

SHIFT
*How Top Real Estate
Agents Tackle Tough Times*

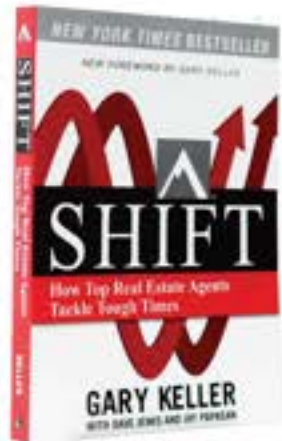


Kent Temple, KWU Master Faculty

THE MARKET HAS SHIFTED DRAMATICALLY

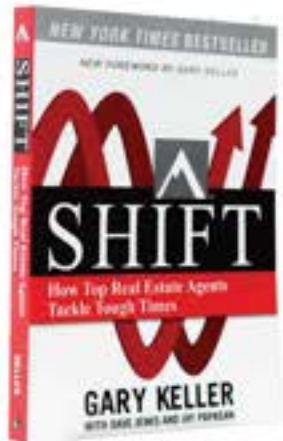
- Sales volume and transactions have dropped significantly.
- Inventory is climbing.
- Buyers are more reluctant than ever.
- Sellers are increasingly out of touch.
- Anxiety is high.

Sound familiar?



THE MARKET HAS SHIFTED DRAMATICALLY

- That was 1979
- That was 1987
- That was 2006
- That is today



SHIFT: page 2



Are you facing a shift? If you are, you shouldn't be surprised. History repeats itself. This is not the first time real estate professionals have been in this position. What's happening to you today has happened before and is destined to happen again. Real estate markets shift. They always have and always will. And the business goes on. As bleak as things can look during shifts, when I look back I believe they've served as the genesis for everything I've become and the catalyst for all that I've achieved. In fact, I've come to see them as opportunities. So can you.

THE THREE TYPES OF REAL ESTATE MARKETS

1

Buyers' Market:

**More than 7
Months of
Inventory**

2

Balanced Market:

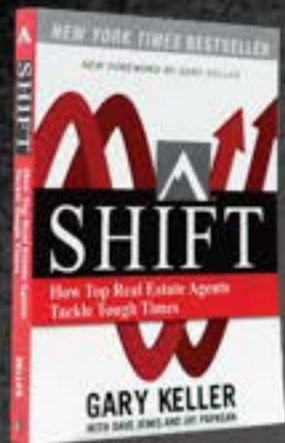
**From 5 to 7
Months of
Inventory**

3

Sellers' Market:

**Less than 5
Months of
Inventory**

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EXERCISE



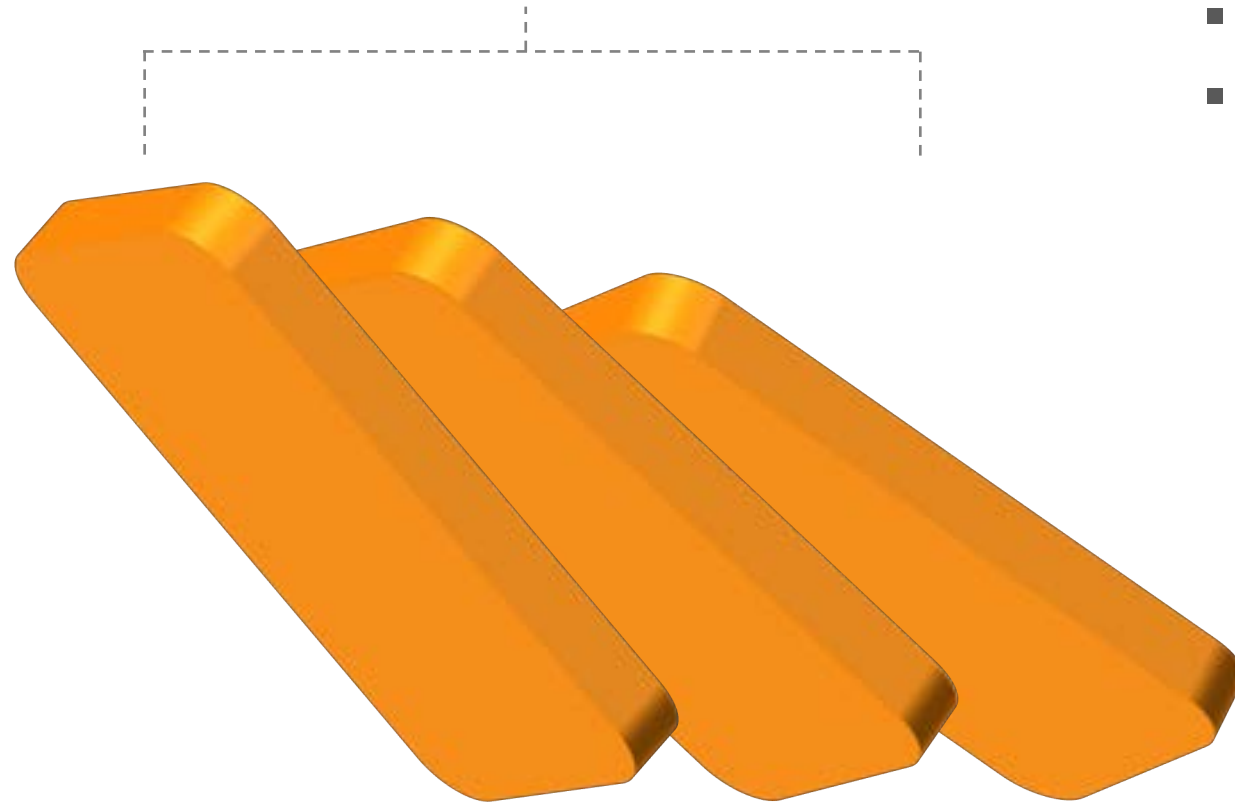
3 minutes

- In your group, come up with as many signs of a SHIFT that you can.

The Signs of a SHIFT

Economic

Economic



- Mortgage rates
- Home prices
- Tax reform

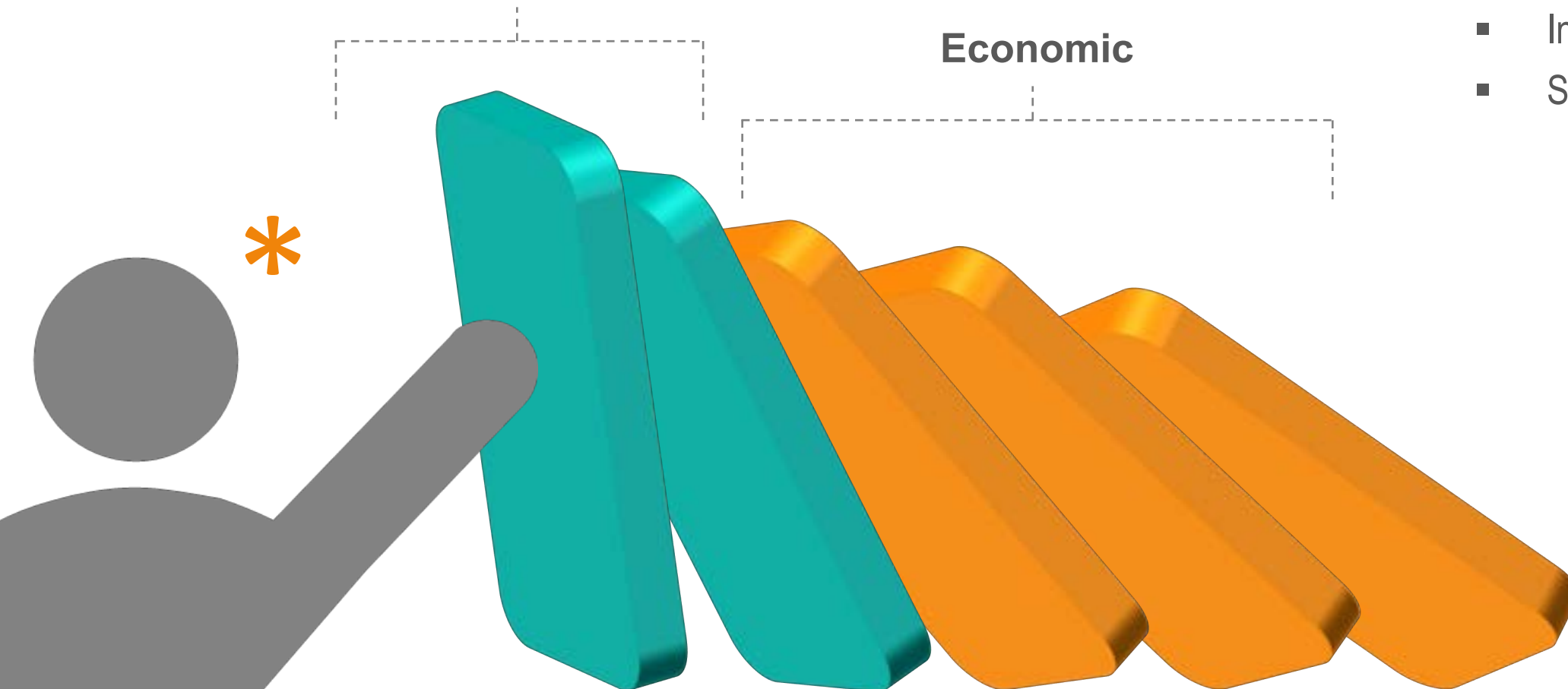
The Signs of a SHIFT

Value

Value

Economic

- Mortgage rates
- Home prices
- Tax reform
- Information you know
- Services you provide



“We are moving from a speed based market to a skill based market.”

Gary Keller

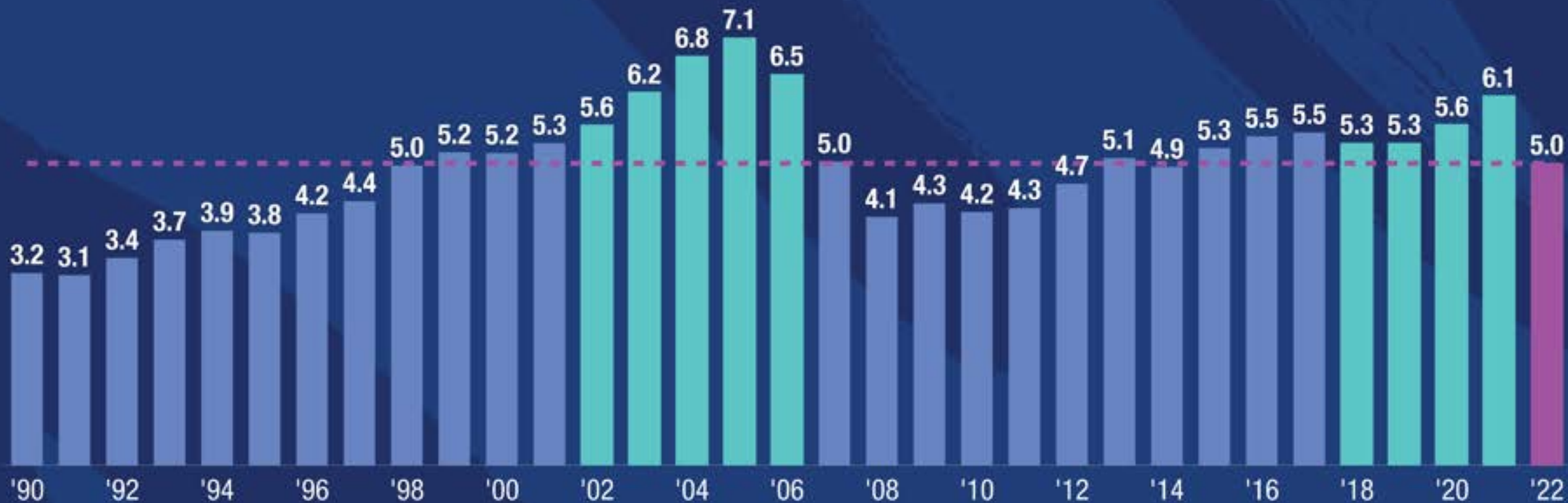
*“I am not the smartest person, but
I do the most research, therefore
I am the most informed.”*

