to delve into knowledge about the market as well as consumers' needs, motivations, fears, and aspirations can help provide a stronger foundation for your negotiations. For example, if the buyer doesn't get this home for a certain price, what's the alternative? If the seller doesn't agree to this offer, what is her alternative? Clients without strong alternatives may need to accept they may have to sacrifice more during negotiations.

2. **Flexibility:** There is more than one way to reach the goal of buying or selling a home. "Don't get stuck in one way of reaching the goal," Nazari says. "Creativity is essential." Consider alternatives that can satisfy your clients' needs and still reach the goal of selling the home.

For example, Nazari recalls a situation where a seller couldn't afford to go down on the price any more on the property, particularly since she was going to have to vacate the home earlier than anticipated and find a short-term rental until she could move into her new home. However, the buyer, who genuinely wanted the property, was qualified for a certain loan amount and couldn't afford to pay any more for the home. The deal was locked on price and neither side could afford to budge.

In order to make it to closing, Nazari helped to negotiate a deal where the seller would be able to stay in the property for up to two months rent-free, which then would help her save nearly \$5,000 in moving costs and allow her to meet the buyer's sale price. A little flexibility on the part of both sides helped the transaction make it to closing.

3. **Mindfulness:** Particularly in today's tense and often emotional negotiations, a degree of sensitivity needs to be brought to the transaction, and you also should be prepared to address your clients' fears. Many sellers are feeling trapped and powerless, but buyers may be fearful, too — reluctant about purchasing a home that may lose value or worried that they may be missing out on something better that's even lower in price. "We always think about it as a dollar sign, but there's a lot underneath that dollar sign that we have to explore," Nazari says.

Being cognizant over both parties' points of view can help bring more understanding to an offer, instead of just resentment or anger. For example, if a low offer seems warranted, then point to the reasons or data that explain why. Then, the other party can try to understand the lower offer rather than just taking it as a possible insult. Also, if your client gives in during the negotiations, share with the other party some of the reasons that they accepted the lower offer so the other party doesn't assume they'll keep giving, and which could turn the negotiations into a cycle of asking for more and more, Nazari says.

But also acknowledge there may come a time when negotiations reach a point when "we have to know the talking and dealing with this person isn't going to happen at this time, and we may need to look for other alternatives," Nazari says. "You need patience and tenacity to meet the reality of this market. Creativity, tenacity, and patience are what differentiate the experts from the novices."

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