

CHAPTER 1

**Attitude Is Everything
in a Down Market**

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Whether you think you can or you think you can't, you are right.

—Henry Ford

In any difficult housing market, most people who need to sell their property become convinced that their local market is hopeless. Instead of working harder to market their property, they sit back and suffer. This is why having a positive, proactive attitude is your best advantage in a highly competitive market. Some people reading this will argue that a positive attitude doesn't always work. Well, maybe not, but we know one thing for sure—negative thinking and a negative attitude *never* work! So your only choice and your only chance for success in this market are to stay positive and focus your energy on doing everything you can to sell your house. That's exactly what this book will help you do.

A History Lesson on Real Estate Cycles

If your housing market is bad, and you're desperate to sell your house, you need serious answers to your burning question, "How do I sell fast in a slow market?" We intend to answer this question in full detail, but first we need to give you some perspective on the

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housing market. About every 10 years, on average, real estate values tend to double in most major metropolitan areas. For example, in the 1920s, the original colonial homes sold for just under \$2,500 in Long Island, New York. Since then, real estate prices have doubled almost 8 times over the last 80 years. That averages out to a 100 percent increase approximately every 10 years. An interesting note to this is that about every 10 years, real estate values must correct before they enter their next doubling cycle.

The real estate cycle is typically three steps forward and one step backwards—a 100 percent increase occurring in three steps of roughly 33 percent each.

In the last market cycle of the 1980s real estate values doubled, followed by a correction of the early 1990s, which equated to a 20 to 30 percent decrease over a three- to five-year period. This cycle was then followed by the postmillennium cycle boom of 100 percent from the last high point of the previous cycle. We are now in the naturally occurring phase of a correction, or downturn in the cycle. This essential and beneficial adjustment gives the market time to reflect and regather momentum and strength for the next doubling cycle. This has occurred time and time again because the long-term demand for housing is growing at an exponential rate. Population in the United States is expected to double by the end of the century according to the United States Census Bureau. This will continue to drive prices higher as it has for the last 100 years.

Since we know based on history that nearly all real estate prices will double again, it's not a matter of if your house will sell, it's a matter of *when*. Sharing this perspective with your prospective buyers will put them in the right frame of mind to buy now versus next year if they plan on staying in the home more than five years. If a buyer is apprehensive about whether this is the right time to invest, ask him if he'd like to buy his parent's home for the price they paid for it—the answer will be obviously yes, and your buyer will think carefully about the long-term value of your house as an investment.

Which Comes First, the Value of Your House or the Value of Your Time?

Assuming that you don't have three to five years to wait out the market in order to sell your house for top dollar, the next issue is this: What's more valuable to you, your time or the amount of

money you get for your house? Most sellers in a down market forget that although they may be selling their house at a 10 to 20 percent discount over the price that they could have received a year or two ago, typically this very same discount will also apply to the next home they will buy. All ships rise and fall with the tides. In the case of the seller who is looking to trade up, these market conditions are absolutely ideal. This is the market that trade-up buyers should be dreaming of! If you are selling a \$500,000 house for \$400,000, you are sustaining a \$100,000 loss. If you are buying a \$1,000,000 replacement house for \$800,000, you are saving \$200,000, and thus gaining a net \$100,000 in equity.

On the other hand, if you are moving down in price or are not going to purchase another home as a replacement, then you'd better price your house to sell or, if you can, wait out the market for the next cycle. If you have to sell and are not trading up, there are still important strategies such as owner financing that will yield you top dollar even in a soft market. We will explain this in Chapter 7.

You may be surprised to hear it from us, but holding out to get top dollar for your house is not the most important thing. The needs of your family, your job, and your lifestyle are all more important. We have counseled thousands of families and the common denominator is that the quality of their living arrangements will always trump the desire to get the absolute highest price. In other words, it may be better for you to take a little less for your house now and move into the house you really want than to hold out for full price and stay another year in a place you don't want.

How Many Buyers Does It Take to Sell a House?

How many buyers does it take to sell a house? The obvious answer is one. You need to keep this in mind when trying to sell a house in a market where conditions are bad for sellers. In a soft real estate market the numbers are not favorable to sellers, but you have to consider the numbers of prospective buyers you need to sell *your* house, not the market numbers in general.

In our experience the number of prospective buyers needed for selling a house play out to be 100-10-1. That is, you'll need 100 people considering your house to get 10 qualified buyers and 1 solid

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offer. This being the case, you need to do whatever it takes to get the numbers working in your favor to get your house sold. If you quit after 3 prospective buyers, you won't end up with the best possible offer on your house. You have to work with the 100-10-1 rule to get the most out of selling your house.

Maintain a Positive Attitude, Assuming a Negative Result

In *Winning Through Intimidation* (Fawcett 1984) author Robert Ringer talks about the importance of maintaining a positive attitude *combined with* the assumption of a negative result. In other words, Ringer suggests that you be prepared for the worst case scenario while at the same time putting your best foot forward to get the best possible result. This will take the mental pressure off you and allow you to focus on getting the job done. This approach, we believe, allows you to be positive and realistic in your mental assessment of selling your house.