Gary Keller

1. Home Sales - Annual

Total Sales
32.2M

Total Sales
27.3M



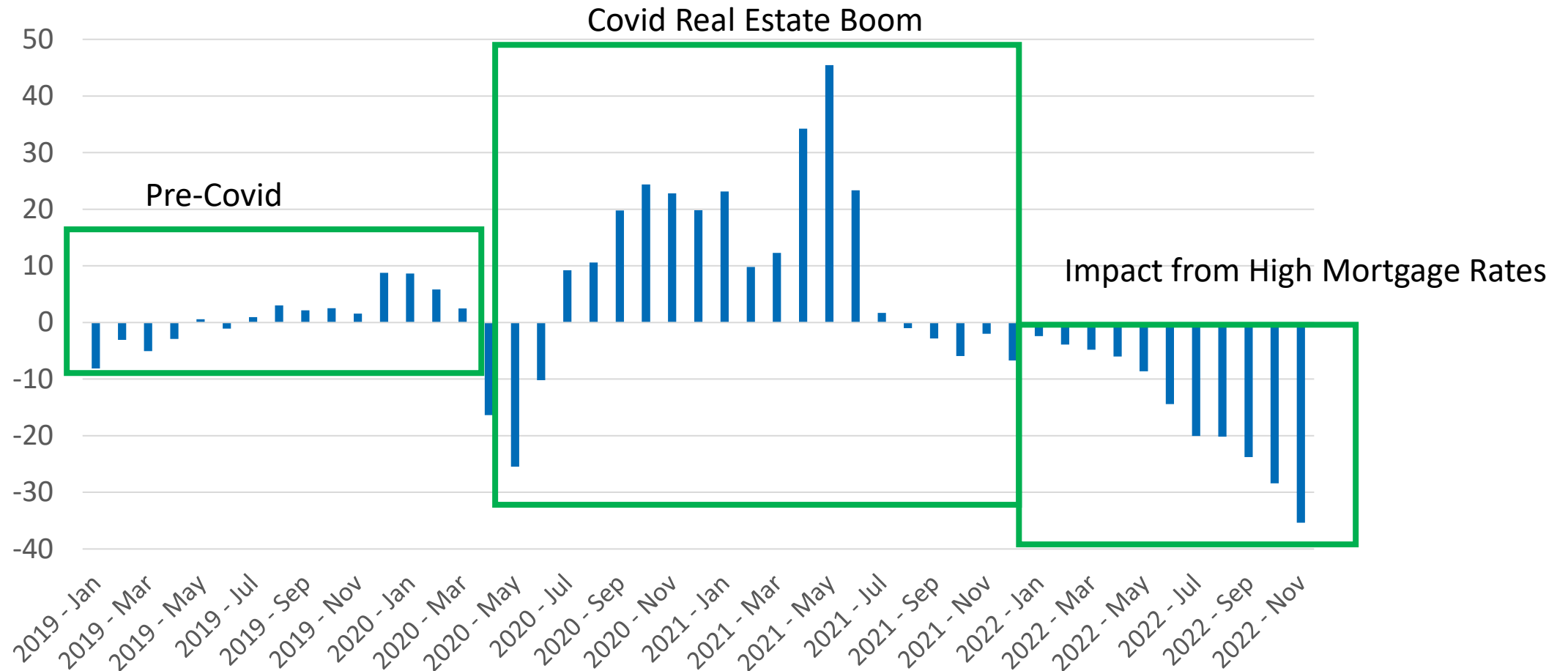
-- 2022 Sales

■ Total Annual Single-Family Home Sales (in Millions)

1. Home Sales - Monthly (Seasonally Adjusted)



Existing Home Sales % change from a year ago



Source: NAR

Annual Forecast

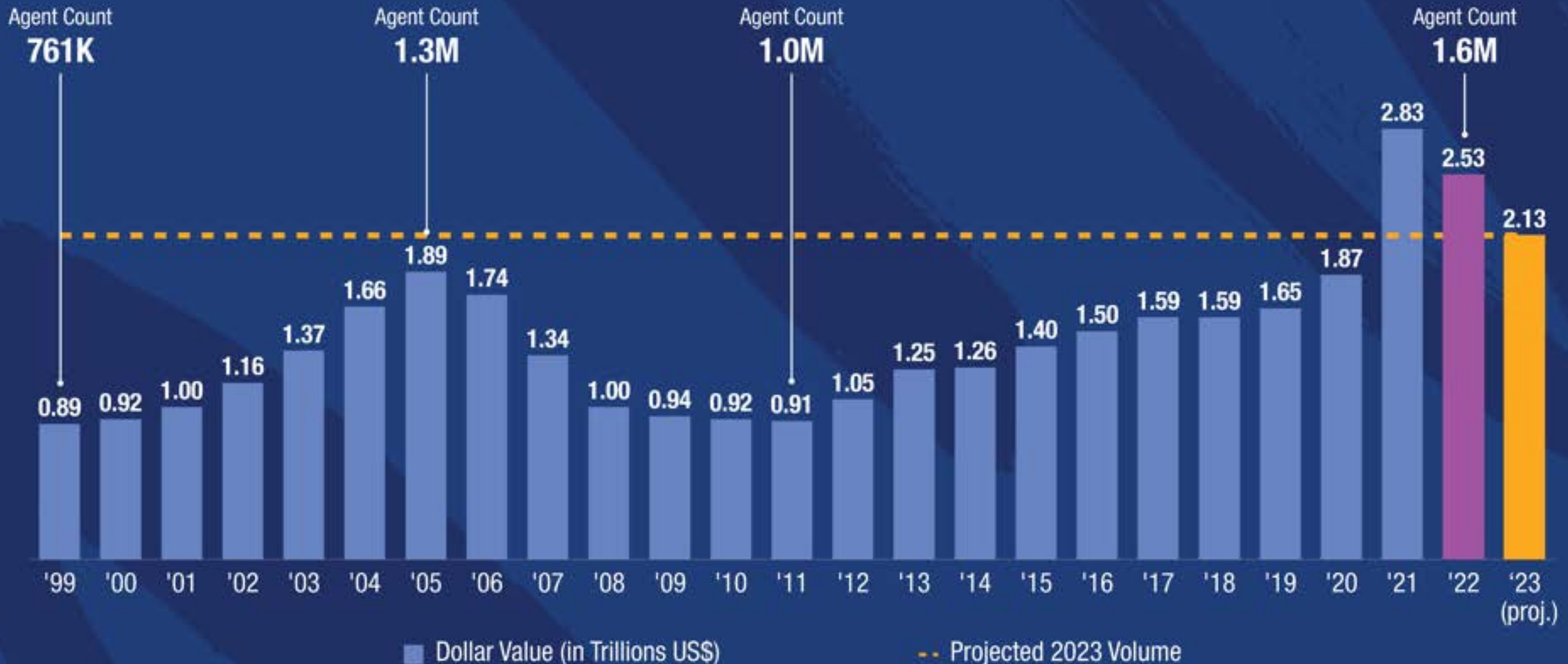
Year	Unit Sales	Home Price	Dollar Volume
2019	0.0%	+4.9%	+5%
2020	+5.6%	+9.1%	+15%
2021	+8.5%	+16.9%	+25%
2022	-18%	+10%	-8%
2023 forecast	-7%	+0%	-7%
2024 forecast	+10%	+5%	+15%

Source: NAR

1. Sides Per Agent



3. Total Market Volume



2. Volume Per Agent



2. Home Prices - Annual



— Long-term Trend = 4%

■ Annual Median Home Price (in Thousands US\$)

2. Home Prices - Monthly



Median Home Price (in Thousands US\$)

2020

2021

2022

4. Inventory - Monthly



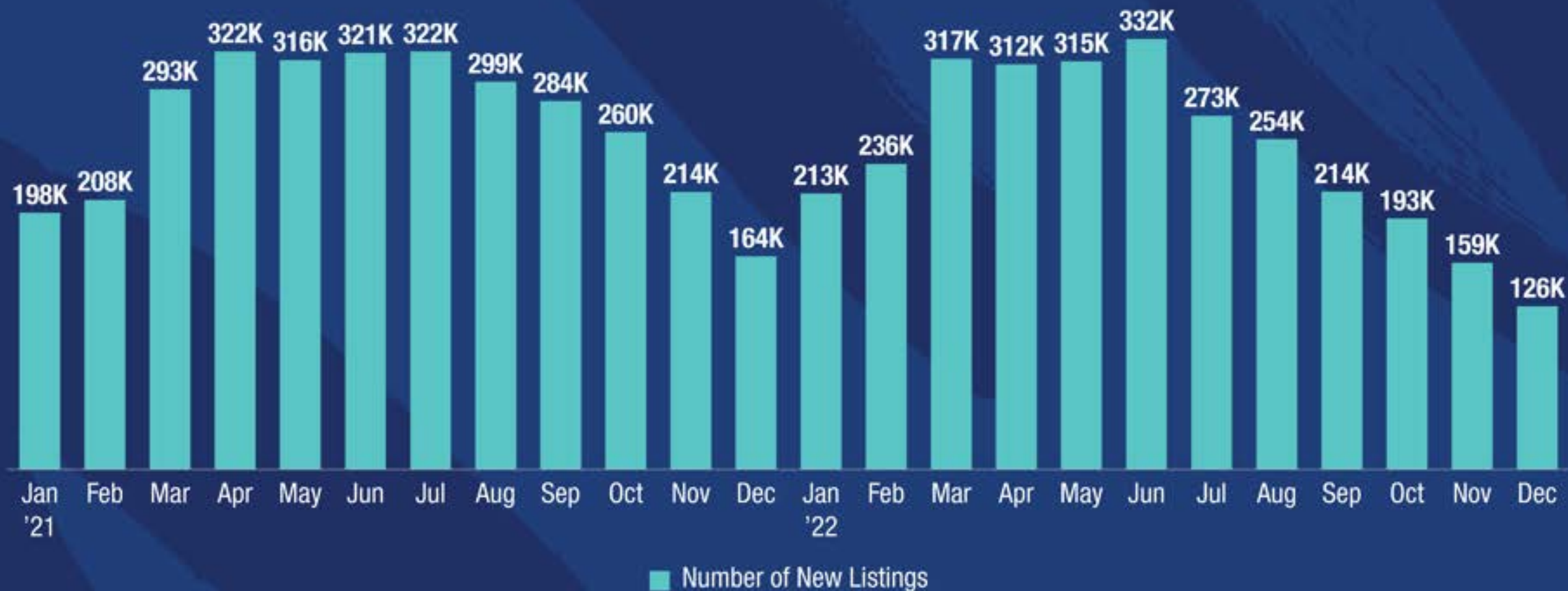
*“This is an irrational market.
Not everything will make sense.”*

Gary Keller

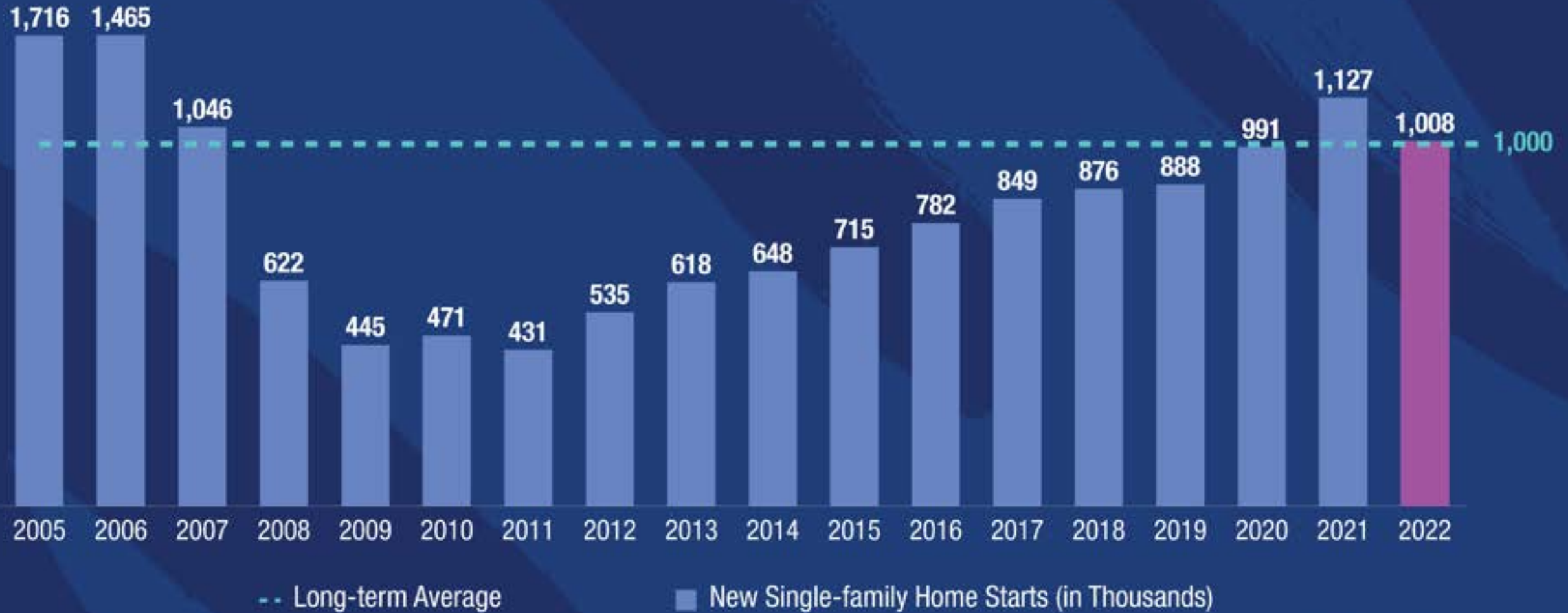
3. Listings with Price Drops - Percentage



