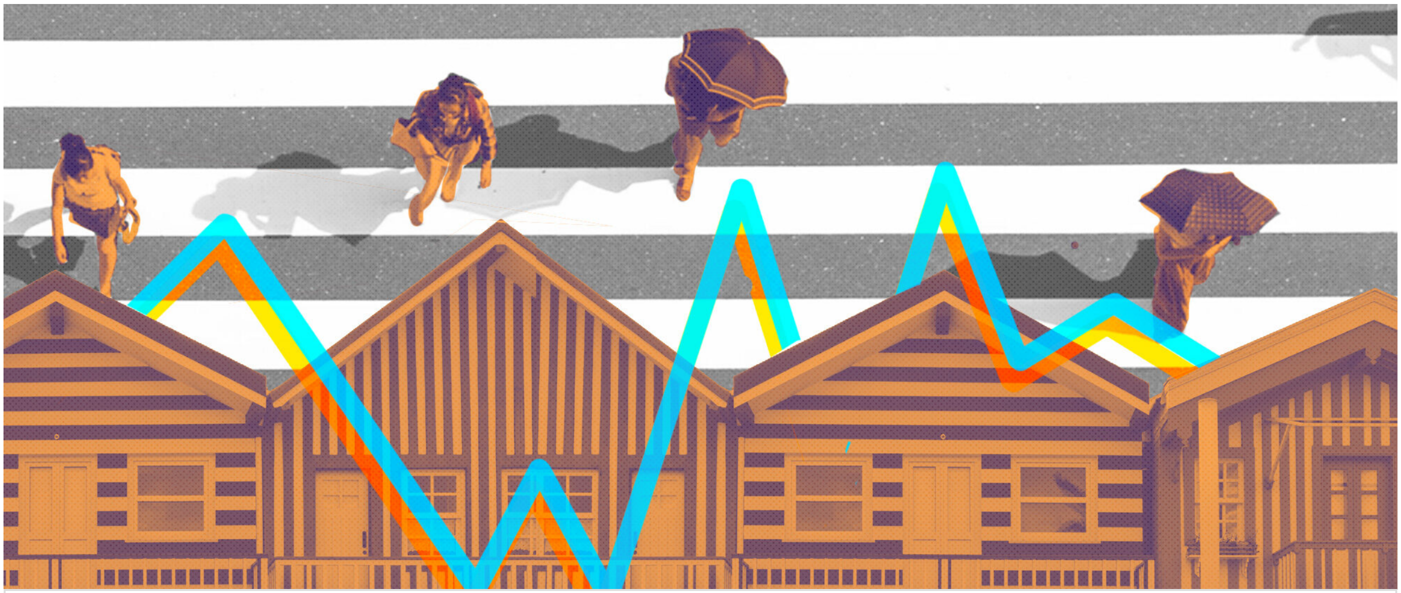

Is your hot seller's market over? How to recognize a slowdown and pivot

Do you have a strategy to thrive in a market slowdown? Here are 6 approaches to help you do that

BY BERNICE ROSS | TODAY 1:47 A.M.

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Are you still in a red hot seller's market, or are you slipping into a slowdown? Do you know how to tell, and if so, do you have a strategy to capitalize on the shift?

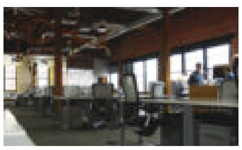
The first step in coping with any type of market shift is to recognize it in the first place: In most places in the country, the first-time buyer market continues to be strong, primarily due to the high demand and the lack of supply of entry-level properties.

In contrast, many luxury markets are seeing increases in inventory, which can often be the harbinger of falling prices.

Three types of markets

The easiest way to spot what type of market you're in is to determine how many months of inventory are available in a given price range and location.

- If there are five or fewer months of inventory, you're in a seller's market with increasing prices.
- Six or seven months of inventory is a flat or transitioning market.
- Eight or more months is a buyer's market with declining prices.



When your tenants have tenants

Strategies for working a seller's market

In a seller's market, there are too many buyers and too few sellers. The result is multiple offers, short market time, increasing prices and declining commissions.