Media Reporting on the Real Estate Market Is Biased

There's an old expression in the media business, "If it bleeds, it leads." In other words, the media loves to cover negative news more than positive because it sells better. When the real estate market is in turmoil, the media loves to run these negative headlines to keep reminding people how bad things are. When buyers hear the bad news, it affects demand because the negative news drives fear, which makes buyers worry about whether the time is right to buy a home.

Is the media simply reporting the news, or does the media actually affect the news in this regard? The answer is obviously both. The media's reporting negative news alone can't shape a real estate market. However, since perception is often reality, when buyers are spooked, they may shy away from buying. This affects lenders, builders, real estate agents and other professionals who rely on the real estate business for their income. Bad coverage almost becomes a self-fulfilling prophecy because things get worse and the media again reminds us how bad things are.

But, are things really as bad as the media reports? At the time of this printing (late 2008), the numbers certainly do reflect falling home prices and rising foreclosures. When you hear that foreclosures have doubled or even tripled in a particular area, this may sound catastrophic at first until you realize that the vast majority of homes (97 to 99 percent, depending on the local market) are not in foreclosure. Despite the doom and gloom, there's always a buyer for a well-kept home offered at the right price and terms. In short, don't read the paper if you want to keep a positive attitude and sell your home fast!

Ready Fire, Aim, Fire

Well done is better than well said—you have to take a whole lot of action to get your house sold. In a good real estate market, people can sell a house fast, so when things slow down, they figure, “Oh well, there's nothing I can do.” Nothing could be further from the truth. Not only is there something you can do, but there's a lot you *must* do to get your house sold. However, it's not just about working hard, it's about working *smart*. You need to do things in the right order and in the right way to get the proper results. However, don't focus too much on perfection before you take action. You've probably seen C students who outperform A students in real life. This is because the C student is often satisfied with doing a mediocre job at something, just to get it done. The A student mentality often leads to paralysis of analysis and inaction. In other words, the bottom line is getting your house exposed to as many buyers as possible, not necessarily getting it done perfectly. For example, many sellers want to show their house only when it's convenient for them and the house is in perfect shape, instead of when a buyer is ready. While showing a house in its best condition is a priority, it doesn't make sense to put off a ready, willing and able buyer for too long.

Don't Be Cheap

This isn't the time to have short arms and deep pockets. Depending on the condition of your house and the checklist of things that you know you'll have to do in order to sell your house quickly, you must be willing to put out the initial investment and have the confidence to know your small out-of-pocket investment now will be returned

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to you many times over. Those of you who have maintained your house well over the years may only need to invest several hundred dollars. Obviously, those of you who have never put any money back into your house will have to invest more. It's like a burn. A third-degree burn is much more serious than a first degree burn and will require more attention and expense. If you're reading this and saying to yourself, "I don't have \$500, or I don't have \$2,000 to do the things I need to do," we urge you to change your thinking right now. You may say you can't afford it, but the bottom line is this—you can't afford not to do it.

If you have to borrow from a family member or friend or put it on your credit card to get it done, then do it. We all hate to borrow or put expenses on credit cards, but in a situation like this, we know the expense will allow you to sell your property quickly and for a lot more money. So you must adopt the attitude of full confidence that whatever you borrow or have advanced to you will be paid back in a very short period of time. If you have to borrow \$5,000 to fix a property with more serious problems, then do it. If you have done your homework and due diligence, and your research tells you that a \$5,000 investment in your house will allow you to sell your house quickly and for a \$20,000 profit, or more, then it's a no-brainer. Sometimes you have to take one step back in order to take two steps forward. This is one of those times.

Use This Book as a Competitive Advantage

Lack of knowledge about what it takes to sell a house in a slow market is probably the single biggest disadvantage your competition has. That's why it's critical to use this book as a competitive weapon. Most people only have the opportunity to sell a few houses in their lifetime and often rely on professionals to do the work. Thus, the average home seller does not have enough practice to get really good at the job. In fact, most real estate agents who sell houses for a living are no really good at it. The top 5 percent of agents in any market do the vast majority of the business. Our experience in selling thousands of homes will give you the very specialized knowledge you'll need to get your house sold fast and at the highest price you can get for your market.

If you're trying to lose weight, you can eat less, exercise more, take supplements, drink plenty of water or get more sleep. The more

of these you do, the faster you'll get to your goal. Likewise, there are dozens of effective tools you'll get from reading this book, and we recommend you employ as many as possible, so that you get the best results in the shortest period of time.

Excuses won't sell your house—preparedness and relentless action will!

Chapter Summary

- Attitude is everything—you can't sell a house if you don't have belief in yourself.
- Fear can be overcome by learning specialized knowledge.
- Give 100 percent, and don't make excuses.