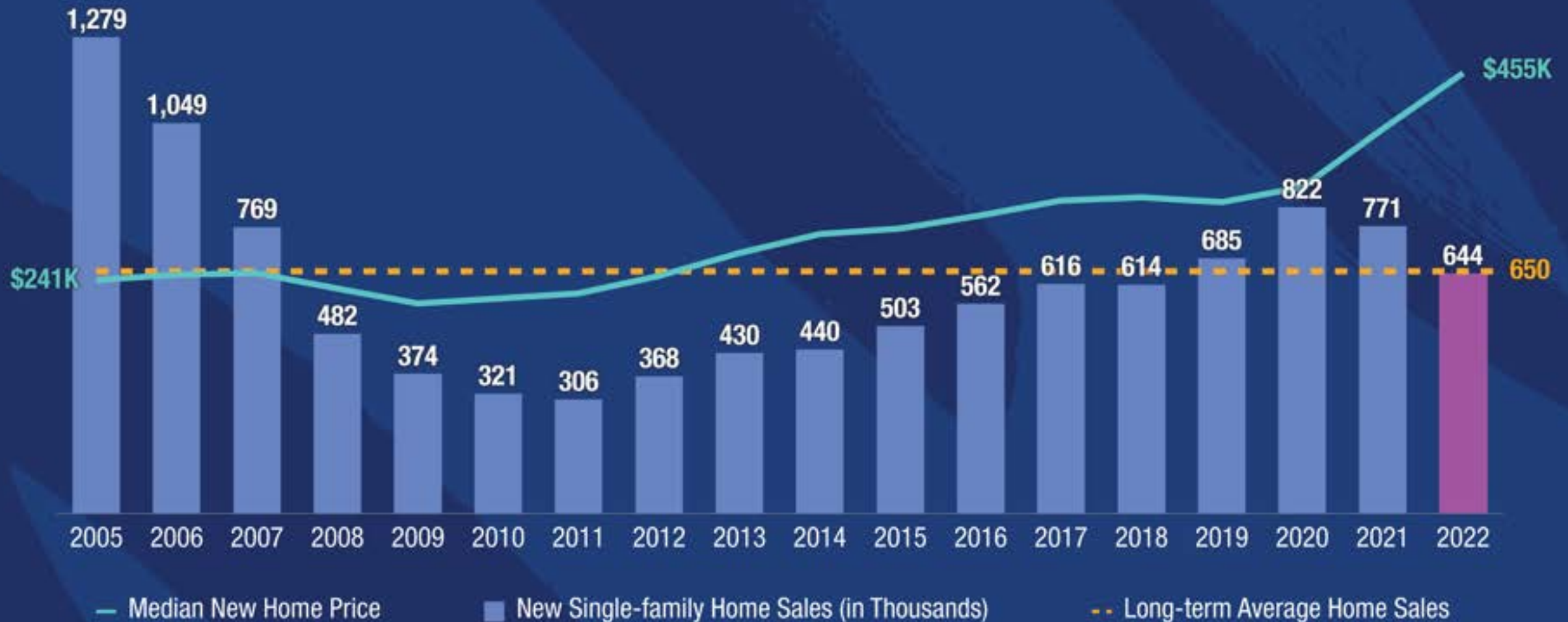
4. New Listings



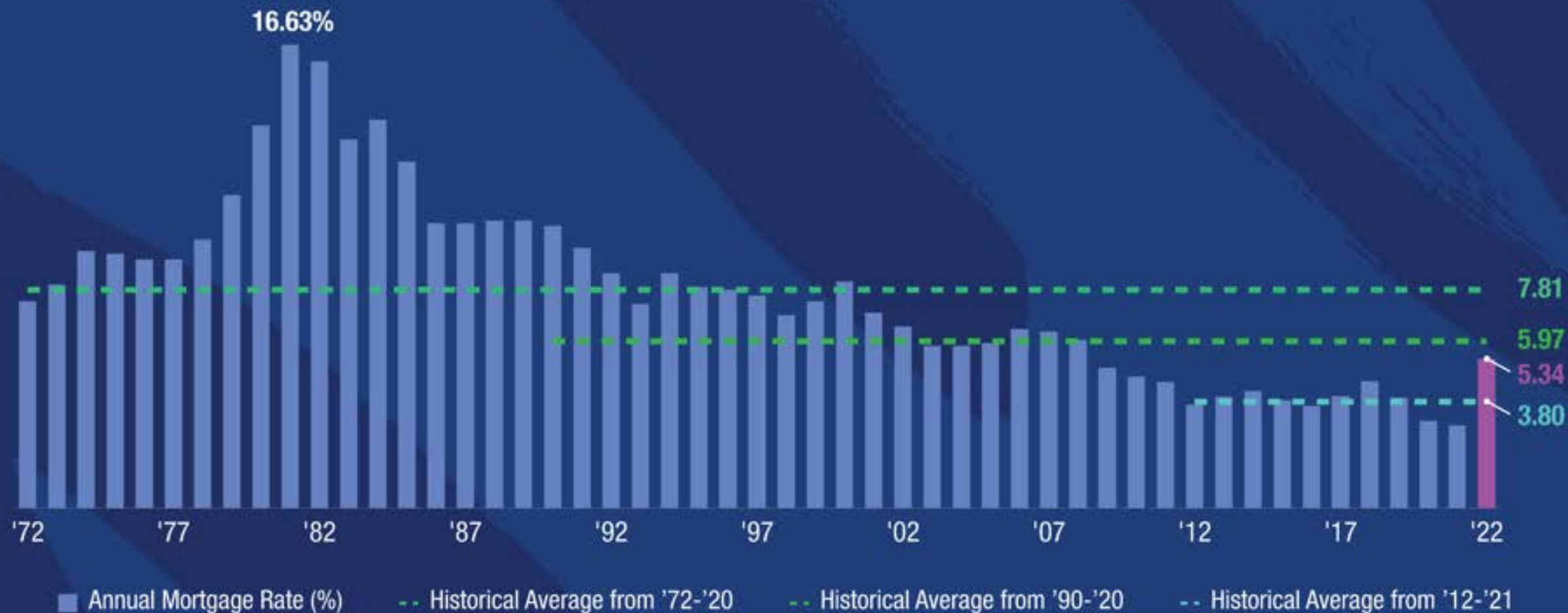
7.1. New Home Starts



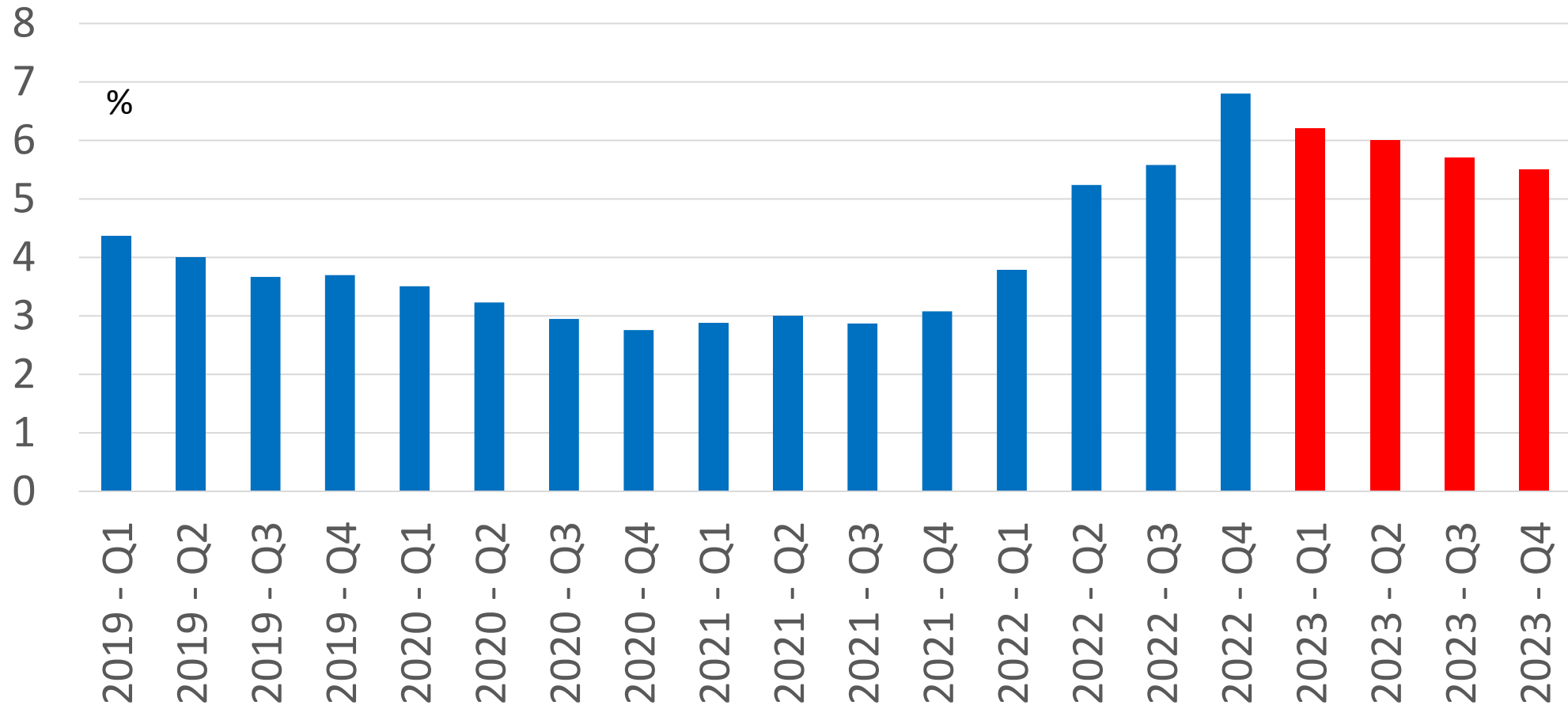
7.2. New Home Sales



5. Mortgage Rates - Annual



Mortgage Rate Forecast



Source: NAR Analysis of BLS, MBA, NAR data

What a Difference a Mortgage Point Can Make

Here's a breakdown of the mortgage payment on the median priced home as of September 2022 (\$384,000) at different rates, assuming either a 20% or a 10% down payment.

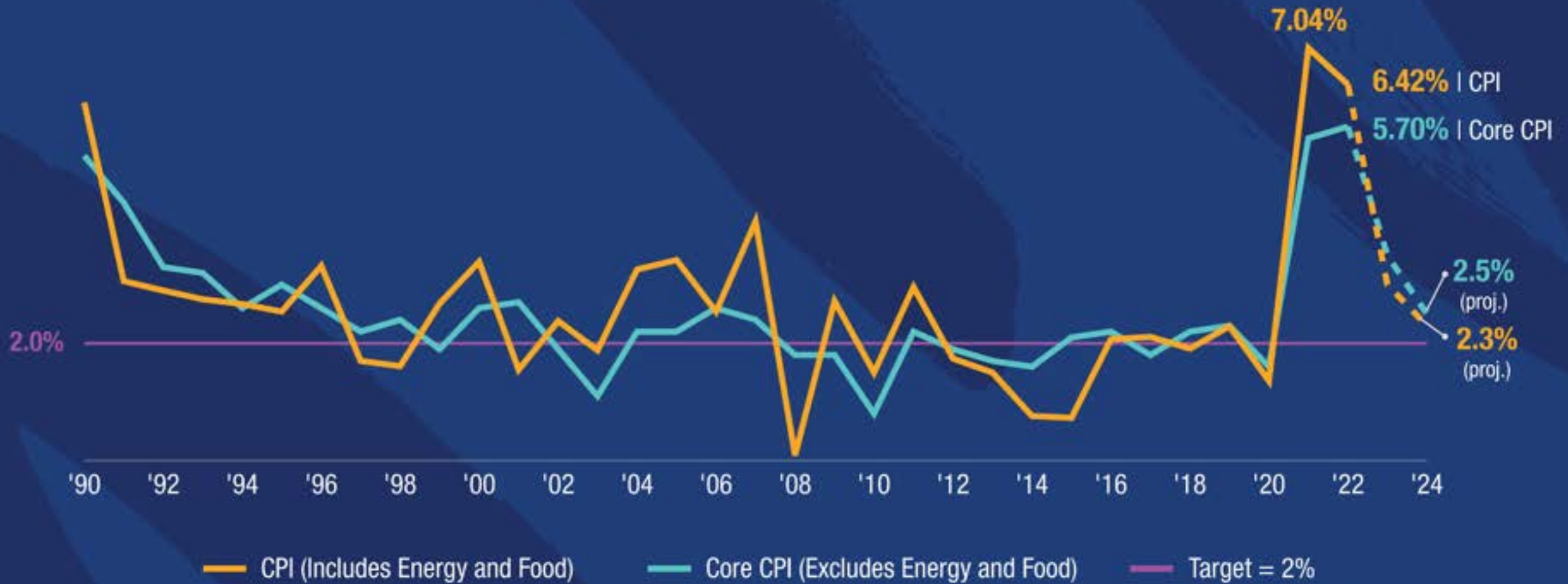
30-Year Fixed Mortgage Rate	Monthly Payment 20% Down	Monthly Payment 10% Down
3%	\$1,320	\$1,480
4%	\$1,490	\$1,680
5%	\$1,680	\$1,890
6%	\$1,880	\$2,110
7%	\$2,080	\$2,340
8%	\$2,300	\$2,580
9%	\$2,520	\$2,830

