

# What to expect when shifting to a buyer's market

Nobody really knows what will happen next year — or the year after. Shifts are normal for markets, so agents should think through possible changes and plan for them. Here are a few things to consider



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Will 2021 be the next year [that the housing market](#) crashes? Who knows. Some economists say we're going into a major depression, while others say that things are looking good next year. I'm not going to speculate on the housing market. Instead, I'd like to help you think ahead if a shift does occur.

I received my real estate license in 2009 [during the Great Recession](#). The real estate industry was completely different back then. Ever since, there's been an 11-year increase in home sales in my local market. It's been quite a journey.

Talking to my colleagues in the real estate industry, I've learned that many were not licensed during the recession. They have little understanding of how different things are now. If you are one of these agents, I'd like to explain some of the differences to help you out.

I don't intend for this article to incite fear or nihilism. Some of these scenarios I mention below can be very beneficial if you're prepared for it. Knowing the difference between an up and a down market can help you navigate the changes with better success.

## Buyers become kings

When I first started in real estate, I was told that I should focus on listings because controlling listings meant controlling the market. Honestly, I've never agreed with this statement.

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After nearly going out of business within my first few months at a large national brokerage, I decided to try running my business in a way that better matched my skill sets. I stopped doing open houses and [targeting my sphere](#) and began studying online lead generation and digital marketing.

Within a few months, I was generating buyer leads [and showing houses](#), which saved my career. I began arriving at the closing table alongside the top-producing listing agents from my old office. They wanted to know where I was finding all of these buyers because they had too many expired listings. They would buy me lunch and ask me what I was doing online.

I realized that buyers were kings in that market. There were far more sellers than buyers. I heard agents talk about how painful it was to work a listing for 12

months and never get paid. Meanwhile, every preapproved buyer I met was closing. I had no interest in working with sellers at that time.

When markets shift, the price of buyer leads increases, as there are fewer to go around. Sellers have been kings for a long time, so it's smart to think about how this might change in the future. Your ability to adjust to this change can have a substantial impact on your business. What would you change in your business if sellers were abundant and buyers were scarce?

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## Inventory is everywhere

I work primarily in Colorado Springs. Currently, there only 491 active homes on the market for an area of 730,000 people. We've been encountering low inventory problems since 2017, and it's difficult to imagine the MLS at full capacity after being under pressure for so long.

In 2009, buyers had an abundance of homes to view. The market was flooded with foreclosures, new construction inventory and regular resale listings. I sold my house in a new development, while 11 other homes tried and failed to sell. They all expired because the builders kept dropping their prices to beat out the resale listings.

Today, many of my showings are under contract before my buyers can even see the property. Imagine having your buyers send you 20 homes they want to view within the next few days, and all of them are still on the market when you

schedule them. Further, when you're ready to make an offer, there are no competing offers. This is what a buyer's market is like.

During the recession, my offers typically included seller concessions, regardless of whether my client needed them. Rarely would agents submit a [full-price offer](#). Sellers were growing exhausted, waiting anxiously for any offers. This scenario made it hard for them to negotiate well.

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Thinking through this shift in inventory, how would it change your current business model if you found yourself in a strong buyer's market? These are essential questions to ask now because shifting your business can take months. Thinking it through can alleviate the panic that comes with trying to adjust to changes in real time.

## **Listing strategies change**

Realtors complain about listing agents who [take horrible photos](#), but they watch those houses sell in a day regardless of poor marketing. It's frustrating. At the moment, listings agents are not compelled to produce high-quality listing content.

Everything is selling with minimal effort. I applaud those who still strive for marketing excellence, even when they don't need to expend much energy on it.

When I started selling homes in 2009 in Houston, the average number of days on the market was around 100. Some properties would take nine months to sell. About 40 percent of them would expire before selling.

Anyone who hasn't experienced that kind of market has no idea what it's like. The journey from meeting your seller for the first time to getting [to the closing table](#) was a long one.

Selling a home in a seller's market is concentrated around managing a high volume of offers and helping your seller *net* the greatest amount of money possible. Selling a home in a buyer's market is focused on keeping your sellers calm week after week as their house sits there for months on end while you're wondering if it will ever close. Sellers are overly stressed in this kind of market.

When sellers are under this pressure, they pay more attention to your marketing [and listing presentation](#). They will spend more time choosing a listing agent than they would in a buyer's market.

Sellers get nervous that they are going to choose a lousy agent. They watch their neighbor's house sit on the market and fear having the same results. A listing agreement's expiration date becomes more of an issue in a seller's market, which is hard to imagine today.

How can you take your listing presentation and marketing to another level if the market switches? This is a great question to think through ahead of time — in case it becomes a reality.

## Final thoughts

As I mentioned at the beginning of this article, I have no intention of speculating on the market or scaring anyone. Shifts are normal for markets, so whether we experience one now or years from now, it's still good to think through the possible changes. Writing this article helped me remember how different the real estate market was when I first got licensed in 2009.

As 2021 unfolds, things will likely be different than in previous years. I watched a few agents' businesses explode during the last recession, while others just died. Having a clear understanding of how buyers' patterns change can be the difference between success and failure.

Have you already started shifting your business model for 2021?

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