

In a
tough market,
negotiating skills
are more
important than ever.

Listen and

By Daniel Rome Levino

Howard Elfman, CRS, a broker/owner at Distinctive Homes Realty, Inc., sells homes in sunny Fort Lauderdale, Fla., but there's been nothing sunny about the housing market there the past two years. In fact, it's been downright gloomy. To adapt, Elfman has had to become a more creative negotiator.

In May, Elfman was representing a buyer who was interested in purchasing a four-unit downtown apartment building as an investment property. But after talking for two days, negotiations stalled when the seller refused to lower her asking price further. Elfman did not give up. He continued asking the seller's agent questions, probing for information that might jump-start negotiations. His persistent questioning ultimately revealed that the seller owned the building outright and was eager to get out of the landlord business.

Photo: iStockphoto.com

Now Elfman knew there was hope. In an imaginative twist, he convinced the seller to provide financing to the buyer at a lower interest rate, 7 percent, than the 8 percent the buyer was being offered by banks. This would allow the buyer to meet the seller's final asking price and lower his mortgage payments while guaranteeing the seller a steady income stream at an interest rate higher than she would get from an alternative investment, such as a certificate of deposit or money market account.

The building sold for \$549,000 and both parties ended up happy. "In today's market, negotiating is more important than ever," says Elfman, who had \$14 million in gross sales last year. "You always need to be looking for other possible solutions that will end up being a win-win."

A REALTOR'S® negotiating skills are one of the most critical keys to success. This is especially true in competitive markets like Fort Lauderdale. With many parts of the country experiencing similar softness, a REALTOR® who is a skilled negotiator will know how to bring two sides together to seal a deal.

Back to Basics

Although a buyer in a soft market has more room to negotiate for specific concessions, such as getting the seller to pay

for closing costs or repairs, most of the fundamental principles of effective negotiating do not change based on shifting market conditions, say REALTORS® who are experienced negotiators.

"It doesn't matter what kind of market you're in, good or bad — if you don't know how to negotiate expertly, you're not going to be able to close sales," says Katy Anastasio, CRS, of Anastasio Associates, Inc., in Huntington, N.Y. Anastasio is also a mediator for her local board of REALTORS® and state association. "Finding a buyer is just 25 percent of the job. The other 75 percent is closing the transaction."

The worst move a REALTOR® can make, she says, is to isolate the two parties so they don't know who they're dealing with. Learning personal details about your client, such as how long they have lived in a house or if they raised a family there, can be passed on to the other side to help foster an emotional bond between a buyer and seller that will help facilitate negotiations. "Our job is to bring out the best from both sides and make them like each other and want to deal with each other," Anastasio says. "Money is not the most important thing for people. Emotions and feelings are so much more important."

Mary Ann Bush, CRS, of Bay City, Mich., who has been teaching real estate

agents how to negotiate since 1990, agrees that it's best to stick to the basics, no matter what the market conditions. "I don't see anything major that we ought to change," she says. "In any market, agents really need to study what the other side's goals, objectives and issues are in order to best know how to construct a negotiation."

The key to doing this effectively is asking questions and then listening carefully for information that might help bring the two parties closer together. "If you had to isolate one skill that a person has to have when negotiating, listening is the granddaddy of them all," says Michael C. Donaldson, author of *Fearless Negotiating* and *Negotiating for Dummies*. "Unfortunately, Americans are not very good at listening carefully."

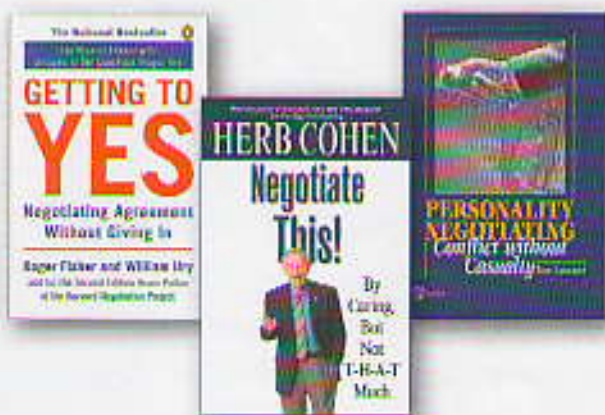
REALTORS® are no exception, says Bush. For more than 20 years, she has surveyed local buyers and sellers whose deals fell through to find out what went wrong. "The agent didn't listen to what I was saying" is the most common complaint.

"Negotiating is a skill very few agents actually have or realize the importance of," says Bush, a former state trooper who once negotiated a barricaded gunman out of a house. "Being a good listener and communicator is critical."

recommended reading

- *In Business as in Life, You Don't Get What You Deserve, You Get What You Negotiate For* by Chester L. Karrass
- *Negotiate This!* by Herb Cohen
- *Getting to Yes: Negotiating Agreement Without Giving In* by Roger Fisher, William L. Ury and Bruce Patton
- *Smart Negotiating: How to Make Good Deals in the Real World* by James C. Freund
- *Personality Negotiating: Conflict Without Casualty* by Thomas E. Anastaal

Source: Mary Ann Bush, CRS





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—Howard Eifman, CRS



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—Susie Kang, CRS



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—Ed Hatch, CRS

Driving Forces

REALTORS® who have gathered information about buyers' or sellers' motivations, their level of urgency and their most important goal can use that information to reach a deal and guarantee a smoother, surprise-free negotiation.

That means not only asking a wide range of questions, but trying to learn as much as possible about the other side's motivations. When Susie Kang, CRS, of Joa Realty in Austin, Texas, represented a buyer from South Korea in October 2006 who was moving to Austin for his job, she found a four-bedroom, two-and-a-half bath house that had been on the market for more than a year. She also found out that a nearby road was undergoing major construction and had been scaring off potential buyers. By asking the seller's agent questions throughout the negotiation process she learned that the owners were an elderly, retired couple looking to

downsize and were sick of the long wait to get out of their house. "I could feel the urgency of the seller," says Kang. Knowing this, she was able to negotiate more forcefully for her client and won several important concessions from the seller, including a sizeable repair allowance. The deal closed soon after for \$273,500.

In slow markets where buyers may feel no pressure to act because there are so many houses to choose from, creating a sense of urgency can be a smart tactic for a seller's agent. "Even though buyers may think they've got all the time in the world, an agent needs to know how to create urgency that will influence or persuade the buyer to make a decision," says Ed Hatch, CRS, a veteran CRS instructor who teaches a CRS-approved one-unit course titled *The New Negotiating Edge*.

Reminding potential buyers about the possibility of rising interest rates and

the potential impact on their mortgage payments or mentioning the tightening credit situation could be just the thing to get a buyer to act. But be careful not to sound threatening or pushy. "Always couch these warnings in a way that sounds like a concerned friend trying to help," says author Donaldson.

With home buyers now able to do many of the things online that they used to rely on a REALTOR® for, Hatch says, negotiating skills have never been more important. "Negotiating is the only talent we've got left that we can sell, and it's become primary in the consumer's mind," he says. "The fundamental thing they need us for is to put a deal together and keep it together, and that's all about one thing: negotiating." 🏠

Daniel Rome Levine is a Wilmette, Ill.-based writer and frequent contributor to *The Residential Specialist*.