Source: NAR

7. Affordability



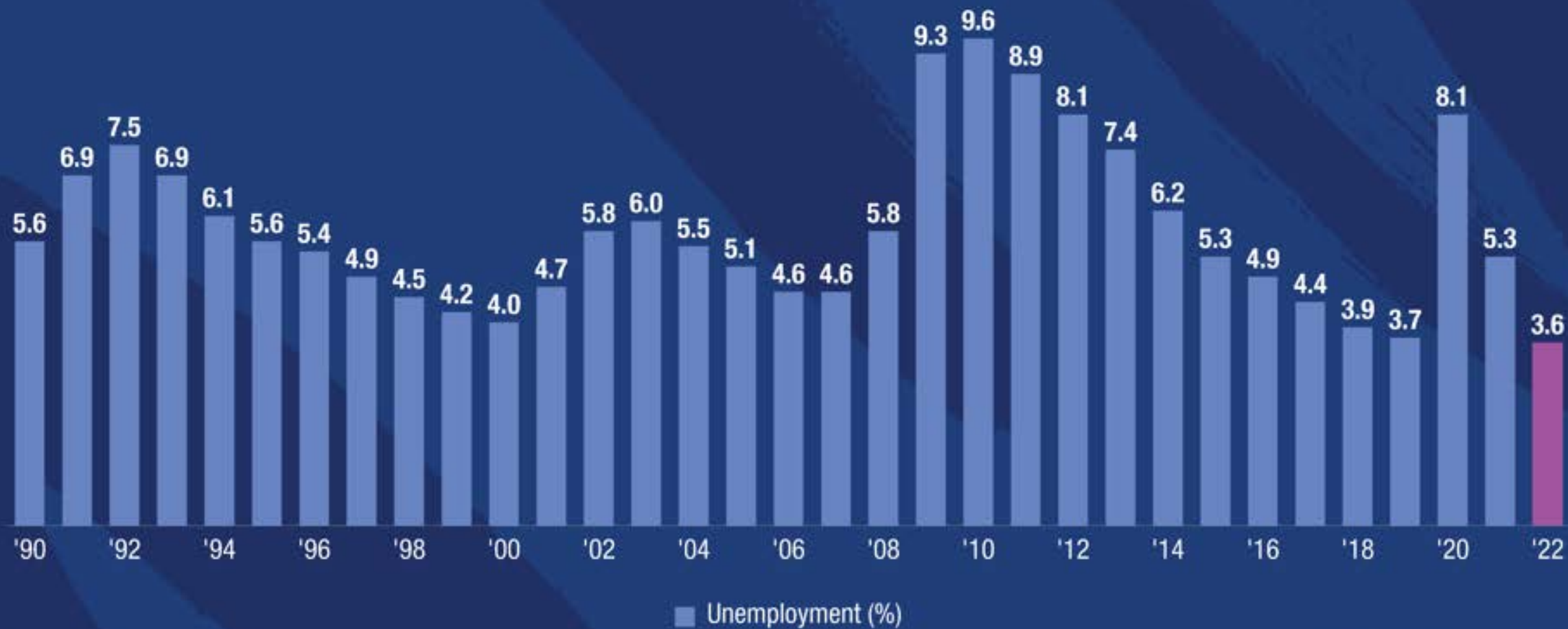
4. Inflation - Annual



4. Inflation - Affordability in Perspective



2. Unemployment - Annual

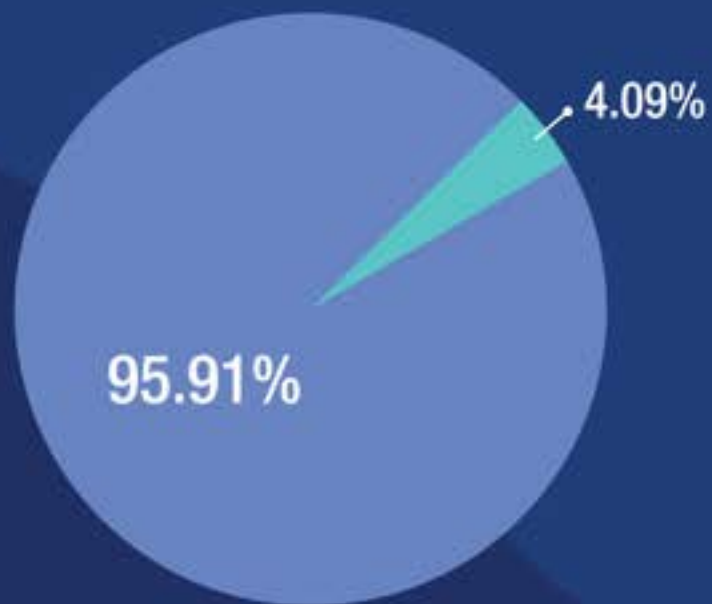


2. Unemployment - Monthly



2. Unemployment - Layoffs

Nasdaq as a percentage of total employment



Layoffs as a percentage of Nasdaq



– Layoffs as a percentage of total employment: 0.04%

Economic Risks in 2022

1. Russian Invasion of Ukraine

- a) Global impact on energy markets
- b) Global impact on financial and equities markets

2. Federal Reserve Policy

- a) Fed is set to raise rates three times in 2022 but may get more aggressive based on data.
- b) It takes several months for Fed policy impacts to be realized; if Fed moves too quickly, it could cause growth to stall.

Economic Risks

1. Federal Reserve over-tightens
2. Global spillover from slowing Chinese economy
3. Escalation of global conflict and trade barriers

9. Economic Risks in 2023

1. Further Escalation in Ukraine
2. A Resurgence in Inflation
3. Debt Ceiling Brinkmanship
4. Political Tensions with China
5. Continuing Environmental Concerns

SHIFT: page 11 & 12



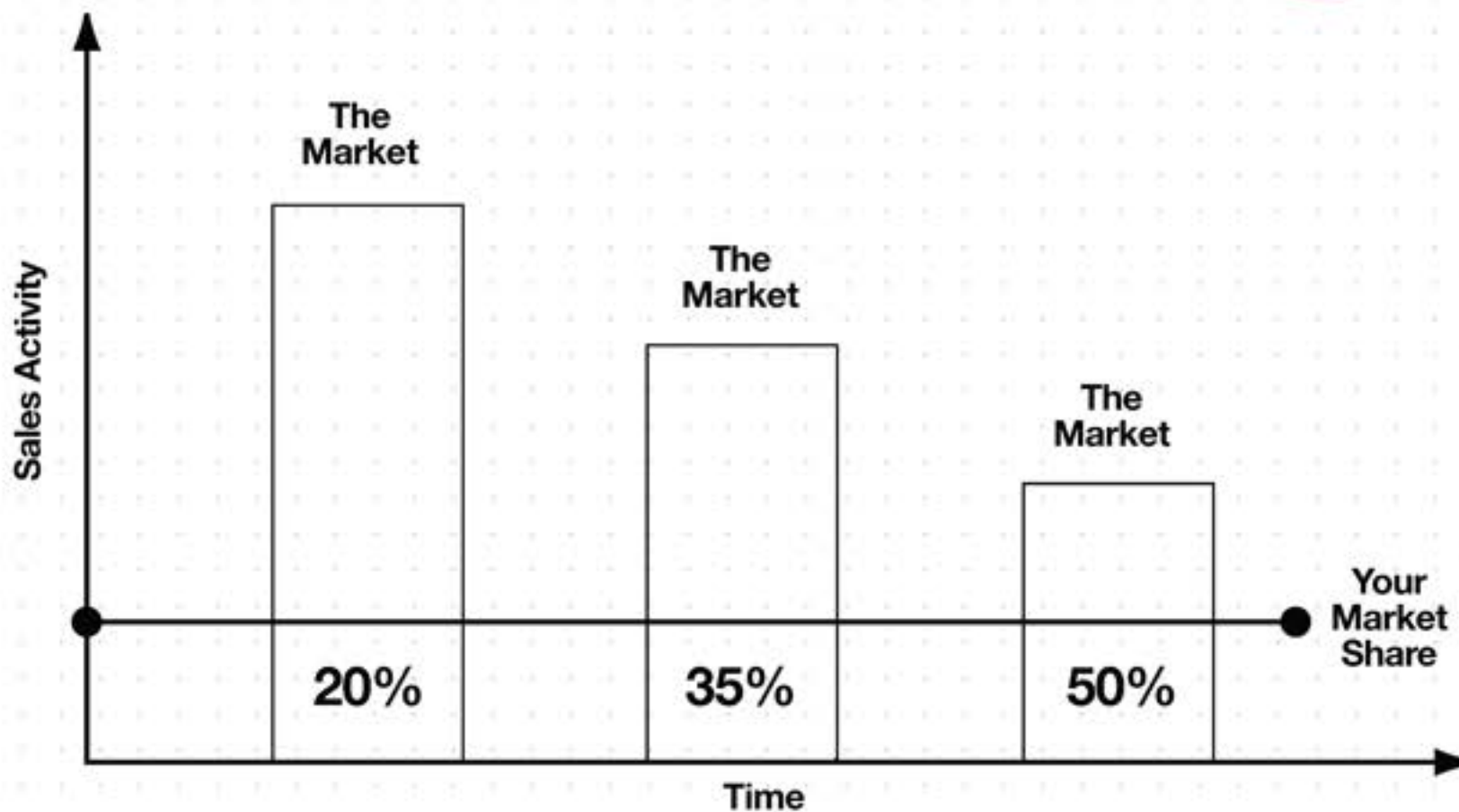
So are shifts bad? Well, it depends. For the real estate industry in a particular market, it certainly can be — the available income for everyone in that market has dropped. For any single individual in their local market, it doesn't have to be — there is still enough available income for them to achieve their goals. The challenge for individual agents? Fear and how they will respond to it.

SHIFT: page 13

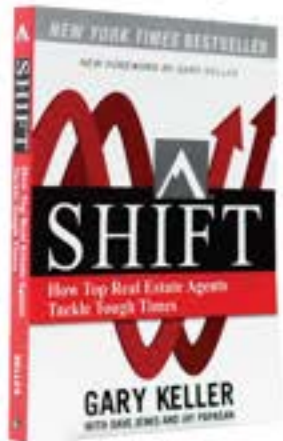
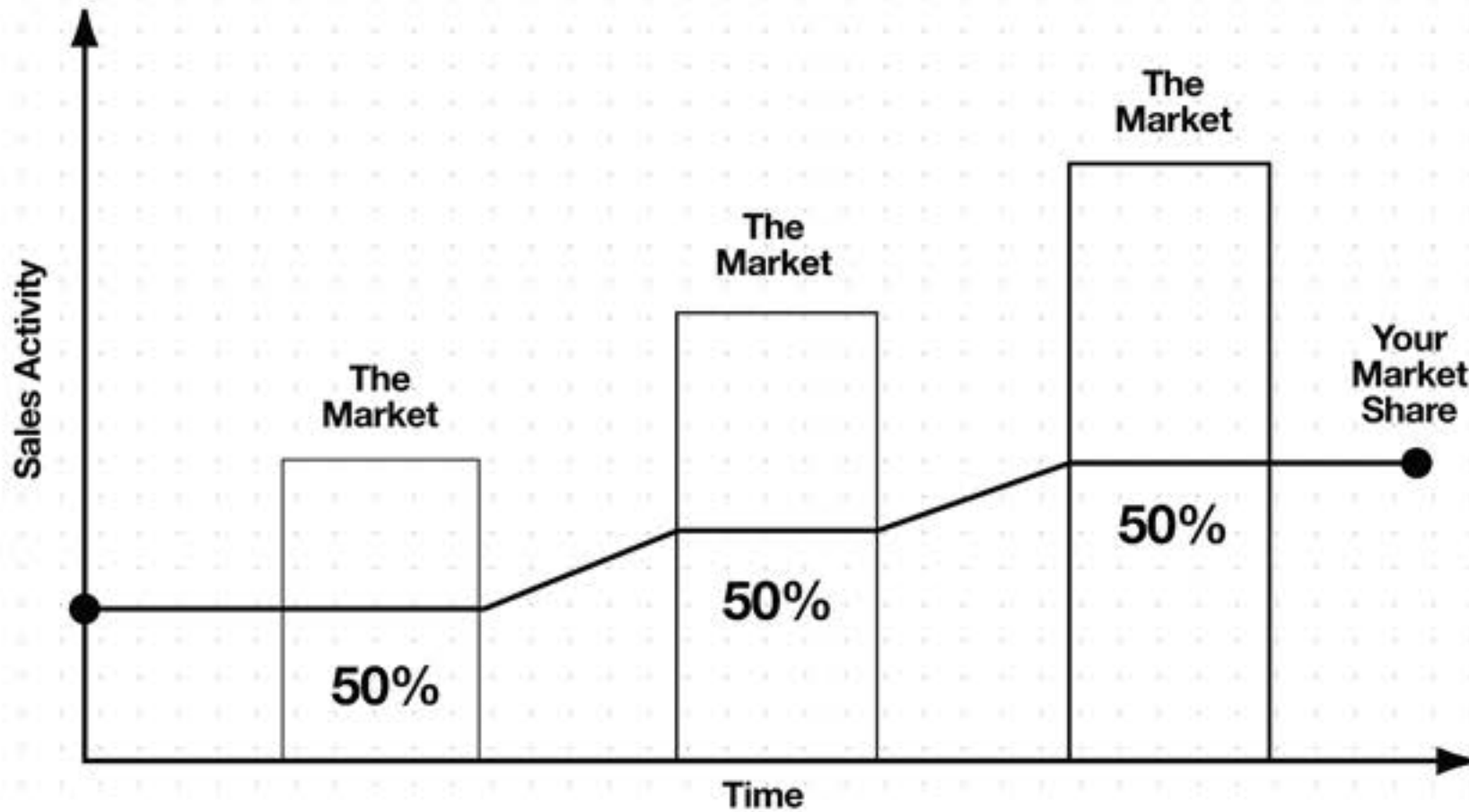


The Law of Equilibrium is as old as the real estate industry itself. It is simple and straightforward. The law states that the available income in a market determines the number of agents in that market. As the number of transactions rises, so does the number of agents. Conversely, when the number of available transactions falls, so does the number of agents. People are attracted to the industry by the perceived income opportunity and driven out by the reality of the competition for it.

Build a fortress around what you have!
As the market falls, hold your numbers steady—
your share of the market will grow.



When the next up-shift happens
your market share will hold steady—
your numbers will explode!

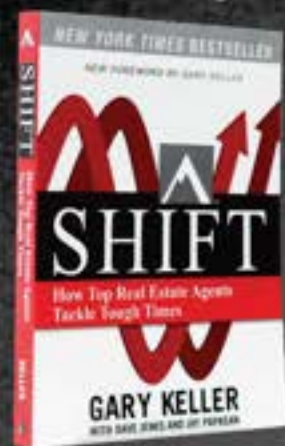


TACTIC #1

GET REAL, GET RIGHT — MINDSET AND ACTION

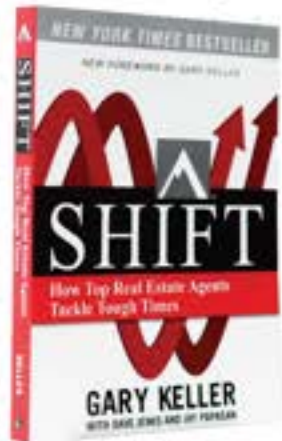
Decide what your priorities are
and how much time you'll spend.
If you don't, someone else will.