The secret for winning in a seller's market is to make sure that you're the agent the owner has seen most recently face-to-face. The reason? According the 2018 *National Association of Realtor Profile of Buyers and Sellers*, 75 percent of all sellers only interview one agent whom they hire. Another 13 percent only interview two agents.

To achieve this goal, instead of messaging, calling or mailing, hold regular client appreciation events, be active at your place of worship, at your children's schools or any other activity where potential seller leads see you repeatedly.

To generate new face-to-face leads, you can also door-knock, hold open houses, conduct first-time buyer seminars or network.

If you are working with online leads, cold calling or other strategies where there is no face-to-face interaction, your number one priority is to schedule an in-person appointment as soon as possible.

Handling the shift to a flat or declining (buyer's) market

In a seller's market, little skill is required to place a property under contract, although it does require considerable skill to guide the sale to a successful closing. This is especially true when there are multiple offers.

In a flat or transitional market, there is a healthy supply of buyers and sellers. The challenge is that sellers often find it difficult to believe that prices are no longer increasing. This makes them less likely to price their properties realistically.

Declining (buyer's) markets have too many sellers and not enough buyers. To succeed in a declining market, focus on generating more buyer leads. You must also aggressively price your listings slightly below market value, or your sellers will end up "chasing the market down."

Capitalizing on the shift

If you suspect that your seller's market might be coming to an end, here are six strategies to help you take advantage of the shift.

1. Telltale signs

Inventory increases almost always signal a market shift, but what are some of the other telltale signs?

- Increased days on market.
- Increased commissions to attract more traffic.
- Builders advertising free upgrades, interest buy-downs and other incentives.

If you spot any of these, take immediate steps to monitor how quickly these changes are occurring. If the rate is slow and gradual, you might experience the soufflé effect — a slow flattening of the market and then stability.

On the other hand, if inventory and days on market for properties are increasing at a rapid rate, your market may be transitioning into a serious downturn. During the transition, there will be flat market where there is a balance of both buyers and sellers. This might last for only a few months before sliding into a buyer’s market, so it’s critical to change strategies immediately.

2. Change your business plan

Because listings take longer to sell in a flat or declining market, you must allot more time and money for marketing each property. Making matters even more difficult, buyers want to see everything on the market and feel little urgency about deciding which house to purchase.