Harvey Mackay



MAKING THE SHIFT

- When a market shifts there is only one thing you can do—**shift with it.**
- There are two shifts you must make.
 - A mental shift
 - An action shift



SHIFT: page 24



To survive a shift you must first make the mental shift to run towards what you most want and avoid the temptation of running away from what you most fear. One approach lifts you up and the other drags you down. You must keep both eyes on your target and not the ever-moving market. Remember that success is never about the chosen few, but always about the few who choose. You get to choose and your life builds from there.

SHIFT: page 25



Know that there is always enough business for you to survive with a minimum income while striving for your maximum. Keep your perspective. Judge your success over the length of your career not the high or low of any single year. Know that growth comes from clarity, priorities, and focused action.

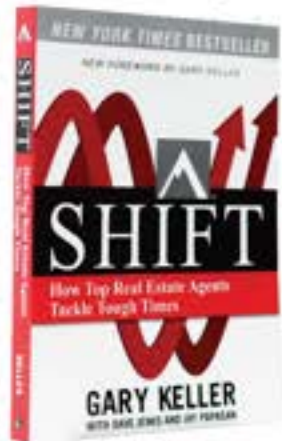
THE ACTION SHIFT

- Once you've gotten real, you've got to get right.
- Taking the right action now is just as necessary as knowing what to do.
- It's ***not*** about more knowing — **it's about doing.**



“WHAT DO I DO RIGHT NOW?”

- Actually, this is a two-part question:
 - “What must be done **right?**”
 - “What must be done **now?**”
- The answer to that two-part question becomes **your focus.**



SHIFT: page 26



Understand what worked yesterday probably won't work today and what matters now probably didn't then. When the market shifts, new strategies are required and new actions are critical.

SHIFT: page 27



Our research shows that the two actions real estate agents must take personal ownership of are lead generation and lead conversion. Nothing becomes more critical to success than finding motivated buyers and sellers and closing them to an appointment.

TACTIC #2

RE-MARGIN YOUR BUSINESS — EXPENSE MANAGEMENT

It is not necessary to change.
Survival is not mandatory.

W. Edwards Deming

Page 29



SHIFT: page 29 & 30



The number one determinant of *thriving* is lead generation, but the number one determinant of *surviving* is expense management ...

... To generate revenue you generate leads. To make a profit you manage expenses.

*“Name a business that has been ruined
by downsizing. I can’t name one.
Name a company that has been ruined by bloat.
I can name dozens.””*

Charlie Munger
Warren Buffett Speaks

Page 31



RE-BUDGET

- When the market shifts, your money instantly becomes “dumb.”
- What worked no longer works, so what was spent on before doesn't yield the same results.



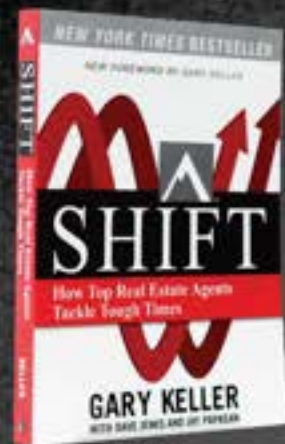
TACTIC #3

DO MORE WITH LESS — LEVERAGE

When we are no longer able to change a situation,
we are challenged to change ourselves.

Victor Frankl

Page 37



SHIFT: page 37

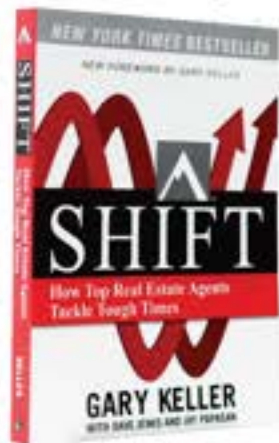


When the market turns, it is time to roll up your sleeves and for everyone around you to do the same. It's time to work both smarter and harder. It's time to evaluate which resources and services must stay or go. It's time to consider effectiveness and efficiency as tools of necessity. It's time to see what bang you can get for the bucks you've got.

WHEN THE MARKET SHIFTS

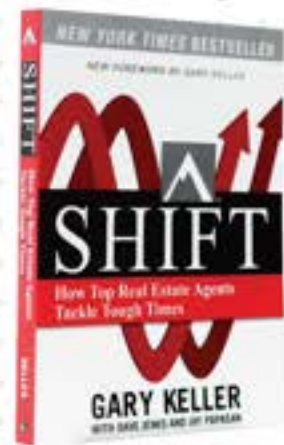
- Your organization must shift too.
- A market shift can be an opportunity to evaluate, upgrade, and top grade your business, an unsolicited **gift of the shift**.
 - It may be time to reassess and top grade your people.
 - Instead of just managing the flow it may be time to retool and upgrade your systems.

Page 37



PEOPLE

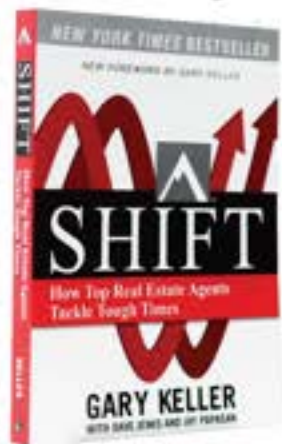
- There are **two types** of people in your business.
 - Those directly employed by you
 - Those indirectly employed by you
- Both groups need to be effective because both are equally important to your success.



SYSTEMS

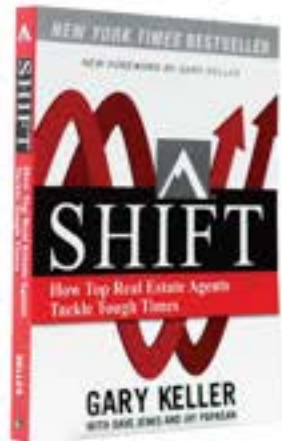


- Good times usually plant seeds of system inefficiencies that during tough times sprout into choking weeds of ineffectiveness.
- We tend to add staff rather than improve systems and end up putting pressure on our budget instead of on our processes.



SYSTEMS

- Everything must be extremely **purposeful**.
- Everything must be **streamlined**.
- The goal: **less red tape** and fewer distractions.
- Break things down to their basics to figure out what is the least you have to do right now so you can get the most done.



The Six Core Competencies of a Business

1. Lead generate, capture, and convert to appointments
2. Present to buyers and sellers and get agreements
3. Show buyers and market sellers
4. Write and negotiate contracts
5. Coordinate the sale to closing
6. Manage the money

SHIFT: page 47 & 48



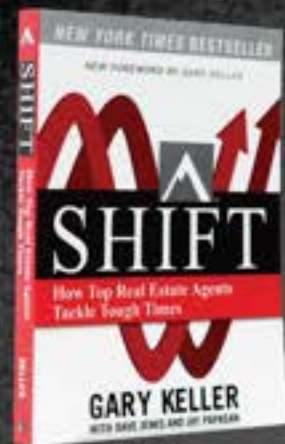
Change requires everyone to be on board. It's time for all hands on deck. To change really means to adapt. So just think of you and everyone working with you as being a part of an adaptive organization. An adaptive group always expects change whether forced on them or caused by them. And change causes more change. The point is for you and your people to not view what you do as static so that change appears to be this “big deal” that everyone fears, but see it as being adaptive and as a critical competitive advantage — an advantage you're always seeking. Change is good. It's good for the advantage it can give you.

TACTIC #4

FIND THE MOTIVATED — LEAD GENERATION

If your ship doesn't come in,
swim out to it.

Jonathan Winters



SHIFT: page 49



Fewer leads, fewer showings, and increased days-on-the-market — the minute these signs show up, take notice. Don't ignore them and don't wait to act. These are the early warning signals of what is most likely coming next — more inventory and fewer pendings. ...

... What felt like an unlimited supply of buyers and sellers suddenly feels very limited. Abundance quickly shifts to scarcity.

EXERCISE

5 minutes

- In your group, make a list of what motivates buyers and sellers.
-

EXERCISE

2 minutes

- In your group, rank them in most relevant to today's market.

SHIFT: page 49 & 50

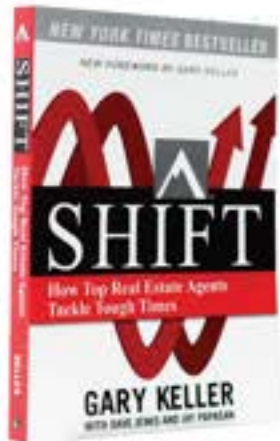
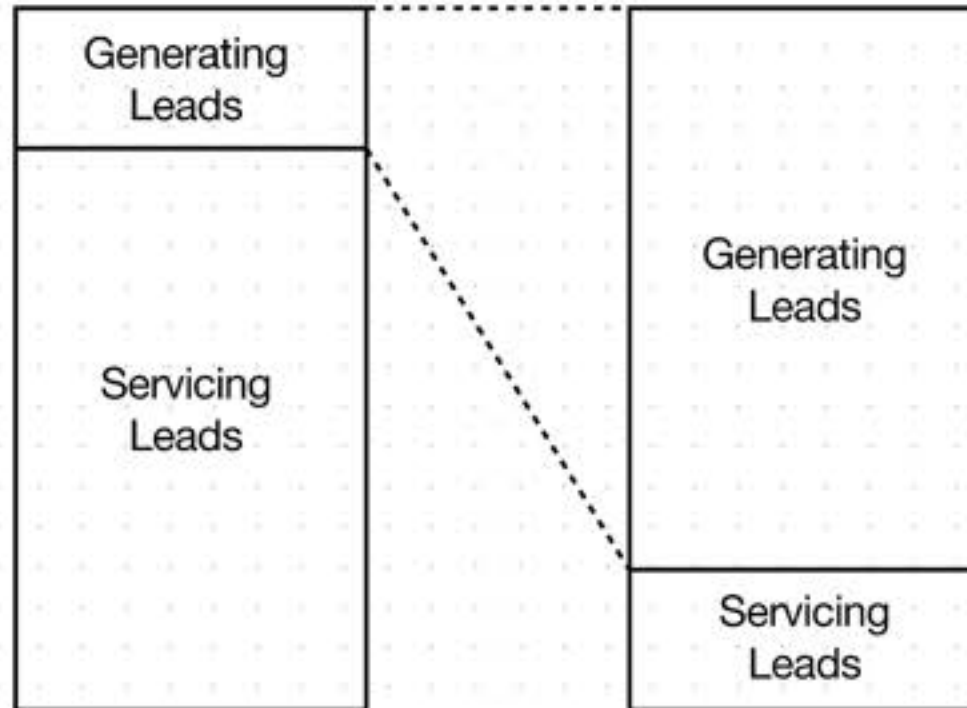


The cause and challenge of a shift is simply one word — motivation. When a market has shifted what has really happened is that buyer and seller motivation has changed. Regardless of the economic causes or driving forces behind the shift, your market only shifts because the motive and rationale behind buying and selling has shifted. In other words, whenever and wherever economics shift so does motivation. And this becomes the number one challenge of a shift — finding the motivated.

IN A SHIFT YOU MUST INVEST YOUR TIME DIFFERENTLY!

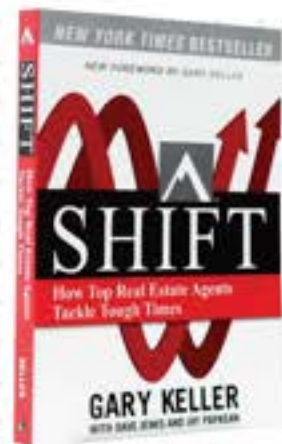
**Seller's
Market**

**Buyer's
Market**



THE 6 D'S TO RECESSION-PROOF YOUR SALES

1. Death
2. Divorce
3. Dependents
4. Downsizing
5. Deployment
6. Dividends



SHIFT: page 51 & 52



Please realize that I'm actually describing myself. I must admit that I honestly didn't enjoy or fully embrace the lead generating part of our business at first. It wasn't until I realized that lead generating was something I had to do and master in order to get to do the things I really enjoyed doing that I actually buckled down and got serious about it. And then something magical happened. The more I did it, the better I got, and the better I got the more I liked it.

SHIFT: 54



If your past sales success came (either in part or in total) from riding the wave of an increasing market, the odds are the easy business you enjoyed will have virtually disappeared. To get back on track there are three straightforward action steps you must take to get your sales business moving in a positive direction:

- 1) Stop doing what doesn't work
- 2) Figure out what does work
- 3) Ramp it up!

SHIFT: page 58



The first principle of lead generation messaging is that your message must match your market. This means that your lead generation message must match the motivation of the buyers and sellers in whatever market you're in. Always follow this standard — it's how you cause motivation to show up and reveal itself.

MOFIR MODEL

1. Identify a common problem.
2. Solve that problem.
3. Package the solution into a program.
4. Integrate the program into your business.
5. Market the program.



EXERCISE



10 minutes

- In your group, get your list out of what motivates buyers and sellers.
- How will you market to your top choice?
- Do as many as possible in time allotted.

SHIFT: page 63



Prospecting is where you go get the leads and marketing is where you do things to cause the leads to come to you. Prospecting is you making contact with people and marketing is people making contact with you. Prospecting is seeking and marketing is attracting.

Lead Generation Sources

Prospecting	Both	Marketing	
<ol style="list-style-type: none"> 1. Phone or Face to Face <ol style="list-style-type: none"> 1. Listings without agency <ol style="list-style-type: none"> 1. FSBOs (For Sale By Owners) 2. Expired Listings 2. Circle Prospecting <ol style="list-style-type: none"> 1. Neighborhoods 2. Apartment Complexes 3. Recently Sold Listings 4. Recently Listed Properties 3. Community Outreach <ol style="list-style-type: none"> 1. Charity 2. Volunteer Work 4. Key Relationships <ol style="list-style-type: none"> 1. Corporations 2. Builders 3. Banks 4. Third-Party Data Companies 5. Investors 5. Teaching and Speaking Opportunities 6. Meals 7. Door-to-Door Canvasing 8. Networking Events 9. Booths and Kiosks 10. Walk-ins 	<ol style="list-style-type: none"> 1. Farming <ol style="list-style-type: none"> 1. Geographic 2. Demographic 2. Events <ol style="list-style-type: none"> 1. Open Houses 2. Seminars 3. Contests 4. Client Appreciation Events 3. Networking <ol style="list-style-type: none"> 1. Sphere 2. Past Clients 3. Allied Resources 4. Agents 4. Purchased <ol style="list-style-type: none"> 1. Referral Networks 2. Advertising Networks 3. Clientele 	<ol style="list-style-type: none"> 1. Offline Advertising <ol style="list-style-type: none"> 1. Radio 2. TV 3. Newspapers 4. Personal Vehicles 5. Bus Stop/Benches 6. Magazines 7. Billboards 8. Yellow Pages 9. Grocery Carts 10. Moving Vans 2. Online Advertising <ol style="list-style-type: none"> 1. Pay Per Click Advertising 2. SEO 3. Social Media 4. Portals 3. Broadcast/Content Creation <ol style="list-style-type: none"> 1. Radio Segments 2. TV Shows 3. Live Social Media 4. Blogs 	<ol style="list-style-type: none"> 4. Direct Mail <ol style="list-style-type: none"> 1. Postcard Campaigns 2. Special Events Cards 3. Just Sold/Just Listed Cards 4. Quarterly Market Updates 5. Promotional Items/Swag 6. Public Relations/Press <ol style="list-style-type: none"> 1. News Releases 2. Advice Columns 7. Sponsorship

Systematically Nurture

SATURATE

19 TO CONNECT

4 Touches Quarterly phone call

12 Touches Monthly e-mail, newsletter, market report, video

2 Touches Promotional direct mail, such as a magnet, calendar, market report, etc.

1 Touch Annual event, party, movie screening, get-together

19 TOUCHES EACH YEAR

CEMENT

A high value touch that solidifies the relationship you have just established.

1 HIGH-VALUE TOUCH

SATURATE

36 TO CONVERT

4 Touches Telephone calls

26 Touches Bi-weekly email offering some type of information of value to the consumer

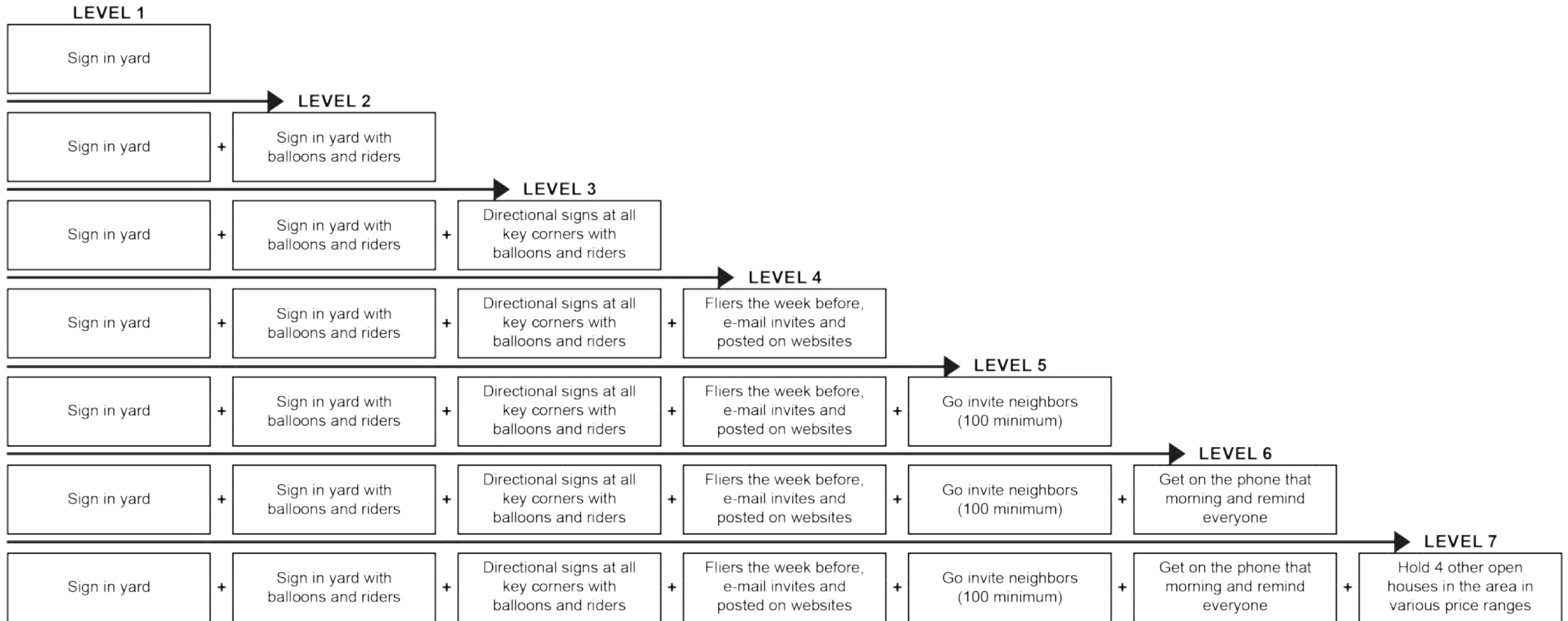
2 Touches Events, get togethers, parties

4 Touches Promotional direct mail, such as a magnet, calendar, market report, etc.

36 TOUCHES EACH YEAR

SHIFT: page 71

TAKING OPEN HOUSES BEYOND THE BASICS



Some agents just stick a sign in the yard and call it lead generation. Others go six steps beyond this and call it lead generation. The big question is: What do you call lead generation?

SHIFT: page 73



Dealing with business never takes precedence over finding business. Never. ...

... “Until Your #1 Priority is Done — Everything Else is a Distraction!” ...

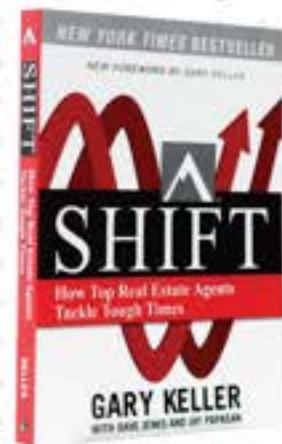
... To ensure your lead generation is always your number one priority and that it gets done daily, you must acquire the discipline of “time blocking.” Time blocking is setting aside daily blocks of time to execute your most important business priorities. Think of it as making appointments with yourself. Once done, you must protect that time against any and all distractions.

LEAD GENERATION

Lead generation is a **contact sport** with **simple rules**.

1. Making contact with people through prospecting and marketing.
2. Once you meet your new contacts you either do business with them immediately or you don't.
3. Either way, once you've met them you **put them in a database** and stay in touch with them forever.

Page 81

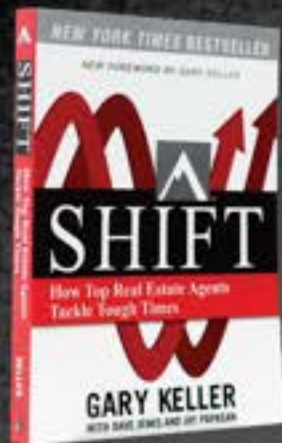


TACTIC #5

GET TO THE TABLE — LEAD CONVERSION

Most people never run far enough on their first wind to find they've got a second.

William James



LOOK AT IT **THIS** WAY

- If you do lead generation but don't get a name and number, **what good is it?**
- If you get a name and number, but can't get an appointment, **what good are they?**
- As important as lead generating activities are, if you can't get a name, number and ultimately an appointment, **what have you really accomplished?**



SHIFT: page 84 & 85



While agents regularly talk about generating leads, they rarely give equal discussion time to converting them. Why? A lack of clarity. Most see them as one and the same, but they're not. They're two distinct efforts with your lead generation activity actually being the first. And when you say you've generated a real lead what you're really saying is that you have the name, contact information, and an appointment with a motivated person. That actually is the second effort of the process called conversion. Until you've done conversion, you don't really have a lead. You may have an inquiry, a Web hit, or a suspect, but you don't have a prospect. Don't fool yourself about this. You can't say you have a lead until you've talked with them and set an appointment. ...

... We tend to speak of the activity we engage in rather than the outcome we seek.

SHIFT: page 88



(NAR®) research over the years has consistently communicated that the real competition in real estate is getting to the table — not at it. Their revealing statistics show that approximately two-thirds of all buyers and sellers only interview one agent and approximately half of the remainder only interview two. Getting to the table first or second is what matters. And this makes conversion more important than presentation. The competitive battle is almost single-handedly won simply by getting an appointment before someone else does. The number one challenge you face after you’ve encountered a lead opportunity is not making a winning presentation — it’s winning the appointment.

EXERCISE



5 minutes

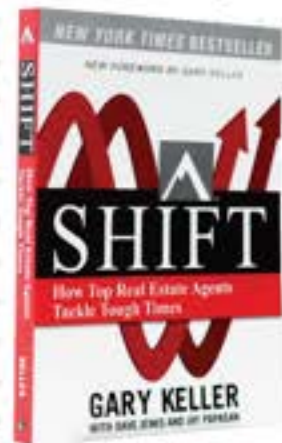
- What is your system for lead conversion?

GET AN APPOINTMENT

- Conversion success comes to those who intentionally and repeatedly do **three things** with every lead:

**CAPTURE, CONNECT
AND CLOSE!**

Page 89



SHIFT: 90 & 91



The hard fact is that buyers and sellers approach you because they are interested in real estate, not your personal welfare. They assume you're doing just fine and that it isn't their concern. They will always engage you for information first, service second, and transacting business last. Clearly, in order to earn the right to transact business, you must always focus on and do your best with the first two. Prospects have their own needs in mind and that is how it should be. However, that means one very important thing to you — while providing what they need, you must also be vigilant in getting what you need.

SHIFT: page 94



The fundamental philosophy of connecting is “people don’t care how much you know until they know how much you care.” In other words, this isn’t where you “tell and sell” your way to success, but where you “ask and listen” your way into their head and heart.

SHIFT: page 98 & 99



The right approach to close for a meeting is the only approach — just ask. Ask to meet, ask when to meet, ask where to meet, ask if you should, could, want, or must meet. Yes, yes, yes, yes, yes, yes, and yes. Just ask. Nothing is going to happen if you don't ask. If it does, it's pure luck and that's no way to run a business. Truthfully, if you've gotten their name and number and you've genuinely connected with them, then asking to meet is a natural thing to do. In fact, they expect it and want it. People want to buy, but hate to be sold. People want to make the right decision and they fear being talked into the wrong one. People want help, but are hesitant to ask for it. So you have to help them out — you have to ask for them. They want and need you to be in charge in a caring way.

SHIFT: page 108



Lead conversion is one of the most skill-based aspects of your real estate sale business. And after lead generation, lead conversion is the most business-critical activity you must master. It is one of the last things you delegate and arguably the highest dollar-productive use of your time. ...

... If you commit to mastering the skills of lead conversion, you will lift yourself above your competition. You will be even more than a lead generator, you will be a lead converter. You won't just be "fishing" you'll be "catching."

Catch People in Your Web

INTERNET LEAD CONVERSION



“

A website is a tool for you to offer consumers what they want in exchange for what you want.”

-SHIFT

SHIFT: page 109



And here's the hitch: generating a quality lead from the Internet is difficult in good times — in a shift, it can be downright daunting.

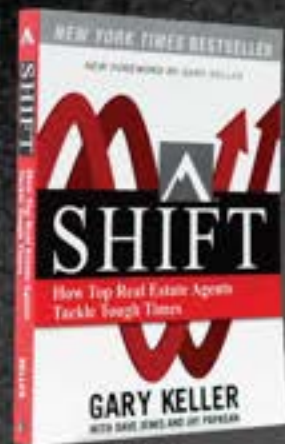
If your Web site isn't consistently generating appointments with motivated buyers and sellers then it isn't earning its keep. Contrary to a lot of tech talk, success on the Internet isn't measured in clicks, unique visitors, page views, or even registrations. It's measured just one way: in appointments to do business.

TACTIC #7

PRICE AHEAD OF THE MARKET — SELLER PRICING STRATEGIES

The ability to learn faster than your competitors may be the only sustainable competitive advantage.

Arie de Geus



EXERCISE



2 minutes

- In your group, what factors into doing a Comparative Market Analysis (CMA) for a home?

SHIFT: page 140



So what makes a property comparable? There are four main factors: location, size, amenities, and condition.

SHIFT: page 135



THE MOMENT THE MEDIA DECLARES a “real estate shift,” it’s as if the market just got doused in a cold shower. The result is fearful buyers, pickier buyers, and eventually fewer buyers. The remaining few claim that if they can’t get a good buy then they’ll just say good-bye for now. The market has cooled off. Cautious consumers appear willing to let good deals die and great opportunities pass them by in hopes of getting a steal. They start missing the forest for the trees. Wary of paying too much, buyers go too far and begin to offer too little, and only properties that appear to be serious bargains get serious attention. Sellers who are slow to recognize this shift will quickly become overpriced and consequently be overlooked.

SHIFT: page 135



The truth is the market remains full of people who genuinely want to buy and sell. The question is — at what price?