3. Specialize in listing first-time buyer properties

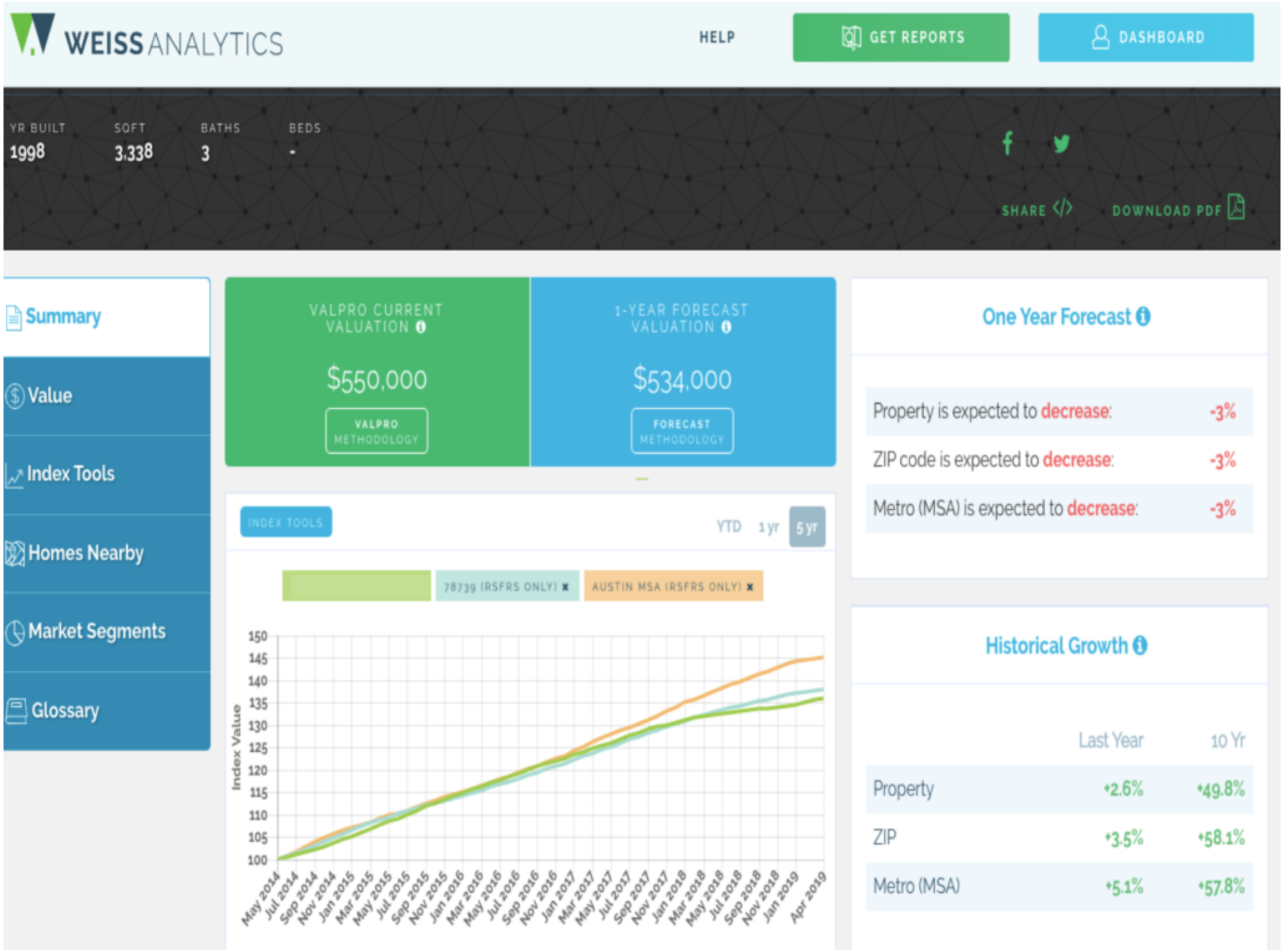
Unlike the luxury market where slowdowns are often felt first, the first-time buyer market is usually the last part of the market to be hit by a downturn.

Because many first-time buyers struggle with saving up a down payment, market to them by letting them know they could qualify for down payment assistance.

DownPaymentResource.com aggregates all the various down payment assistance programs across the country and up to 84 percent of all homes qualify.

4. Discuss market statistics with your sellers

When you go on a listing appointment, be prepared to demonstrate to sellers that prices are no longer increasing. The easiest way to do this is with WeissAnalytics.com, which shows you on a house-by-house basis whether the market is increasing, flat or decreasing as well as which direction it will trend during the next six to 12 months.



Alternatively, calculate the average sales price for the past six months for all listings in your marketplace. Then calculate the average sales price for the preceding six months.

If the prices are the about the same, your market is flat or transitioning. If the prices during the past six months are less than the preceding six months, you are in a declining market.

5. Listings are no longer the name of the game

Smart agents always control the listing inventory. Nevertheless, when few listings are selling, it's smart to accumulate buyer clients who are ready to purchase. Agents who survive down markets do so by having a balance between aggressively priced listings and motivated buyers.

6. Monitor activity

Perhaps the most important strategy for prospering in a changing market is to monitor which areas are experiencing the most sales. Actively prospect and hold open house in these areas as often as possible. Pay attention to your office sales board as well as the MLS to determine where the activity is the greatest.

Recognizing when your market is shifting and changing tactics to adapt will keep your production strong. On the other hand, agents who fail to spot the shift will soon be wondering: "What happened to all my business?"

Bernice Ross, president and CEO of BrokerageUp and RealEstateCoach.com, is a national speaker, author and trainer with over 1,000 published articles. Learn about her broker/manager training programs designed for women, by women, at BrokerageUp.com and her new agent sales training at RealEstateCoach.com/newagent.