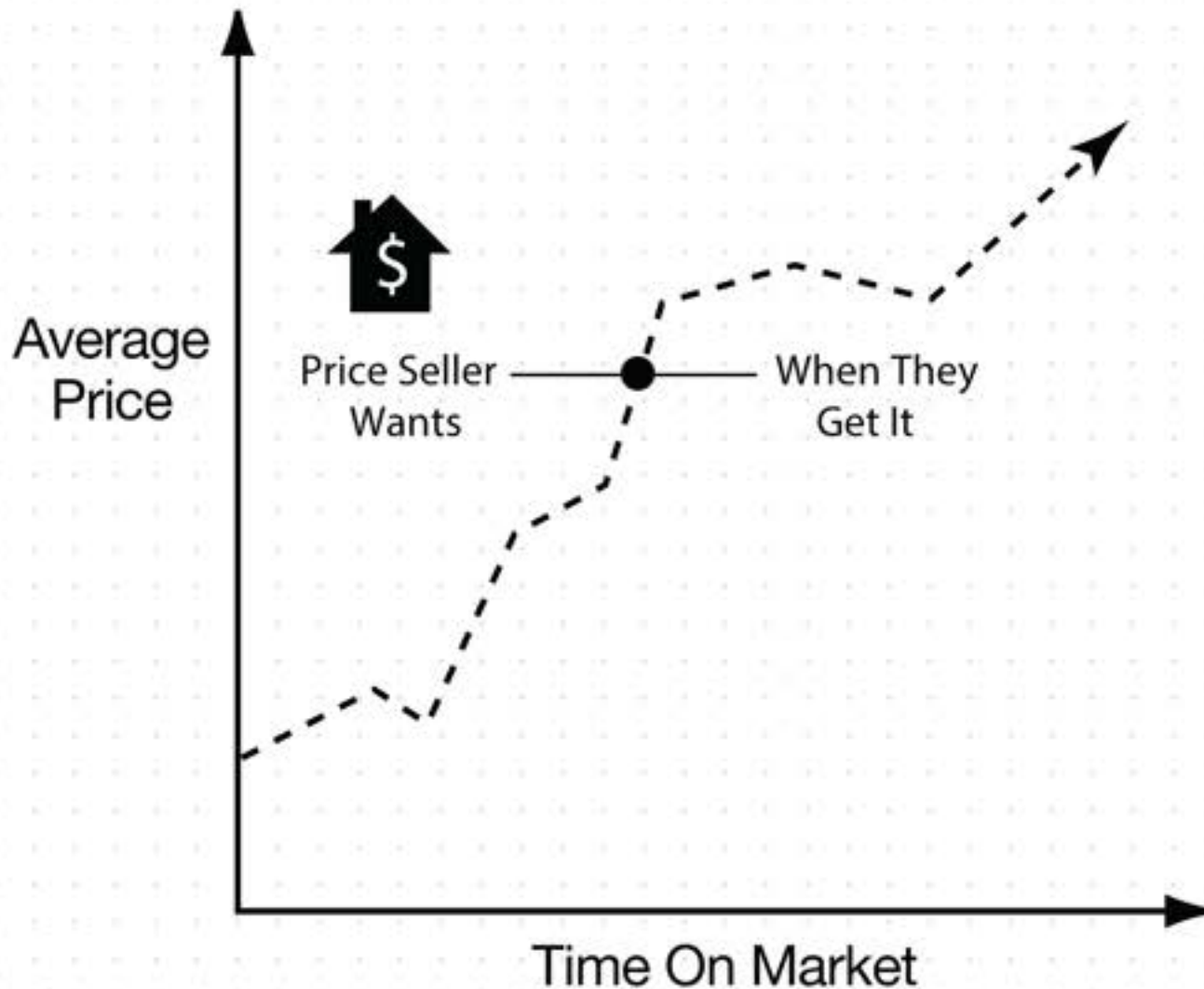
SHIFT: page 137



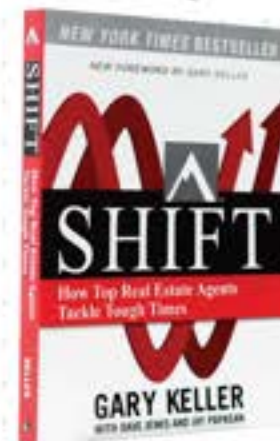
If someone is to buy their house, sellers must be aware of and buy into the concept of a “window of opportunity.” This phenomenon means that when a home first comes on the market it attracts attention from those agents who are currently working with motivated buyers or those agents who are motivated by the price to go find one. ...

... First impressions are the original pictures framed in the mind and heart — they are usually lasting ones. When memories and opinions get set, they are typically tough to change.

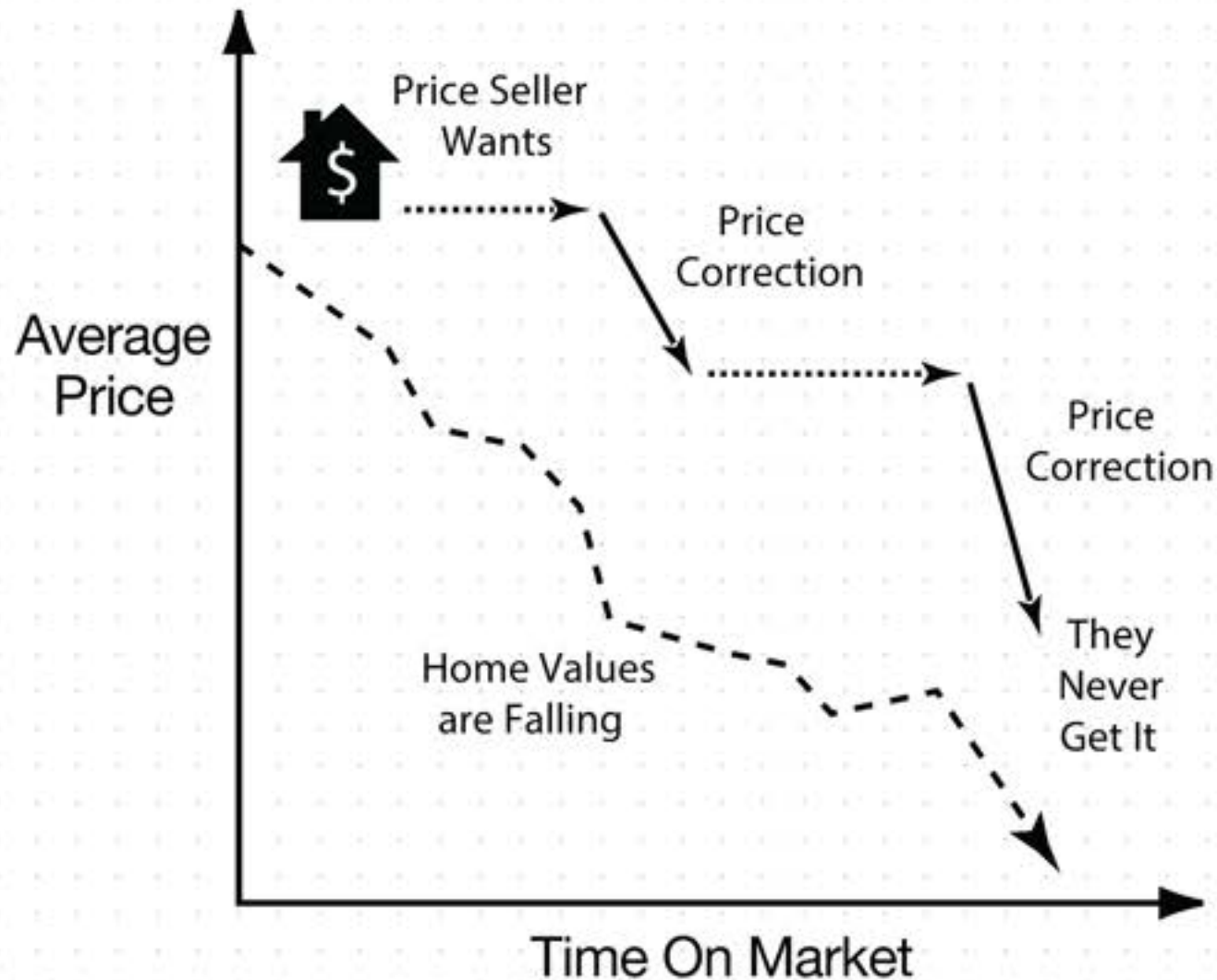
SELLERS' MARKET



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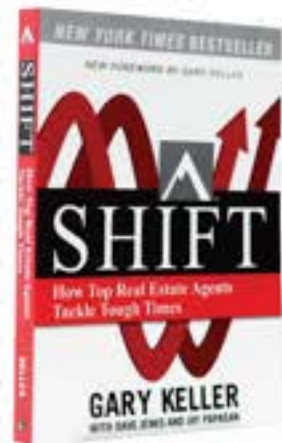


BUYERS' MARKET



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EXERCISE



5 minutes

- In your group, what is your process for pricing a home?

SHIFT: page 156

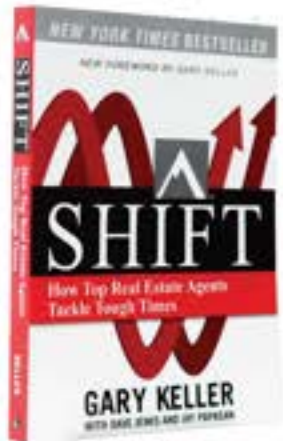


SEVEN MAXIMS FOR PRICING IN A SHIFTED MARKET

- 1) Be a student of your market — know your numbers.
- 2) Focus your main comps on actives — pendings and solds may already be out of date.
- 3) Be a student of property — preview them so you understand what is selling and why.
- 4) Keep your presentation as current as possible — let your ongoing research do the talking
- 5) Prequalify for motivation — sellers who most need to sell, sell most often.
- 6) Price ahead of the market — to avoid chasing it.
- 7) Always secure price reductions in advance — to avoid falling behind the market.

THE 5/5/5 CMA

- **5 Sold Comps**
- **5 Under-Contract Comps**
- **5 Active Comps**

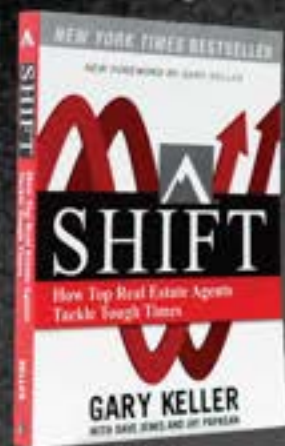


TACTIC #8

STAND OUT FROM THE COMPETITION — SELLER STAGING STRATEGIES

Opportunity is missed by most people because it is dressed in overalls and looks like work.

Thomas A. Edison



SHIFT: page 157



The challenge sellers constantly face is that very few people have the imagination to visualize beyond what they see. Most buyers are unable to envision how a property will look when it is in its best condition — even if they could, they rarely see themselves doing it. So someone must do it for them. Smart sellers realize this and work hard to show their home in its best light.

SHIFT: page 157



Whenever we say price is the number one issue in getting a home sold, what we're really saying is that its price must match its condition. Price and condition are irrevocably intertwined. Priced right means priced right for what you get and overpriced means overpriced for what you get. It's that simple.

STAGING

A review of over 2,800 properties in eight cities found that “*staged homes, on average, **sold in half the time** that non-staged homes did. The sellers with staged homes ended up with **6.3 percent more** than their asking price, on average.*”

From an October, 2006, USA Today article

Page 158



SHIFT: page 158 & 159



In finding the right price we attempt to make all the other variables equal: location, size, amenities, and condition. The first can't be changed and the second is difficult to change. The last two can be and should be changed anytime a serious seller wants to sell. And that is what we call staging.

SHIFT: page 162



Staging always follows the “3P — 2F Formula”: plantings, paint, pictures, fixtures, and furnishings. If you follow this simple strategy and checklist you’re on the right path to successful staging.

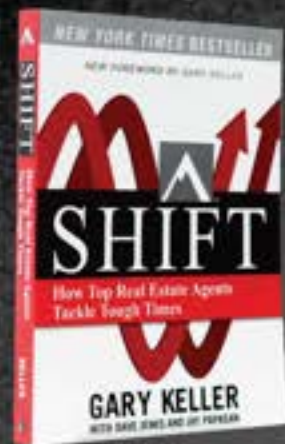
TACTIC #9

CREATE URGENCY — OVERCOMING BUYER RELUCTANCE

If someone is going down the wrong road, he doesn't need motivation to speed him up. He needs education to turn him around.

Jim Rohn

Page 167



EXERCISE

3 minutes

- In your group, list the reasons buyers are not buying.
-

EXERCISE

5 minutes

- In your group, what is your solution for each? Do as many as you can in order of importance.

First-Time Home Buyers



8. Student Loan Debt



3. Personal Savings Rate



5.1. Distressed Sales



5.2. Underwater Homes



Home Price Crashing Coming?

Key Variables	Last Housing Cycle	Current Housing Cycle
Job Cuts (net of gains and losses)	8 million	none
Total Payroll Jobs (W-2 salary jobs)	130 million	153 million
Total Jobs (Household survey)	138 million	158 million
Subprime Loans	Prevalent	Virtually none
5-year cumulative to new home construction before crash	7.65 million	4.6 million
Inventory on Market	3.8 to 4 million	1 to 1.2 million
Mortgage Delinquency	10.1%	3.6%
Homes in Foreclosure	4.6%	0.6%

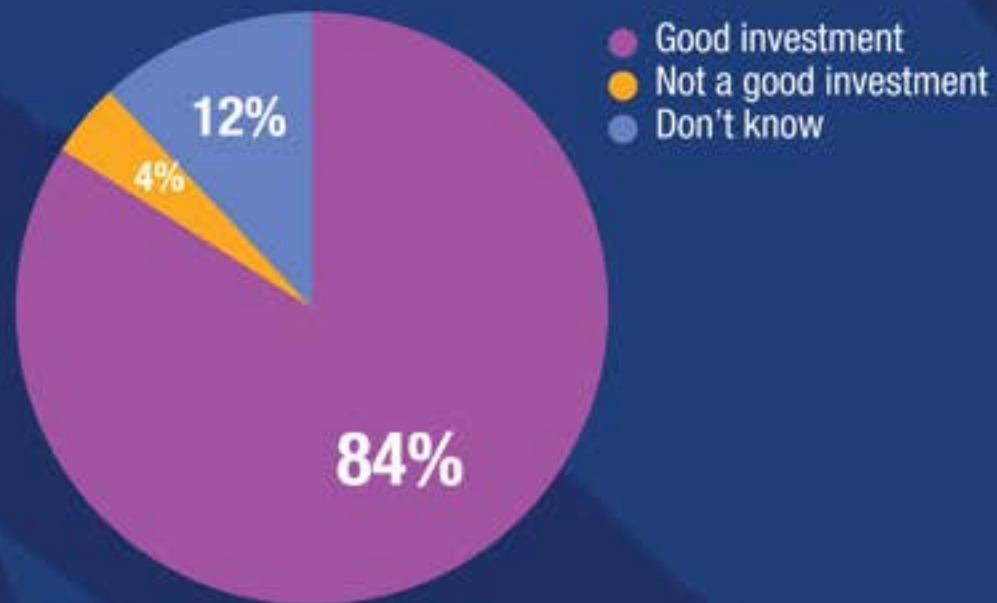
Source: NAR Analysis of BLS, MBA, NAR data

10. Rent vs. Own

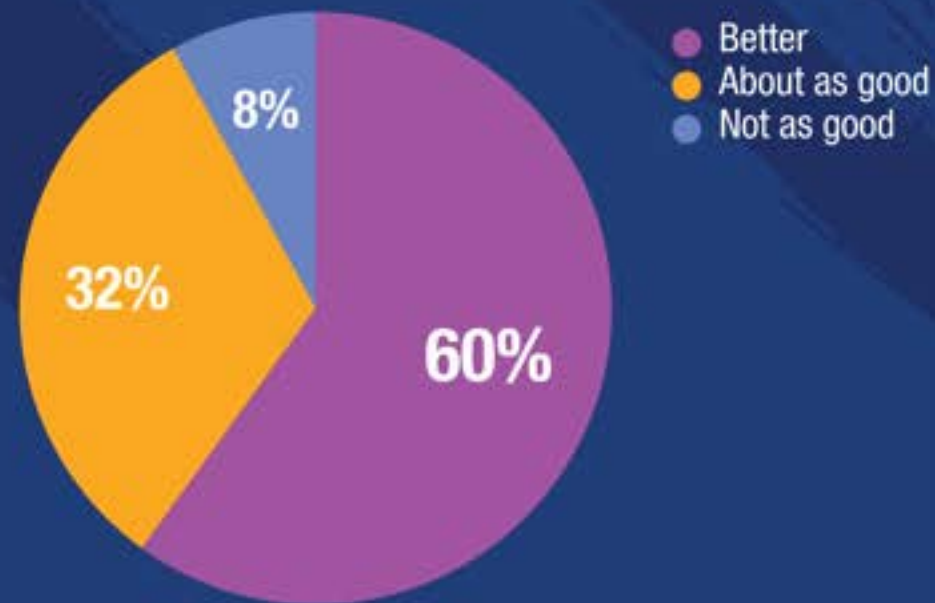
	Year	Owning	Renting and Investing	Renting and 10% Investing
1	2012	\$9,980	\$26,472	\$22,700
2	2013	\$28,969	\$36,631	\$29,652
3	2014	\$42,784	\$42,787	\$33,228
4	2015	\$60,006	\$44,137	\$33,151
5	2016	\$74,154	\$50,186	\$36,498
6	2017	\$90,027	\$61,998	\$43,792
7	2018	\$105,560	\$59,737	\$41,221
8	2019	\$121,419	\$79,268	\$53,353
9	2020	\$149,263	\$95,113	\$62,324
10	2021	\$206,676	\$124,000	\$79,414
11	2022	\$234,124.00	\$106,229	\$66,418

Home as a Financial Investment

Is real estate a good financial investment?



Is real estate a better investment than stocks?



SHIFT: page 167 & 168



The great irony of a buyers' market is that even though the opportunity to buy is high, buyer urgency tends to hit an all-time low. The media becomes the excited purveyor of negative news and uniformed advice, and buyers buy it all. Actually, it feels like the only thing they're buying. Their reluctance is ironic since not so long ago buyers were incredibly excited about buying — and it was a sellers' market. Prices were escalating and it was perhaps one of the most difficult times to buy value and yet people were buying like there was no tomorrow. Buyers were afraid of losing out by not buying even though the advantage was all to the seller. Now a shift has occurred and it's a true buyers' market and what happens? Fear is still in the driver's seat but the tables are turned — the fear of paying too much seems to stop most in their tracks and immobilizes them. When they should have been afraid of paying too much they weren't and now that they shouldn't be afraid of paying too much they are.

THE **MYTH** OF TIMING

- In a shift buyers can easily lose sight of the primary reasons driving their home purchase and become hyper-focused on price and price alone.
- Too many potential buyers buy into the biggest myth of a shift — **they think that they can time the market.**

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BUYER URGENCY

1. Able

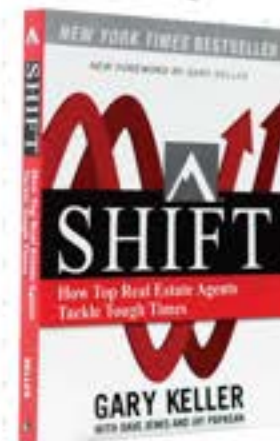
- Available Cash
- Credit Worthiness

2. Ready

- Personal Reasons

3. Willing

- Market Expectations



SHIFT: page 174



In a shift the availability and cost of money can also play a crucial role in a buyer's ability to buy. Tightened lending standards or higher interest rates can absolutely act like a blast of arctic air on the real estate market.

THREE WAYS TO ENERGIZE BUYER URGENCY

1. Become the **Local Economist of Choice**
2. Help Them Tap Into **Their Why**
3. Address Buyer Reluctance

Page 178



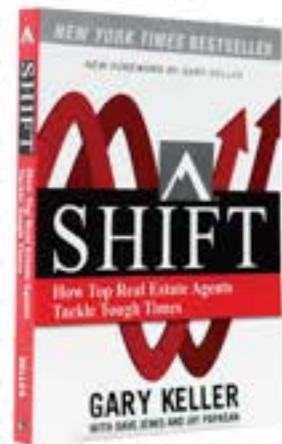
SHIFT: page 179 & 180



Buyers need professional advice in a shift more than ever. The challenge is that most don't realize it. They've read the newspapers and magazines, listened to the news, talked to some friends and family members, and formed an opinion. So far so good. The problem is that more than likely, they've not gotten the entire story about the market or how to approach it. They believe they are fully informed, but they're not. The media rarely tells the whole story and most people have limited experience. As a result, buyers are either half-informed or misinformed. And either is dangerous because they lead to decisions that are poorly formed. So what can you do? Become the professional voice they listen to. Become their economist of choice.

FIND A BEST BUY

- One idea that can help you overcome buyer reluctance is a “Best Buy List.”
 - You compile the list of the **current best buys in the market.**
 - It will be based on your **consistent tracking** of new listings, price reductions, and pre-foreclosure or foreclosed properties.
 - It will be **one of the most useful outcomes** of your daily previewing of homes.



Expand the Options

CREATIVE FINANCING



“Affordability drives the real estate industry. In fact, you might even say that affordability is the real estate industry.”

-SHIFT

SHIFT: page 197



AFFORDABILITY DRIVES THE REAL ESTATE INDUSTRY. In fact, you might even say that affordability is the real estate industry. Buyers must be able to buy in order for sellers to be able to sell. As simplistic as this sounds, it's equally that important. Affordability is the juice that makes the market go or stop. When it's up, the market goes up. When it's down, the market goes down. If you want to know where the market is headed just check how affordable a house is. There's your thermometer and it's extremely accurate. What market you're in or headed toward is easily gauged by one thing — affordability.

SHIFT: page 219



The lending landscape is inherently diverse and always subject to change. It seems new lending programs pop up each year and lending standards are in constant flux. It is therefore imperative that you seek out and partner with the best mortgage professionals in your area. You're looking for knowledge, experience, creativity, and integrity. They must be flexible and responsive to both you and your clients.

Master the Market of the Moment

STAY TRAINING-FOCUSED-BE THE EXPERT



“*Seek the business because you’ve studied it, learned it, and can successfully do the work—seek the business because you’re able.*”

-SHIFT

SHIFT: page 223



EVERY MARKET BRINGS ITS OWN RHYTHM and its own rhyme. Niches and unique opportunities that show up in one market disappear in another. While some market factors remain the same no matter the market, other factors will change in every market. Each shift has its own unique characteristics with possibilities and prospects that are specific to the market. The instant these “markets of the moment” appear make sure you take notice. Don’t hesitate — there is a definite advantage that goes to those who move first. The sooner you get involved the better. Whether you completely dive into these new opportunities or not, they are worth studying and mastering.

SHIFT: page 225



THREE MARKETS OF THE MOMENT

- 1) **SHORT SALES** Individuals or families trying to avoid foreclosure.
- 2) **FORECLOSURES** Bargain hunters and investors seeking to buy value.
- 3) **REOs** Financial institutions with an above average number of foreclosures to sell.

SHIFT: page 239



It has been said that “luck is when preparation meets opportunity.”

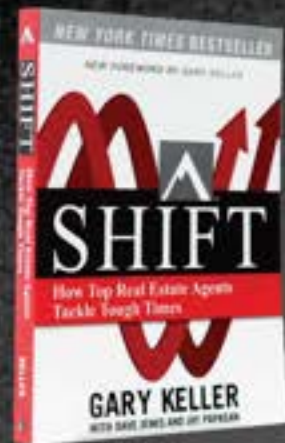
Fortune usually favors the prepared.

TACTIC #12

BULLETPROOF THE TRANSACTION — ISSUES AND SOLUTIONS

If I had eight hours to chop down a tree,
I'd spend six sharpening my ax.

Abraham Lincoln



SHIFT: page 241



Real estate transactions aren't particularly trouble free in any market, but when a shift happens few sales are easy and almost all closings a challenge. It's a strenuous and trying time that requires all the attention and effort you can command. You truly work for every sale and its successful close. What makes this market especially tough is the apparent willingness of buyers to walk away at any point in the sale.

When everyone believes the market is headed up, buyers are afraid of missing out. When everyone believes the market is headed down, buyers are afraid of sinking with the ship. Both markets are driven by the fear of making a mistake. But while one drives buyers to hold deals together at almost any cost, the other drives buyers to allow deals to fall apart for almost any reason. It can almost seem like buyers are actually seeking a way to undo the deal. In a shift, this often makes closing any sale demanding and difficult.

SHIFT: page 245



In my experience, it is best to prepare as if everything will go wrong. I know that sounds pessimistic, but it really isn't. It's the one way to be sure that you will be ready to deal with whatever happens. You'll be positioned to not only respond effectively to things when and if they go wrong, but you will stand a great chance of preventing them from happening in the first place.

THE SEVEN ISSUES TO BULLETPROOF ANY TRANSACTION

1. Inspections and Repairs
2. Appraisals
3. Loan Approval and Funding
4. Other Contingencies
5. Co-op Agent
6. Deadlines
7. Clouds on Title



SHIFT: page 261 & 262



There are two timeless strategies that the best professionals use to stay on track and get to the finish line: 1) proactive prevention and 2) early response. The first keeps everyone focused on the positive, intentional, adaptable, certain achievement of the goal. The second focuses the responsible players (usually the agents and the vendors) on awareness, accountability, problem solving, and the customer-sensitive handling of whatever goes wrong.

SHIFT: page 270



The real estate sales business game really has a beginning and an end. Both are critical to our success. At the beginning we must lead generate for sellers and buyers, convert these leads to appointments and then bring about a “meeting of the minds,” an accepted purchase offer contract. In the end, we must get that contract and all the involved parties to a satisfactory closing. The first part is the hard, focused work of making connections and achieving agreements. It’s heads down. The second part is the wide-eyed, vigilant guardianship of the transaction until it makes it to closing. It’s heads up. So, forever remember this truth about our profession: We do our deals heads down but we save our deals heads up.

SHIFT: page 271



SUCCESSFUL PEOPLE SHIFT. Always. Continuously. Relentlessly. Whether it is in response to the market or their own goals, high achievers are always changing. Altering and adjusting. This is what their life looks like.

SHIFT: page 276



There are times in life when the market shifts and you have to shift to react. There are other times when you'll simply need to make a shift. These twelve tactics are appropriate for when you've been shifted and for when you choose to make a shift. When you've been disrupted by the market or when you want to disrupt the competition. Master these twelve tactics and you gain utmost control over your business. Fail to master them and, at some point, a shift will put you at the whims of the market and your competition.

THE SPEED OF NEED

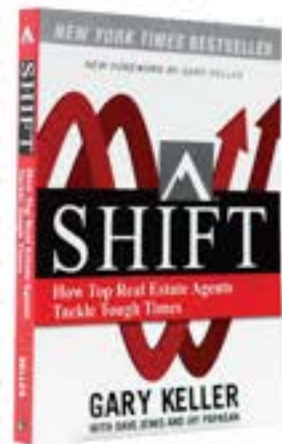
- If you want to be effective (and efficient) **keep things simple.**
- Don't try to accomplish everything at once just **do the few things that matter most** and see what happens.
- Your business is your business and your priorities are yours and yours alone.



WE FAIL OUR WAY TO **SUCCESS**

- One of the greatest myths is that you succeed your way to success. This isn't true. In fact, just the opposite is true. **You fail your way to success.**
- **Everyone fails.** The ones who succeed are the ones who keep going. The ones who fail are the ones who don't.

Page 282



*Success never comes to the chosen few,
but the few who choose. These can be the
worst of times; these can be the best of
times. You get to choose.*

